Consolidation among Global Wireless Carriers Accelerates

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Thanks to the power of technology, global enterprises are now always on and always connected, regardless of where members of their organization reside. Global mobile carriers have seen this shift first hand, and many are taking their first steps in offering worldwide mobile programs that could effectively eliminate roaming charges and supply organizations with one global carrier. Organizations including AT&T, SoftBank, and América Móvil, among others, are moving towards this vision through mergers and acquisitions and are already making plans to build out their infrastructure in international regions.

So, will 2014 be the year where we finally see the consolidation among global wireless carriers? I think so and here are the reasons why:

2014 is the Perfect Storm for Consolidation

Since global enterprises are forced to buy mobility services from a plethora of local providers, there is a severe lack of central control or visibility within their networks. This can make application deployment challenging for an organization, especially when they have mobile devices broken up among different carriers. It interferes with an enterprise’s ability to ensure that preferred devices are supported and that the services are specific to their needs. The current desire of enterprises wanting to buy from fewer wireless providers comes up against an unpleasant reality: that because of enormous debt burdens, many carriers, especially outside the U.S., have been unable (or unwilling) to make the investments necessary to put the latest LTE and 4G technologies—those very things businesses are demanding—into their

markets. In addition, a lingering poor economy in some areas (especially southern Europe) and years of price wars and have left carriers struggling to make ends meet. So from a valuation standpoint, these companies are attractively valued to a carrier with the ability to borrow money at historically low rates.

Who is Making Moves Right Now?

The two biggest players that could make this consolidation happen in the next 12 to 24 months are AT&T and América Móvil. Carlos Slim, owner of América Móvil, has a small share of KPN, a wireless provider in the Netherlands. There have been repeated attempts from several parties to acquire more assets in the company, but KRN executives have not confirmed that whether a larger stake of the company may be purchased.

AT&T on the other hand has been long rumored to be interested in buying Vodafone's European assets. This "rumor" has produced a public statement by the CEO of AT&T stating that the company would be interested in acquiring Vodafone, and Vodafone executives saying that they would be willing to make a deal for the right price.

AT&T Will Make the First Move

AT&T will be the first large company to make this move because they have the resources and it would be a smart business move. AT&T's purchase of Vodafone's European assets would provide the ability to build out LTE networks and make the necessary investments to improve these services. If you compare what European enterprises pay for services in some countries compared to the U.S., there is a big gap. The business model would be to invest in these countries, improve the network infrastructure, and be able to charge more for it and therefore make a healthier margin.

AT&T could then go to enterprise customers in the U.S. and offer a single package of services for their employees in every country Vodafone currently offers service. On the flip side, they can also offer users based in current Vodafone countries with the same wireless services AT&T current sells to U.S. businesses An AT&T move into the European market could also have a huge impact on handset device manufacturers, wielding the power to make or break a device launch based on whether the device is allowed on its network.

With some of these wheels already in motion, I believe we are on the verge of a major international deal that could change the way enterprise mobility is handled moving forward. Now, all we can do is watch, wait, and wonder which wireless provider will make the first move.

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