2025 Trends to Watch: Service Provider Markets in Asia & Oceania

Ramona Zhao

Research Manager, Asia Pacific Service Provider Markets

askananalyst@omdia.com

Brought to you by Informa Tech

“In 2025, 5G and AI will be super themes for service providers in Asia & Oceania.”

Ramona Zhao
Research Manager, Asia Pacific
Service Provider Markets

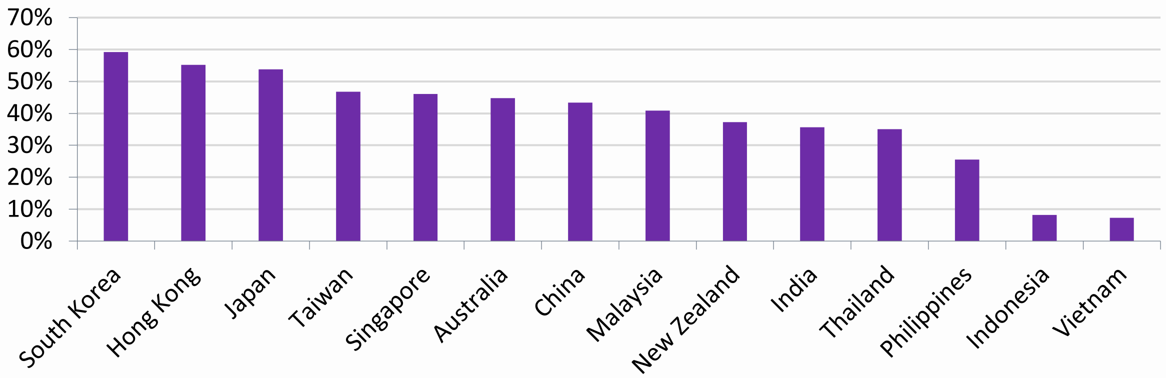
OMDIA

Contents

Omdia view: 5G and AI are super themes in Asia & Oceania in 2025

- By the end of 2025, the 5G subscription penetration in Asia & Oceania will reach 36.7%, according to Omdia forecast. Several markets, including South Korea, Hong Kong, and Japan, will have a 5G share exceeding 50% of their total mobile subscriptions.
- 5G rollout will continue in the region, but the large-scale 5G deployment is expected to level off in some major markets, as their 5G networks have already reached a relatively high population. Several service providers, such as China Mobile, NTT Docomo, and Telstra, have already expanded their 5G network coverage to reach around 90% of the population in their markets.
- Although many service providers are still striving to monetize 5G, several markets in Asia & Oceania have already set eyes on the evolution of 5G, such as 5G-Advanced and 6G technologies.
- Simultaneously, the AI-related field has emerged as a hotspot investment area for many service providers, as they bet on AI for future strategies. Recently, various service providers' announcements have been made in terms of AI infrastructure investment.
- In 2025, Omdia expects that 5G and AI will be two super themes for service providers in Asia & Oceania, leading to more innovations and empowering telcos' digital transformation.

5G subscription penetration in selected markets, 2025 forecast



Source: WCIS, Omdia (Mobile subscriptions include IoT connections.)

Selected AI investment announcements

Operator	Date	Announcement
Reliance Jio	August 2024	To establish gigawatt-scale, AI-ready data centers, powered by Reliance's green energy.
SK Telecom	July 2024	To invest $200m in Smart Globe Holdings, an integrated AI data center solution provider in the US.
KDDI	June 2024	Reached an agreement with electronics company Sharp to build Asia's largest AI data center.
China Mobile	April 2024	Issued a CNY15bn ($2.1bn) tender for around 8,000 AI servers.

Source: Omdia

Key messages

1

The convergence of AI and the telecom industry will deepen in 2025, underpinned by telcos' company strategies.

Telcos' AI deployments will be continuously expanding in 2025. Various service providers in the Asia & Oceania region have publicly announced or updated their visions, company strategy, and business goals, growing their bets on AI. In 2025, AI innovations will increase, as telcos are not only exploring AI to improve efficiency, but also to transform existing services and enter new business areas.

2

Asia & Oceania's 5G adoption will grow in 2025, together with the evolution of 5G.

5G penetration will exceed 36.7% in Asia & Oceania by the end of 2025. More operators are expected to join the 5G group in the coming year. In addition, 2025 will see more service providers working on the advanced features of 5G. Several "world firsts" regarding 5G network slicing, 5G non-terrestrial network (NTN), and 5G-Advanced have been recently announced in the Asia & Oceania region.

3

10Gbps fiber service will increase its presence in 2025, and fiber subscriptions will exceed 1 billion by 2029

Fiber will continue to drive growth in the fixed broadband segment. Several countries have announced plans to boost broadband speeds to 10Gpbs. Wider fiber rollouts and operators' service plans will help drive Asia & Oceania's fiber adoption. Omdia forecasts that fiber will reach 872.1 million subscriptions in the Asia & Oceania region by the end of 2025 and will exceed 1 billion by 2029.

Key recommendations

Service providers

- **Service providers should look to differentiate their 5G services, leveraging the evolution of 5G.** Omdia recommends service providers monetize 5G using innovative features or applications enabled by the evolution of 5G.
- **Service providers should explore how AI can refine their businesses but should be cautious about large investments.** It is essential for service providers seeking digital transformation to be aware of the AI applications that are beneficial for telcos, such as AI use cases in network planning and customer experience. However, it is also worth noticing the ROI of AI. It could take considerable investments to build some AI capabilities, which, for now, don't provide a clear business picture.
- **Service providers should look to design a cost-efficient fiber network deployment plan.** For example, start fiber deployments or upgrades from high-density areas/buildings to get a favorable return.

Vendors

- **Network vendors should look to build successful stories with the leading service providers.** Particularly as more and more service providers in the Asia & Oceania region are working on 5G evolution, paving the way for next-generation networks and services, network vendors have good opportunities to innovate cutting-edge 5G/5G-Advanced technologies and solutions, setting good examples for developing businesses in other global markets.
- **Vendors should strive to support leading service providers with industry-leading fixed broadband technology and solutions,** to address the opportunities brought by 10Gbps or higher fiber services when moving to 2025 onward.
- **AI technology vendors should seize the opportunities led by the Asian & Oceanian telcos doubling down on AI**. AI technology vendors have a good chance to tie up with service providers, either by collaboration or capital investment.

The convergence of AI and the telecom industry will deepen in 2025

AI will play an increasingly bigger role in telcos' company strategies

- As leading service providers in the Asia & Oceania region have been exploring AI for years, more and more service providers are realizing that the use of AI technology can save manpower and improve efficiency in areas such as network planning and customer experience, helping them transform their processes and operations.
- Telcos' AI deployments will be continuously expanding in 2025, because recently, various service providers in the region have publicly announced or updated their visions, company strategy, and business goals, growing their bets on AI.
- In 2025, AI innovations will further increase, as telcos are not only exploring AI to improve efficiency but also pursuing AI to transform existing services and enter new business areas. For instance, SK Telecom expanded its AI-based veterinary diagnosis assistance service "X Caliber" to several North American and Southeast Asian markets in 2024, in line with its goal of becoming a global AI company.
- Meanwhile, Omdia expects more AI-related investments and partnerships to emerge in the telecom sector in 2025, as many service providers are expanding capabilities and layouts in the AI field.

AI visions, strategy, and goals announced or updated publicly

Operator	Date	Vision/ Strategy / Goal
SK Telecom	September 2023	Announced "AI Pyramid" strategy involving AI infrastructure, AI transformation, and AI service, to become a global AI company, with revenue of KRW25tn ($18bn) by 2028.
KT	February 2024	Aiming for a company-wide AI transition to become an AICT (AI, IT, CT) company.
KDDI	May 2024	Aiming for business growth with 5G, data-driven, and generative AI as a core business strategy.
China Mobile	May 2024	Announced "AI+" action plan, aiming to create a batch of high-quality AI innovation achievements.
Softbank	May 2024	Committed to an annual investment of $9bn in AI ventures and projects.
LG U+	July 2024	Announced a mid- to long-term AI growth strategy "All in AI" for its enterprise business, targeting KRW2tn ($1.4bn) in B2B revenue by 2028.
Telstra	July 2024	Aiming to improve 100% of key business processes using AI by FY25 (end of June 2025).
Reliance Jio	August 2024	Announced its aim to bring AI to "everyone, everywhere" in August 2023. It further updated its AI strategy with a series of AI offerings in August 2024.

Source: Omdia

Service providers should embrace AI with conscious strategies

Player type	What will the impact be?	Impact rating	How should players respond?
Service providers	The economic environment has put pressure on many service providers, pushing them to attach greater importance to saving costs and improving efficiency. Leading service providers in the Asia & Oceania region have already been placing growing bets on AI.	+2	Service providers should notice this trend and explore how AI can refine their businesses. It is essential for service providers who are seeking digital transformation to be aware of the AI applications that are beneficial for telcos, such as AI use cases in network planning and customer experience.
Service providers	The great value of innovation lies in its ability to bring in high-quality productivity and convert into business value. So far, service providers are still exploring the commercial value of AI, meanwhile facing the challenges including ROI and data security, etc.	–	Service providers should make large investments in AI cautiously, particularly for operators who are financially struggling. Because it could take considerable investments to build some AI capabilities, which, for now, can't provide a clear business picture.
AI technology vendors; Network vendors	Leading service providers are expanding their footprints in the AI field, improving efficiency and growing business leveraging AI technology. Network vendors and AI technology vendors will see plenty of opportunities from telcos in transforming traditional telecom services, as well as developing new business.	+2	AI technology vendors should seize the opportunities brought by the telcos doubling down on AI. AI technology vendors have a good opportunity to tie up with service providers, either by collaboration or capital investment. Network vendors should look to innovate their solutions using AI to win opportunities in the coming years.

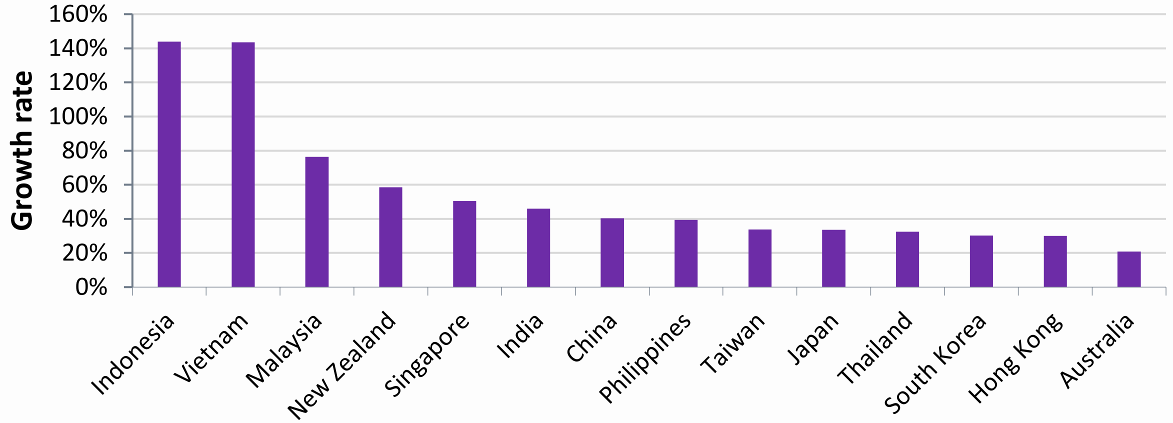
5G adoption will grow in 2025, together with the 5G evolution

OMDIA

5G subscription penetration in Asia & Oceania will reach 36.7% by 2025

- 5G penetration will exceed 36.7% in Asia & Oceania by the end of 2025. More operators are expected to join the 5G group in the coming year. For instance, Vittel commercialized 5G in October 2024, while more Vietnamese operators are expected to launch 5G in the coming months. Several developing markets, including Indonesia, Vietnam, and Malaysia, have strong potential to grow 5G subscriptions in 2025, fuelled by their expanding 5G rollout.
- Despite the growing 5G subscriptions, in 2025, 5G monetization will remain a challenge for many service providers to respond to. For instance, India is already the second-largest 5G market for 5G subscriptions in the Asia & Oceania region. However, the 5G operators are struggling to make good returns from their 5G investments. As a result, Bharti Airtel and Reliance Jio increased their 5G tariffs in 2024, aiming to explore further revenue growth from 5G.
- 2025 will see more service providers working on the advanced features of 5G, but it will take time for the innovations to fully realize their potential and business values. Recently, several "world firsts" regarding 5G network slicing, 5G non-terrestrial network (NTN), and 5G-Advanced have been announced in the Asia & Oceania region. More and more 5G service providers are working on upgrading their 5G technologies, paving the way for next-generation networks and services.

Growth rate of 5G subscriptions, 2025 vs 2024



Source: Omdia

Selected advanced 5G features announcements

Operator	Date	Details
China Mobile	October 2024	Announced deployment of 5G-Advanced in over 330 cities across China, claiming to be the world's largest 5G-Advanced network.
KT	October 2024	Claimed a global first in applying the 5G non-terrestrial network (NTN) standard to a geostationary satellite, paving the way for expanded 5G connectivity in remote and underserved regions.
Singtel	October 2024	Claimed to be the first globally to unveil a new 5G network slicing feature, User Equipment Route Selection Policy (URSP), to help enterprises prioritize connectivity resources for apps and specific users.
Telstra	August 2024	Announced it was the world's first to run Ericsson's 4th generation RAN compute platform on commercial traffic, paving the way for 5G-Advanced for Australia.

Source: Omdia

Service provider should look to differentiate 5G services leveraging the 5G evolution

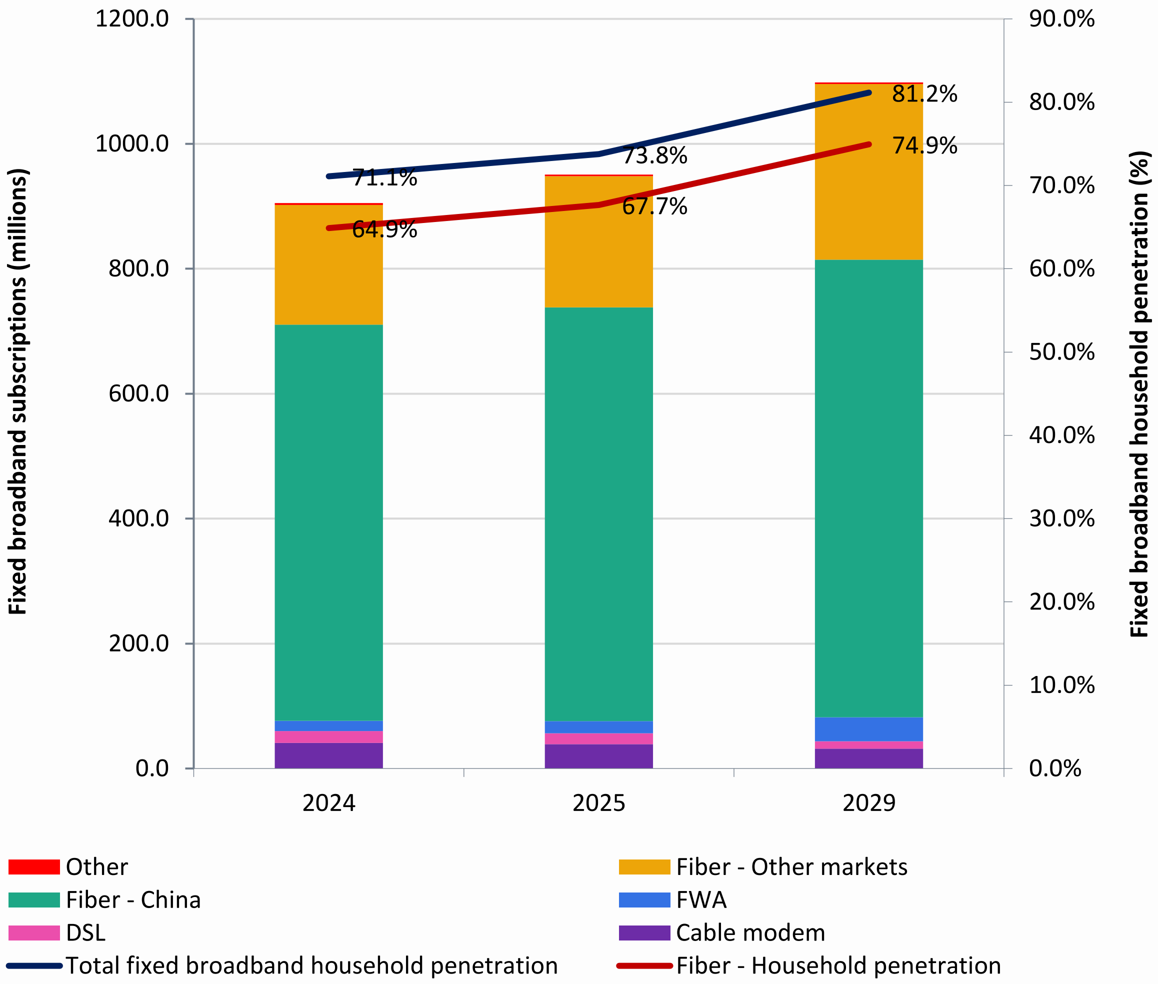
Player type	What will the impact be?	Impact rating	How should players respond?
Service providers	Despite the growing 5G subscriptions in the Asia & Oceania region, service providers are struggling with 5G monetization. A few service providers have responded to the challenge by increasing tariffs.	+2 / +1 / **–** / -1 / -2	Service providers should avoid low-price competition, especially for their 5G services, in order to protect the commercial value of 5G. That said, service providers should also be cautious about suddenly increasing their 5G tariffs, because it could lead to growing customer dissatisfaction and increasing churn rate.
Service providers	More and more service providers in the region are working on upgrading their 5G technologies. In the coming years, more advanced 5G features and innovative 5G applications can be unlocked.	**+2** / +1 / – / -1 / -2	Service providers should look to differentiate their 5G services, leveraging innovative features or applications enabled by the continuous evolution of 5G, such as faster speed or lower latency.
Vendors	As many service providers are working on the advanced 5G features, they will need vendors' support on the road to 5G evolution. Meanwhile, 5G rollouts are still ongoing in the region. Particularly, a considerable amount of 5G network deployment work is expected in various developing markets.	**+2** / +1 / – / -1 / -2	Vendors should look to build successful stories with the leading service providers in terms of the cutting-edge 5G/ 5G-Advanced technologies and solutions, paving the way for growing businesses in global markets. In addition, vendors should see to the new 5G network plans coming from the developing markets.

10Gbps fiber service will increase its presence in 2025

Fiber subscriptions will exceed 1 billion in Asia & Oceania by 2029

- Omdia forecasts that fiber will reach 872.1 million subscriptions in the Asia & Oceania region by the end of 2025 and will exceed 1 billion by 2029. Fiber will account for approximately 91.7% (79.6% excluding China) of the fixed broadband segment by 2025, and 92.3% (81.4% excluding China) by 2029.
- Wider fiber rollouts underpinned by various governments' national broadband plans, as well as operators' service plans (such as fixed and mobile convergence [FMC] plans or more affordable tariffs) will help drive Asia & Oceania's fiber adoption.
- Higher-speed products such as 10Gbps fiber services will increase its presence in 2025. Service providers in the region are upgrading their fiber products to higher speeds. In February 2024, Singapore announced an SGD100m ($75.6m) investment to boost local broadband speeds up to 10Gpbs. While in October 2024, China's Ministry of Industry and Information Technology stated that the country would accelerate promoting the commercialization of 10Gbps fiber services.
- Fiber will continue dominating Asia & Oceania's fixed broadband segment; technology like FWA still has the potential to grow. By the end of 2029, 81.2% of households in Asia & Oceania will connect to fixed broadband services. For those connected households, 74.9% will have fiber connections, while 2.8% of them will use FWA, up from 1.1% in 2023.

Fixed broadband subscriptions, Asia & Oceania, 2024–29



Source: Omdia

While the fiber opportunities are strong, appropriate approaches are needed to respond effectively

Player type	What will the impact be?	Impact rating	How should players respond?
Service providers	Fiber will continue to drive the growth in Asia & Oceania's fixed broadband segment. High-speed and reliable fiber connectivity is deemed as the national digital infrastructure by various governments around the world. However, fiber coverage, especially the coverage for high-speed fiber, such as gigabit or above, is still quite limited in many markets.	+2, $\boxed{+1}$, –, -1, -2	Service providers should strive for government support, for example direct funding or preferential policy, to expand their fiber network coverage. Meanwhile, service providers should look to design a cost-efficiency network deployment plan. For example, start fiber deployment/upgrades from high-density areas buildings to get a favorable return.
Service providers	In Asia & Oceania, fixed broadband household penetration is expected to reach 81.2% by 2029, while 6.3% of households in the region will be connected by other technologies instead of fiber. It is not only about financial factors; the deployment of fiber can also be difficult in some places due to geographic reasons.	$\boxed{+2}$, +1, –, -1, -2	Service providers should notice the huge demand for fixed broadband connectivity and the rising trend of several fixed broadband technologies. Instead of only looking at fiber, service providers should also explore other technologies to address the vast potential in fixed broadband services, such as FWA or satellite.
Vendors	Various governments have launched national broadband plans to boost their fiber coverage. In addition, several countries have shown a strong interest in higher-speed products such as 10Gbps fiber services.	$\boxed{+2}$, +1, –, -1, -2	Vendors should pay attention to the new network plans to seize the vast growth potential in the fixed broadband segment. Meanwhile, they should strive to support leading service providers with cutting-edge technology and solutions, such as 50G PON, to address the 10Gbps or higher opportunities.

Appendix

Appendix (1/2)

Methodology

This report is based on Omdia's continuous research and analysis of service provider markets, including the reports and databases listed below.

Further reading

World Information Series – Service Provider (WIS-SP) Spotlight Service

Service Provider Regional Outlook: Asia – 2024 (August 2024)

Author

Ramona Zhao, Research Manager, Asia Pacific Service Provider Markets

askananalyst@omdia.com

Appendix (2/2)

Omdia Consulting

We hope that this analysis will help you make informed and imaginative business decisions. If you have further requirements, Omdia's consulting team may be able to help you. For more information about Omdia's consulting capabilities, please contact us directly at consulting@omdia.com.

Citation Policy

Request external citation and usage of Omdia research and data via citations@omdia.com.

Disclaimer

The Omdia research, data and information referenced herein (the “Omdia Materials”) are the copyrighted property of Informa Tech and its subsidiaries or affiliates (together “Informa Tech”) or its third party data providers and represent data, research, opinions, or viewpoints published by Informa Tech, and are not representations of fact.

The Omdia Materials reflect information and opinions from the original publication date and not from the date of this document. The information and opinions expressed in the Omdia Materials are subject to change without notice and Informa Tech does not have any duty or responsibility to update the Omdia Materials or this publication as a result.

Omdia Materials are delivered on an “as-is” and “as-available” basis. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information, opinions, and conclusions contained in Omdia Materials.

To the maximum extent permitted by law, Informa Tech and its affiliates, officers, directors, employees, agents, and third party data providers disclaim any liability (including, without limitation, any liability arising from fault or negligence) as to the accuracy or completeness or use of the Omdia Materials. Informa Tech will not, under any circumstance whatsoever, be liable for any trading, investment, commercial, or other decisions based on or made in reliance of the Omdia Materials.

Get in touch

Americas
customersuccess@omdia.com
08:00 – 18:00 GMT -5

Europe, Middle East & Africa
customersuccess@omdia.com
8:00 – 18:00 GMT

Asia Pacific
customersuccess@omdia.com
08:00 – 18:00 GMT + 8