

Industry Analysis

Telecommunications Services

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Industry Overview

The telecommunications (telecom) services industry is at the forefront of the information age, providing the primary means of communication to virtually all households, businesses and individuals. Considered to be a mammoth industry and a crucial part of the U.S. economy, telecom firms deliver voice, data, graphics and video through telephones, mobile phones, radio, television, Internet, and other services.

Telecom services comprise of companies provide services that include running switches that control the phone system, operate cell phone towers for wireless access, providing Internet access, and configuring private networks by which international corporations conduct business. These companies have also become involved in television transmission, competing directly with the cable television giants in the media industry.

The industry is divided into three main segments: alternative carriers, integrated telecom services or those that provide wired and wireless services, and wireless services. The largest segment of the telecom services industry continues to be made up of wired telecom carriers, who are all involved in all areas. Establishments in this sector mainly provide telecom services such as such as wired telephone, wireless telephone and Internet access, digital subscriber line (DSL) Internet access, broadband Internet access, and cable TV services. These organizations route TV, voice, Internet, data, and other content over a network of wires and cables, as well as cell towers, and control access to this content. They may own and maintain networks, share networks with other organizations, or lease network capacity from other companies. Establishments in the telecom services industry, however, do not create the content that is transmitted over their networks, such as TV programs.

Wireless telecom carriers provide telephone, Internet, data, and other services to customers through the transmission of signals over networks of cell towers. The signals are transmitted through an antenna directly to customers, who use devices, such as cell phones and mobile computers, to receive, interpret, and send information. A large component of this industry segment consists of companies that provide cellular phone service, which has grown rapidly over the past decade. Another component includes establishments that provide Internet-enabled cellular phones and computers.

In recent years, new market entrants have utilized alternative calling procedures to break into monopolistic markets, leveraging technology and free market principles. These alternative carriers, as they are called, use telecommunications methodologies such as competitive bidding, offer reduced costs to end users, as well as expand the nature and scope of services.

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