

The future belongs to those who believe in the beauty of their Digital brand

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LTE monetization is as much about the 'who' as it is the 'how' right now. Mobile CSPs may be transforming their businesses to become Digital Service providers (DSPs), but their MVNO cousins and digital brands are giving them a run for the money.

The status of some of the biggest CSP brands is being challenged by a new breed of DSP that is more agile and better-placed to deliver a real-time Digital experience. As consumers use self-care apps to make on-demand purchase decisions, it's these new brands – unhindered by legacy BSS – that are often leading the way.

That's because some CSPs have decided that if their Digital strategy is to keep pace with a dynamic market, they will launch Digital brands which are free of the technical and cultural constraints that are bottlenecks to meeting customer expectation. In APAC, Telstra (video) and Vodafone New Zealand are two notable exceptions, as they foresaw the demand and have rolled out effective Digital strategies across their entire organizations. But many CSPs are tussling with legacy infrastructure and processes that are stifling the need to meet new customer mobile consumption and spending habits.

As customers expect a personalised buying experience and are becoming adept at tracking down the best deals, the most flexible models, and the most competitive pricing, they are also becoming less brand-focused. They are exercising greater choice through online self-service, and are rapidly realizing that they don't have to accept rigid contracts, long-term commitments or outdated tariffs and fixed rate plans. As a result they are looking at viable alternatives to the CSPs in the form of innovative and price-competitive

MVNOs that offer services that can be personalized to suit their lifestyle. The stats from China alone prove that young MVNOs are ready to exploit this situation.

GSMA statistics from 2014 showed that there were over 1,250 MVNOs worldwide. From revenues of just under \$26bn in 2014, Ovum forecasts growth of around 11% to \$43bn by 2019 – the same year that MVNO subscribers in China are expected to hit the 100 million mark. This is all the more intriguing given that the MVNO concept did not exist in China before 2014. It now has 42 MVNOs, serving over 4 million customers according to the latest figures. And it's not just China – this trend is being similarly reflected elsewhere too.

The launch of Google Fi grabbed a lot of attention, but there have been a string of launches in recent weeks that exemplify the race to capitalize on the Digital dollar. In Switzerland, Orange completely rebranded as Salt, in the US Sprint launched Republic Wireless and in the UK, Dixons Carphone Warehouse dived into the Digital market with its iD brand. So what do these launches all have in common?

Simply, that MVNO and digital brand operating models are based on a new reality: pitching a practical and highly attractive proposition at the mobile user depends on delivering what customers want. The key to achieving this is real-time customer interaction, a model that allows customers to deal with their CSP directly in real-time to make purchases, regulate usage and tailor packages to suit their needs - all from their mobile devices. This level of personalization and self-configuration is very empowering to the end-user, providing them with immense levels of

satisfaction with the overall service experience, contributing to brand loyalty and greater brand advocacy.

The time-honoured necessity to own any physical network assets is gone, replaced by an agility that comes from intellectual ownership and the power of virtual propositions. Now, a serious consideration faces the future of this industry – do major digital communications companies need to even own their own networks?

As DSPs continue to consolidate a position as a retail aggregator of digital services, they are pursuing a strategic approach that is not unique to telecoms but rather represents a major commercial and cultural shift taking place across numerous industries. Examples abound. Uber, the world's largest taxi company, owns no vehicles. Facebook, the world's most popular media owner, creates no content. Alibaba, the world's most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate. Even Google Fi makes use of existing Wi-Fi hotspots besides leasing airtime from Sprint and T-Mobile in the US.

As much as the market is proving fertile territory for the agile DSP, mobile CSPs are now discovering they can replicate that agility through deploying the same systems used by MVNOs. This recognition levels the playing field – a much-needed capability which enables them to respond to changes that will, if the industry does not drive them, be forced upon CSPs by their customers. These customers know what they want and how to get it – trends which the industry cannot ignore.



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