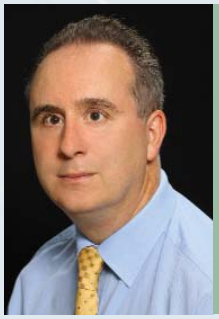
Convergence helps MVNOs to meet new challenges



Ian Tidder

Ian Tidder, CEO and co-founder, Computaris (pictured here) has a 25-year track record in IT and telecoms. He began his career at British Telecom following an executive fast-track programme. Computaris was created in 1992 to work with network operators to create and deliver innovative new services to their customers. Computaris has recently announced its Convergent Charging Solution (CCS)."

VanillaPlus: What are the challenges for the MVNO business and how does convergence address these challenges?

Computaris: Life for the average MVNO is tough even in a favourable economic climate. Computaris's in house research shows that in the UK, for example, MVNO's have around 10% of mobile connections but something like only 50% of the ARPU of the host networks. The pattern is repeated in other geographies. Life for the MVNO is marginal in a very literal sense. The MVNO lives between wholesale and retail prices which are always under threat of being squeezed.

A few MVNOs are built from major international brands that bring their own brand power. However, most MVNOs target a specific market segment. Without their own infrastructure an MVNO is essentially a marketing operation. Host networks can and do use an MVNO to explore the potential of a new customer segment. If the MVNO proves that the segment is attractive then it's very easy for the host network to switch its marketing machine to target the segment and take over from the MVNO.

If an MVNO has its own OSS/BSS infrastructure then its business model is changed radically. For a start the MVNO controls its own cash flow and can achieve a positive cash flow at all times. By managing its own top up chain, invoicing and dealer network, the MVNO can bank cash from dealers, customers and vouchers well before it needs to settle with the host network, dealers and other business partners.

How can operators reduce risks in application deployment without incurring additional OpEx?

MVNOs are usually greenfield operations. For these MVNOs a convergent system is the logical choice. The MVNO defends their niche by using the latest infrastructure to enable consumer offerings that the host network's larger, older and more cumbersome systems simply can't copy. Examples of such consumer products are hybrid accounts, hierarchical and micro-segmentation (personalised) products. Of course, a fully convergent system also allows the MVNO to minimise CAPEX and OPEX because they have one system for all products. Many MVNOs offer prepaid as their core product; a convergent system allows them to offer postpaid and hybrid accounts at no extra cost. They don't need to fix in advance on one type of product. This is the motivation behind the Computaris Convergent Charging Solution (CCS).

How can an independent integrator help communication service providers reduce supplier dependency?

A few years ago network operators were most concerned about vendor dependency on the major network equipment vendors. Nowadays, a similar concern arises about the dominance of multinational system integrators. In an era of saturated markets, innovation and rapid time-to-market are the networks' key differentiator. For the independent integrator every network customer is special and they bring the ideas and performance that give the network the edge.

How can operators deploy new services on convergent systems as the market evolves?

No operator can foresee all the services it'll need in the future. Very often they need to react rapidly based on what a competitor brings to market. A convergent system should be evaluated based on how well it supports the unexpected and allows rapid deployment. We believe that convergent systems should be based around an open service-oriented architecture (SOA) so that completely new functionality can be added after the initial deployment.

What are the most common requests that Computaris is receiving from operators?

The core convergent system should allow rapid configuration, simulation and deployment of sophisticated packages and hybrid tariffs using an easy-to-use GUI. Convergence should unleash the creativity of the market department so that they can test and deploy completely new services in hours, not weeks or months; the underlying system should not need a software upgrade."

ARPU = Average Revenue Per User

CapEx = Capital Expenditure

GUI = Graphical User Interface

MVNO = Mobile Virtual Network Operator

OpEx = Operational Expenditure

SOA = Service Oriented Architecture