Why mobile operators need agile networks and express deployments

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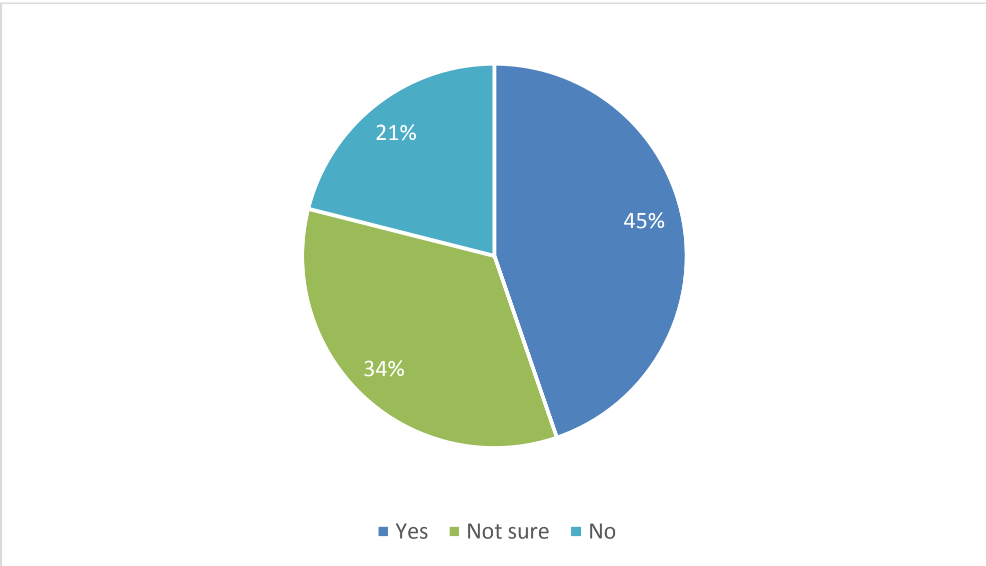
BSS transformation strategies

Mobile operators are spending more on Business and Operational Support Systems (BSS/OSS) in order to launch new digital and digital-content services for their customers, but remain unhappy with the timeframes involved in getting products to market and the level of service they receive from vendors.

A survey of mobile operators conducted by *mobilesquared* has revealed that 78% of respondents plan to increase their external spend on BSS/OSS over the next 12 months, but only 36% are satisfied with the service they receive from existing BSS infrastructure providers.

Furthermore, almost half of all mobile operators still need to update their legacy BSS infrastructure every time they want to deliver new digital and digital-content services to their customers, while only 21% have, so far, installed equipment which fully integrates billing functions within their digital product set.

Do you need to update legacy BSS infrastructure in order to deliver new digital and digital-content services to your customers?



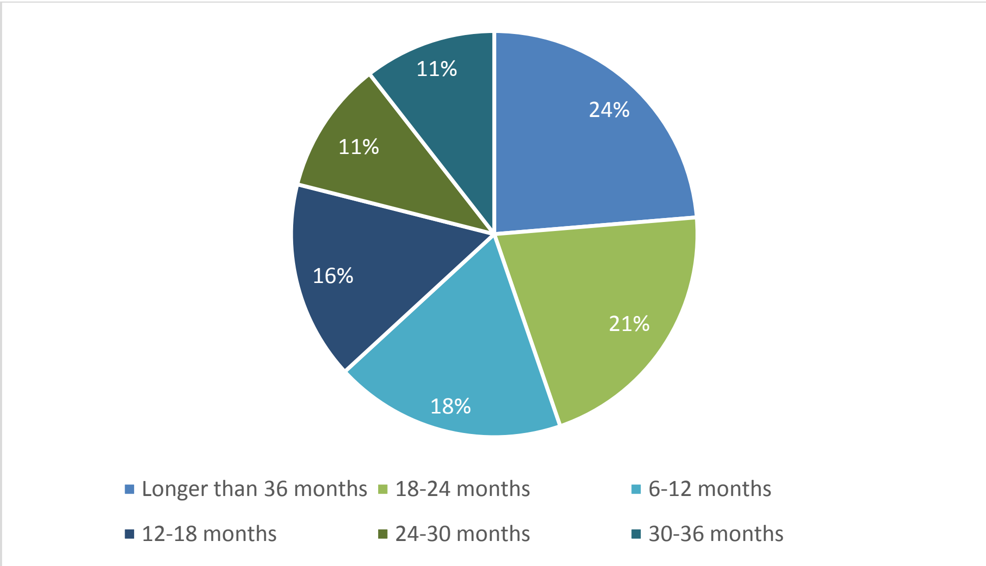
Source: mobilesquared

Mobile operators face a growing number of new challenges from traditional competitors and Over-the-Top (OTT) providers alike. The shift away from traditional telco to digital content service provider involves a much higher level of customer interaction, with greater quality of service, quicker delivery, and with much lower service costs.

The importance of agile service deployments is evidenced by the fact that 31% of mobile operators say they take, on average, at least one year from identifying a new digital or digital-content service to fulfilling it with their customers, while 89% believe that OTT and other digital content providers can rollout similar services in just 1-6 months.

Not surprisingly, 82% of mobile operators would like to be able to match the timeframes in which OTTs can provide new services to their client base, with 47% saying it should ideally take no more than three months. However, the timeframes involved with replacing all, or significant parts, of the stack with a new BSS remain onerous with 37% of mobile operators saying it takes at least a year, 21% at least two years and 24% longer than three years.

How long, on average, do you believe it takes to replace all, or significant parts, of the stack with a new BSS?



Source: mobilesquared

Ongoing BSS transformation efforts to build multi or omni-channel capabilities, while simplifying business processes and rationalizing product catalogue, remain centred around consolidating existing architecture, using purpose-built point solutions or moving to a virtual/ software-defined network.

However, 42% of respondents believe an off-the-shelf product (offering standardised functionality for customer management, self care, order management, billing, revenue management and dealer channel management) would enable faster time-to-market to identify, develop and fulfil new digital and digital-content services than more traditional approaches.

This is evidenced by the fact that that perceived barriers to offer a personalised service package, or product catalogue, have shifted discernibly over the last three years with CRM &

profiling and network issues (having too many legacy billing systems) now seen as far greater obstacles than simple cost and integration of separate BSS/OSS.

In 2016, 30% of mobile operators highlighted CRM & profiling as the largest obstacle to offering a product catalogue against just 19% in 2013, while another 30% said network issues (versus 24% in 2013). The proportion of mobile operators saying the cost of BSS transformation was the greatest obstacle had fallen from 19% in 2013 to just 10% this year, while integration was down from 38% to 30%.

Content strategies

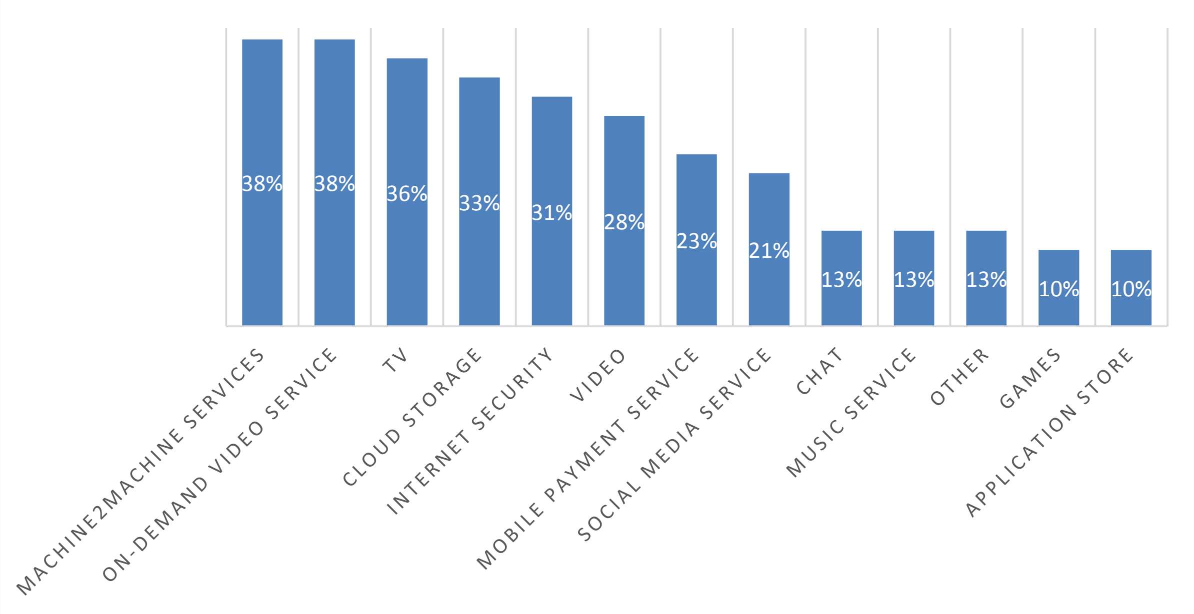
The speed at which mobile customers are embracing the digital world is forever increasing and CSPs need to revise their systems and processes in order to support more integrated product management strategies while providing an excellent customer experience. The benefits of 'big data' are proving increasingly questionable in an agile world and mobile operators need to concentrate more on 'small' or 'smart data' in order to keep customers engaged.

61% of mobile operators surveyed now offer digital content/service bundles where customers can choose whatever content or service they want from a product catalogue. Of these, 80% believed a mixture of real time (behavioural) and static (CRM) data was most useful to help improve contextual recommendations within the product catalogue, with the remaining 20% saying real time data was best, with zero opting for static data. Furthermore, 45% of mobile operators said contextual recommendations had improved conversion rates.

The survey findings demonstrate a clear need for mobile operators to invest in new digital services in order to remain competitive, with 59% saying they expect to offer new digital or digital-content services within the next 12 months.

The three digital services mobile operators believe will add most value to their product offering in the next 12 months are M2M (38%), video on-demand services (38%) and TV (36%).

Which three digital services do you think would add most value to your product offering in the next 12 months?



Source: mobilesquared

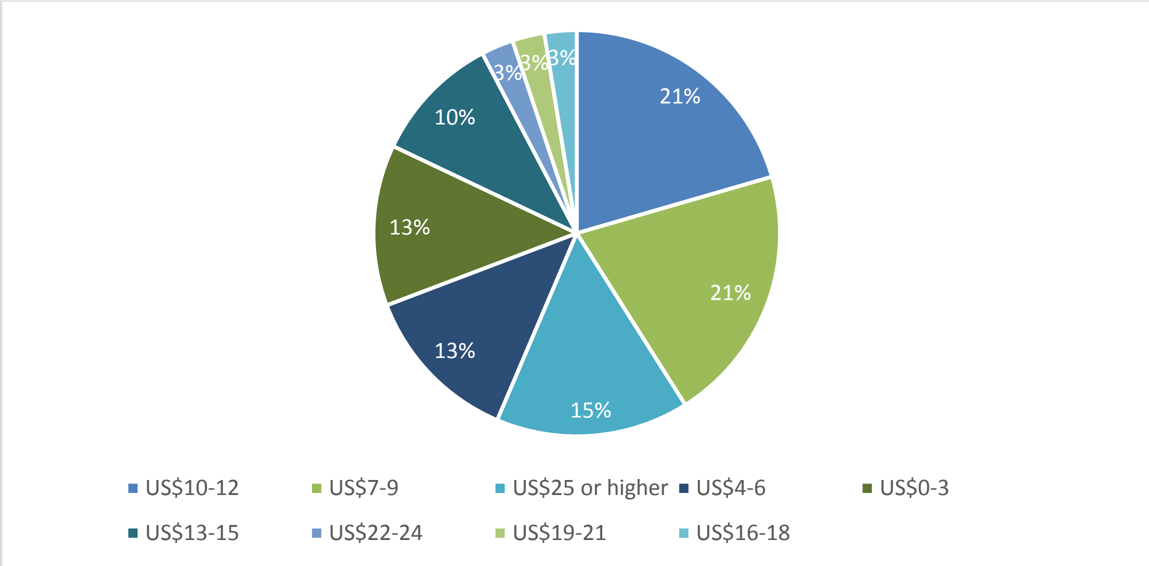
In 2013, when mobile operators were asked which three digital services they thought would add most value over the next 3-5 years, the top three services were mobile payment services (chosen by 60% of mobile operators), M2M services (41%), and cloud storage (36%). TV was a distant seventh chosen by just 21% of mobile operators.

The trend towards using third-party content and bundled service offerings has continued over the last three years with 38% of mobile operators in 2016 using only third-party content (up from 31% in 2013), while just 3% said they used their own portal content (down from 21% in 2013). Over the same period, the proportion of mobile operators using both their own and third party content has fallen from 45% in 2013 to 38%.

A total of 62% of mobile operators also now offer either quad-play or triple-play services against 60% in 2013, while those offering either quad-play, triple-play or mobile plus broadband has risen from 74% to 77%.

The majority (almost three quarters) of mobile operators surveyed in 2016 said ARPU (Average Revenue Per User) from digital and digital-content services was higher than 12 months ago due to a combination of factors -- including more content available on more smartphones over faster networks. A total of 42% of mobile operators surveyed estimated their ARPU from digital and digital-content services is now between US$7-12 per month.

What is your estimated monthly ARPU from digital and digital-content services?



Source: mobilesquared

Moreover, 69% of mobile operators surveyed expect to see a further increase in the usage of digital and digital-content services from customers travelling to Europe as a result of EU roaming legislation. Over a third of mobile operators believe LTE has increased consumer data spend, while another 36% say LTE has fundamentally changed how consumers use their mobile phones.

Conclusion

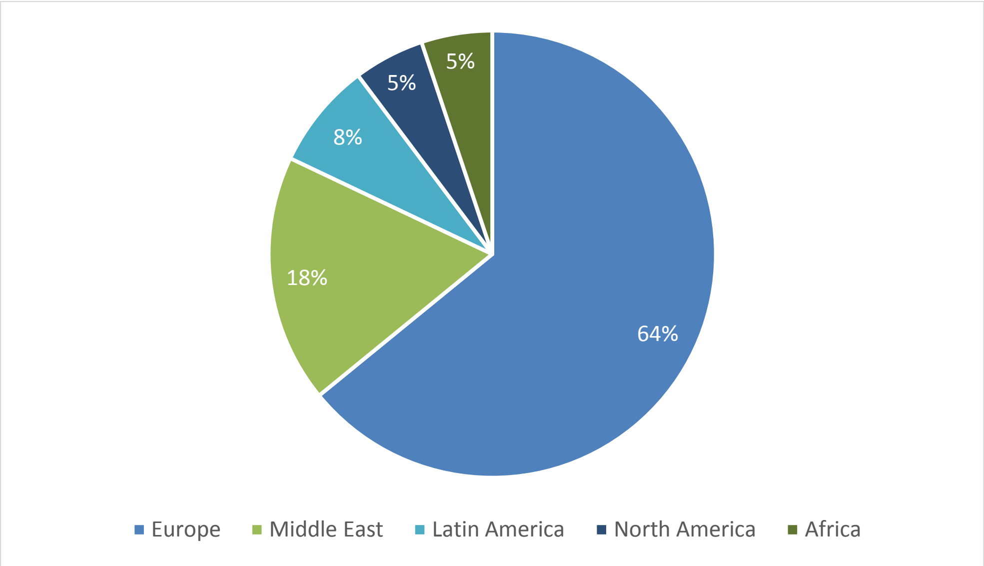
The research shows that mobile operators are increasingly moving towards bundled service offerings with more third party content, while proper customer profiling and the number of legacy billing systems are now seen as far greater obstacles than simple cost and integration.

Mobile operators, including those on the trail of becoming a digital content service provider, are therefore demanding more agile networks and express deployments in order to remain competitive in the face of growing competition from OTT providers. A change in approach to analytics, with more reliance on smart data, coupled with agile support system deployments will prove invaluable in helping mobile operators retain customer engagement and loyalty in an increasingly fragmented digital world.

About the survey

The online survey comprised 29 questions (see appendix) and was open between January 19th and February 1st. A total of 46 operators participated in the survey with 39 completing. Job functions included CMOs, COOs, CTOs, Managing Directors, Marketing Managers, Product Managers, Strategic Planning, Business Development and Value Management. A total of 64% of respondents had their main area of business in Europe, followed by 18% in the Middle East, 8% in Latin America and 5% each from North America and Africa.

Main region of business



Source: mobilesquared

About Tecnotree

Tecnotree is a global provider of telecom IT solutions for the management of products, customers and revenue. Tecnotree helps communications service providers to transform their business towards a marketplace of digital services. Tecnotree empowers service providers to monetise service bundles, provide personalised user experiences and augment value throughout the customer lifecycle.

With around 1000 telecom experts, Tecnotree serves around 90 service providers in around 70 countries. Tecnotree is listed on the main list of NASDAQ OMX Helsinki with the trading code TEM1V.

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