

EXPERT OPINION



DIGITAL HEROES

How today's CSPs can become tomorrow's digital heroes

For communications service providers (CSPs) looking to drive increasing revenues from their business and consumer customers, short term initiatives can be useful but they don't solve the problem. Solutions need to not only be sustainable, they should also hold out the promise of further growth, writes Andy Tiller

So what's a CSP to do if they have any desire to be more than just a communications service provider – for instance if they are seeking to become a digital services provider? To do that, they are going to need more than just a tariff scheme that seeks to lock customers into a one or two-year contract.

Google recently released a guide to what it called micro-moments. These refer to the times consumers are looking for information or services – moments Google described as being loaded with “intent, context and immediacy”. Interesting stuff, and Google – along with Amazon, Facebook and Apple – really knows how to take advantage of those opportunities. ►

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The challenge for mobile operators is: Can they get access to, analyse and take action on the same information and data as those Large Internet Players (LIPs) in the same timeframe?

We asked 50 CSPs that question, and their answer could be summed up as – we think so, if the regulator will let us and if you give us two years to catch up with the big data analysis skills.

Two-thirds of the group we spoke to placed high importance on acquiring this ability – but as Justin van der Lande of Analysys Mason, who carried out the research, said: “This survey has laid bare the chasm that exists between the operators’ new business ambitions and their readiness to compete.”

Many of the CSPs also highlighted that the data required was often held in different silos across the organisation and that there would be some internal barriers to overcome. They all acknowledged the information was there, but as van der Lande observed: “In technical terms, operators still have a long way to go before they can make use of the abundant customer data they possess.”

One problem for the CSP community of course has been the rise of the over-the-top (OTT) player, many of which are expert at attracting the value-added revenues that are currently eluding the CSP. But taking issue with the OTT not only ignores the point they prove – consumers will pay for innovative digital services – but also the partnership opportunity they present.

However, in order to attract those companies into partnerships, CSPs need to offer more than just the cloak of credibility of a trusted brand – after all, these guys are known as OTT players because they have done a pretty good job of by-passing the CSPs so far.

Our view is that to really attract a wide selection of OTT partners, CSPs need to work on two basic issues. First, how to add value to the partner’s service beyond simply providing data connectivity; and second, how to actually deliver that value without costly IT and network customisation. Addressing those issues could unlock some serious revenues today.

Take the IT integration aspects. When we surveyed European mobile operators about their revenues from partnerships with OTT players, we identified a €160m market accessible in a three year-period. But that was

based on the existing CSP business model of a case-by-case integration of a small number of partner services.

Automating partner collaboration, IT integration and settlement through a more open-systems approach had the potential to dramatically change the picture. In fact, we calculated the potential for an eye-catching 15-fold increase in gross profits to somewhere in the region of €2.2bn.

That’s obviously good news for the CSP. But partnerships are two-way, so what’s the incentive for the OTT player, other than just access to the pipe and the trusted brand. One answer is to offer mash-up products – for example, including mobile data for the OTT partner’s service in a single subscription, or creating a day pass offer to target prepaid subscribers. These create value for consumers which the partner cannot deliver alone as an OTT provider.

Another answer is to tap into those customer insights, after all the most successful businesses of the digital era, the LIPs we referred to earlier, have built their giant global empires based on monetising customer insights, whether through advertising or e-commerce.

And if the CSPs today don’t have all the tools required to collect the data, analyse it, design new service offerings and present them in a timely fashion; maybe carefully opening up some of those data streams to partners can enable them to move more quickly – to shorten that two year cycle and make some money in the process.

CSPs are sitting on a mountain of data that can give them, and their partners, a much wider view of customer preferences than is available to any single OTT player. If they want to accelerate their transformation from a communications service provider to a digital services provider, we suggest they first take a look at themselves.

How quickly can they access, analyse and use customer data to add value to their OTT partners, and how quickly can they create more value by integrating partner services with charging, mobile data, QoS and other value-added capabilities of their IT systems?

Successfully answering those questions, and creating the IT environment to deliver the answers, is the best pathway to the digital transformation goal. 



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