



## What American Mobile Telcos Can Learn from India

With the increased demand of mobile video, mobile music, data, and the convergence of these services with social media platforms, the mobile phone market is growing rapidly. However, while over-the-top (OTT) players (which include OS vendors, handset makers and app developers) are benefiting from this growth, mobile telecom operators are struggling not to be relegated as bit pipe providers. The operators challenge is a) not to get squeezed by the OTT folks b) to drive topline growth.

One method for the mobile operators to meet this challenge is through connected apps that leverage the operator's strengths and is offered to the consumer via a Value-Add Service (VAS). A connected application leverages dynamic data between applications and mobile devices significantly improving the end use experience.

### VAS and Connected Apps

U.S. mobile operators can use a best of both worlds approach and partner with global VAS providers who can quickly and economically develop sophisticated services that leverage the operators' unique advantages such as access to user's location and presence.

Offered by mobile operators, VAS is a very successful business model in India and throughout the world. With VAS, third parties partner with the operators to provide services that can take advantage of their network and their relationship with the customer. The operator has a major role to play in VAS as it performs customer facing services such as billing relationship, customer care, etc. The developers have the expertise and the focus to develop content and apps that engage the consumer. Additionally, the developers are leaner than the operator which allows them to move quickly to meet

user demand. This allows the operator to roll out services fast and profit from them.

Connected Apps takes VAS to the next level. Developers that offer their apps through the typical OTT app store have the advantage of getting direct access to users. However, VAS allows developers to offer richer services. Connected Apps go beyond a single download but rather offer a continuous connected platform for the end user. Connected apps can leverage information in the user's social graph to provide a more unique and personalized experience that goes beyond what users can experience over the Internet. For example, connected applications can incorporate information directly from the operator's network including messaging, presence, location, content management, and personal cloud, to name a few.

### Mobile Video and the Importance of the Right Partner

Take mobile video, for example. Today, 24 hours of video is uploaded on YouTube every minute and more content is uploaded to YouTube in 60 days than all 3 major U.S. networks created in 60 years. In fact, almost 66 percent of the world's mobile data traffic is slated to become video content by 2014, growing at a CAGR of 131 percent from 2009 onwards. User Generated Content in the form of video blogging and live video streaming can all be made possible for the mobile platform. Whether it is blogging about your salsa lesson or streaming the video of your child's first step, live, to your parents back home, it can all be done from your mobile handset. This is even more compelling when the video can be shared with your social address book contacts hosted by the operator in the cloud and automatically updated with all your social networking information.

As the portfolio of VAS in each operator's offering expands to include mobile video and multiplayer gaming, the complexities in deploying and managing each of the products while maintaining focus on customer experience increase multifold. For the mobile operators to realize a full return on their investment, the services have to become mainstream, as opposed to catering to the niche segment of innovators and early adopters. This would involve sizeable investments in infrastructure to handle such data volume and suitable partnerships on technology and content management. Similarly handset vendors and operators that are trying to differentiate themselves on built in features and applications will have to partner with reliable VAS providers. In such a scenario, the VAS partner becomes increasingly important. Is the bouquet of offerings wide enough? Does the partner have proven capabilities? How aligned are they to the operator business and how quickly can they

bring in economies of scale? A VAS provider who meets these criteria can help U.S. operators, handset vendors and developers achieve increased ROI and leave them with the bandwidth to focus on core operations.


### Global Adaptability, Local Customers

Another concern for global operators is how to address the needs of consumers from different regions. Consumer behavior varies not just from one country to another, but also in countries like the U.S., from one city to another. For example, Silicon Valley is a hub of technology innovation, and therefore consumers in the area are keener to demand more sophisticated services. Through a partnership with the VAS provider, operators should be able to address region-specific requirements through a variety of services and applications that leverage the operator's knowledge of the local market and its customers and the VAS provider's technology expertise. The VAS partner can provide services in a wide set of languages so that the operator doesn't have to. For example, while consumers in the U.S. watch and enjoy the CONCACAF Gold Cup, Latin American consumers are

typically more enthralled with and invested in the tournament. An effective VAS provider would recognize this and launch a related service for U.S. consumers to access soccer-related content in Latin America, which helps operators draw in additional revenue during the tournament.

Another similar example of how operators need to tailor content for their consumers is music. It would be challenging and costly for an operator to tailor its music and voice services for all of the different music and languages that their wide range of consumers demand. By taking care of the technology and legal legwork, VAS providers allow operators to offer differentiated services in different markets, a critical capability for U.S. operators who are looking to expand outside of the country, or international operators that are interested in entering the U.S. market.

### Conclusion

Consumers are demanding richer, connected services faster than U.S. operators can provide them, especially when faced with a multiethnic portfolio of clients. As operators continue to turn to premium value-added services in order to bolster sagging revenues and consumers demonstrate growing comfort with conducting day-to-day transactions on their mobile phones, the VAS industry will witness scorching growth. As has proven successful in India and globally, VAS providers can provide U.S. operators with essential ingredients for scalable software-based deployments to help operators deliver a high quality customer experience of rich services that go beyond what is offered in today's app store all at a reasonable cost. However, the biggest winner of this growth will be consumers who will benefit from the desire of operators to address more of their demands by providing better, faster and more valuable services. 



The global mobile advertising revenue is forecast to reach \$3.3 billion in 2011, more than double the \$1.6 billion generated in 2010, reports Gartner. Worldwide revenue will reach \$20.6 billion by 2015 with search and maps delivering the highest revenue, while video/audio ads will see the fastest growth through 2015.