

## MVNO Success path

by Mohan Kumar, Founder & CEO, Plintron

MVNO models range from pure marketing of hosted services to 'Full MVNO' who run their own core equipment, all but the radio network. A successful, profitable MVNO - with any of these models - is one who concentrates on innovative services which are frequently updated and on strong brand and customer relationship. MVNOs who distribute their own SIM cards, especially where Number Portability is available, are now in the driving seat, able to switch MNOs if they wish, and therefore able to negotiate better terms. Nevertheless, MVNOs must focus on their differentiating features and leave the network connectivity to MVNEs (enablers) and MVNAs (aggregators). MVNEs provide management of the infrastructure and connectivity to multiple MNOs, and free-up the MVNO to continue innovating.



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The MVNO (*Mobile Virtual Network Operator*) model represents a high-potential market emerging in the wake of the Mobile-established business, which enables launching fast-moving new branded mobile service. As part of the MVNO maturity cycle, the MVNOs' business has evolved, and in many cases MVNOs gained more control of their mobile services and their relationships with subscribers.

The highest maturity model is widely known as FULL or HEAVY MVNO Model, where the MVNO owns and operates all core network elements excluding the RADIO NETWORK which requires a

spectrum licence. At the other extreme, the infrastructure is completely outsourced from the MNO, with only sales and marketing handled by the MVNO. There are also multiple network-sharing models, where MNOs in the same geography can leverage one another's network reach and various technologies to lower operating cost and improve coverage.

Although the MVNO market has consolidated in recent years, most MVNOs are now struggling. The facts are clear: only a handful of MVNOs that achieve excellence are able to sustain it and be profitable over time. Even

fewer manage to implement successful transformation programs.

To maximize the bandwidth of possibilities, MVNO should have the capability to continuously adapt to new technologies and customise their service offering to cater to the requirement of their focused market segments. The key to success is to be innovative and identify unexplored niches. MVNOs should transform from 'pure play' low-cost to a 'niche' player with value-add.

Today in the mobile service model, the MVNO are in a better position than the MNO to be quick in delivering

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differentiated services, since they have no legacy systems and no baggage of huge capital investment. This certainly gives a competitive edge to the MVNOs compared to the MNOs. Such service agility does pose a challenge on service stability but this is manageable given the support of an equally adaptable technology provider, such as an MVNE (*Mobile Virtual Network Enabler*).

The MVNE helps MVNOs to rapidly absorb change by enabling them to connect, collaborate and communicate better. The MVNE helps to address their challenges in three key areas: business diversification, accelerating innovation and efficient operations. The MVNO must focus on the core service control and business management of their brand, leaving the mobile coverage to the MNO. The key factors for a successful MVNO business are the attractive products and sleek sales and marketing, supported by a strong distribution capability. In a fast-changing technology world, MVNO should only base their value on these three core attributes. MVNOs who appreciate their core attributes and have a successful business model will become leaders and even graduate into an MVNA (*Mobile Virtual Network Aggregator*) role, to enable others to build new brands and their own mobile services.

To be a successful player and a market leader, some of the pertinent questions that MVNOs need to evaluate are:

1. How can we be agile and quickly realign our organisation's landscape to changing business requirements?
2. What are the known pitfalls of diversification and transformation and what could we do best to avoid them?
3. How do we sustain our performance - what is our differentiation?
4. How do we create a culture of continuous adaptability that will help us sustain competitive advantage in a constantly changing world?
5. How do we align our offerings strategically to bring more MVNOs on board without conflict of interest?

In today's world, the MVNO needs to be

fully agile with a competitive range of services and pricing. Lower operating cost is always a life line, although the business model should be engineered based on the focus areas to enable offering differentiated services with segment-based packages, targeting age-based or ethnic segments, or advertisement-based services. In today's global market, MVNO can choose an appropriate 'home' market to showcase the successful model and then replicate the model in other territories.

With the rapid advancement in technology, the mobile handset has transformed from a basic device to a 'pocket TV', accessing data from the cloud. New MVNOs should make use of the core mobile service capability from the MVNA who has a cloud and hosted telecom infrastructure that is already pre-integrated with multiple MNOs. This saves time and cost for new MVNOs and provides a hassle-free jump-start into their business.

The MVNO key asset is the ownership of the SIM card with the Mobile number, which is the visible component to the customer. Having control of the SIM cards, coupled with number portability, gives the MVNOs full flexibility to switch MNOs (or MVNAs) if so wished. This gives an enormous negotiation power to the MVNO.

The MVNO should also bring convergence of services to its customers, and should have full flexibility on the chosen telecom infrastructure to enhance their products frequently for customer retention. To achieve this, a good analytics tool is required that provides information on the customer product usage. Customer retention should be a high priority from day one to help the MVNO to fight against the churn.

As the Mobile market is becoming saturated in the developed countries, there is a huge opportunity in developing and underdeveloped countries. Mobile convergence for the enterprises, including M2M, is another promising opportunity area for MVNOs.

US, Canada, Western and Central Europe, Russia, and some of the Asian countries

have existing MVNO markets, where the MVNA trend is now growing. New MVNO markets like Eastern Europe, Latin America, Middle East, Africa and unopened Asian countries are beginning to open up to MVNO business, and with that to MVNE and MVNA opportunities. ●



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