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Fall/Winter 2013

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## Mobile Data: **GRIDLOCK** **VS.** **EXPRESS LANE**

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# RCS: Strengthen Your Brand While Leveraging the Data Pipe



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As use of over-the-top (OTT) communication services continues to grow, demand for wireless data has soared. Today's mobile network operators, while making infrastructure investments to meet this demand, also face declining messaging volumes and revenue due to the popularity of these third-party OTT alternatives. At the same time, voice revenue is at risk due to the growing number of IP-based options that bypass operator-provided cellular voice plans.

How should operators respond? A growing number are concluding that they can be more than just data providers through which third parties offer their subscribers IP-based services. By introducing Rich Communication Services (RCS), the GSMA-backed answer to the OTT threat, operators can provide their own compelling communication features that meet subscribers' demand for advanced voice and messaging services.

## The OTT Impact

The number of OTT apps available to mobile subscribers is sizeable, with options ranging from established services like BlackBerry Messenger, Facebook Messenger, and Skype to smaller startups such as WhatsApp, Viber, Tango, and Snapchat. Offering mobile

subscribers innovative – and typically free – communication options, these services deliver features that operators' legacy services cannot.

Though many operators initially dismissed the potential impact of OTT competitors, it's now clear that this new form of competition is having a dramatic effect on traditional operator-provided services. In third quarter 2012, U.S. operators saw a decline in both messaging volume and revenue for the first time, according to Cheetan Sharma, which attributed the decline to OTT messaging alternatives.

In fact, mobile users sent more messages with OTTs in 2012 than with SMS, according to research from Informa. In total, third-party app users sent approximately 19.1 billion messages per day in 2012, compared with 17.6 billion texts per day with SMS. Informa states that OTTs' momentum will continue to build, projecting that by the end of next year, OTT app users will send nearly 50 billion messages each day, versus about 21 billion SMS daily.

Now Internet tech giants are also getting into the game. Google Hangouts, for example, is a group instant messaging and video chat service for up to 10 users. Among its features are the ability to share files during chats and to maintain conversations when moving from one device to another. The service works on computers as well as Android and Apple devices.

Apple is also introducing new services that threaten operators' legacy voice and messaging services. With iMessage, iPhone users can sidestep their operator's legacy messaging service by sending text and multimedia messages to other iPhone users at no cost. Likewise, the recently announced FaceTime Audio service will let them bypass legacy voice.

## RCS Advantages

With RCS, operators have the opportunity to compete directly with OTT players, offering advanced features while maintaining the quality of service, security, and reliability that is often lacking in third-party alternatives. The latest RCS release, dubbed Blackbird by the GSMA, enables users to make IP video and voice calls and to share images, video, contacts, and location information during individual and group chats. In addition, a converged inbox for SMS, MMS, and RCS messages lets users access all conversations from a single messaging application. Because RCS provides backward compatibility with legacy messaging services, users can conduct messaging sessions with other devices regardless of whether they operate using RCS or SMS/MMS technology.

The Blackbird release also provides multi-device support, enabling users to access RCS from several devices, such as mobile phone, tablet, and laptop. With "store and forward" capabilities, RCS also lets users send messages and files to offline contacts, forwarding them as soon as the contacts sign in.

When evaluating RCS solutions, operators should consider selecting a cloud-based solution to minimize up-front expense and speed time to market. Choosing a GSMA-accredited hosted solution provider will also ensure a high-quality, interoperable solution in full compliance with RCS standards.

## Preserving Subscriber Loyalty

Maintaining subscriber loyalty is more challenging than ever in today's world of converging communication and declining ARPU. With RCS, operators can remain a trusted service provider and keep subscribers connected to the operator brand with an interoperable service that provides the quality of service, security, and reliability that subscribers demand. 