

MAKING MARGIN WITH MVNO'S

Out on the mean streets of consumer mobile, succeeding with an MVNO proposition is tough in a market where there is little to differentiate yourself on other than price. Whilst it may be a bloody business in the consumer world, B2B offers a different story. David Dungay went to find out how the Channel can add value to their propositions with MVNO's.

In the past, setting up an MVNO was extremely expensive and potentially risky. To ensure payback, resellers would have to be supremely confident they had a proposition that was going to work. Nowadays the process is somewhat simpler with the presence of MVNE/A players who can get resellers up and running for a fraction of the cost in just a few short months.

Rob Davis, Head of Converged

BEFORE SELECTING YOUR MVNE/A, ASK YOURSELF...

1. Can they offer me a product that gives me an edge in the market?
2. Do I get full ownership of the tariffs and service?
3. Do I have near real-time control over provisioning, billing and ongoing management of service?
4. Can I run the service in my own brand?
5. Do they have pre-packaged tariff options, as well as wholesale tariffs so I can build my own?



Products at Gamma commented, "When it comes to resellers entering the MVNO market there are really only two choices; go directly to the mobile operators, who are typically only interested in those who can commit to massive volumes and those who have a large amount of cash to invest. Or partner with an aggregator, such as Gamma, who can offer resellers a hassle-free path to becoming an MVNO and all the benefits that come with it, without the £1m+ upfront investment."

Shanks Kulam, Chief Mobile Officer at x-Mobility, added, "In terms of the UK market at least, it is relatively easy for a reseller to set up a MVNO in 2016. x-Mobility can get a UK MVNO up and running on our 4G platform within a 6-8 week period. Of course this is dependent on the reseller having the necessary focus and commitment."

Cutting the mustard

Me too propositions just don't work in the MVNO space. Ensuring you have a great differentiator(s) is essential to the success of your mobile service. There are several ways resellers can stand out in a competitive market but Gavin Sweet, Director at Simetric Telecom, thinks converged, integrated, products and services create real value for customers.



"The Channel having existing relationships with the end users and currently offering them the more traditional fixed line/IP PBX services, are ideally positioned to layer in a mobile play..."

Shanks Kulam, Chief Mobile Officer at x-Mobility

He said, "Mobile is a very competitive place – in the early days, the consumer MVNO's really were "fighting on the streets" as they battled to acquire customers and retain any kind of market position ... to little avail. Witness the supermarkets and others now dumping their consumer services because as a straight "airtime play" it is next to impossible to differentiate or find margin – cheap minutes is where it's at in consumer markets, and there's nowhere to go in that world with tier 1 operators to compete against and a pushy regulator muscling in too."

In B2B though, we have a saviour in the name of FMC, fixed

mobile convergence, which genuinely offers both resellers and service providers the opportunity to create value and add loyalty or stickiness. This is because truly converged, integrated services offer so much more than cheap minutes – ever has it been thus."

Rob Davis agrees differentiation is important, he said "Making sure your proposition offers something different in the market is vital."

Being an MVNO will naturally give you an edge over the vast majority of players as it enables you to provide a much more responsive level of service to customers



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Gavin Sweet, Director at Simetric Telecom

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DIFFERENTIATING YOUR MVNO

- ▶ Simplified fixed and mobile service integration – one number, one voicemail, anywhere, anytime.
- ▶ Landline alternative for small businesses – quick, cheap, completely portable, and location independent.
- ▶ Complete PBX integration for enterprises – delivering identical, unified services on both fixed and mobile devices.
- ▶ Call recording and compliance can be unified across all devices and all services because the mobile network really is now part of the PBX network.
- ▶ Business continuity using automated failover to the SIM (which is always available because it's a SIM)
- ▶ Full 4G network access
- ▶ The ability to offer a complimentary OTT app using the same # as the SIM (hence negating roaming charges when abroad)
- ▶ The ability for the reseller to purchase wholesale pooled aggregate TB Data bundles (hence they can enjoy the 'breakage' just like MNOs do today)
- ▶ The ability to offer their subs multiple MOBILE numbers on a single device

while retaining the ability to control the service, network and tariff. With a direct link into the network, MVNOs can provide a level of service that dealers can only dream of as they aren't having to rely on large network operators' call centres and often lengthy and inflexible processes.

There's also an opportunity for channel players to differentiate against mobile-only operators by offering a full converged suite of fixed and mobile, voice and data services, of which MVNO is a key part."

Shanks Kulam, Chief Mobile Officer at x-Mobility, added "The Channel having existing relationships with the end users and currently offering them the more traditional fixed line/IP PBX services, are ideally positioned to layer in a mobile play, be that traditional SIM-based or OTT-based, thereby mobilising existing offerings and layering in new mobile VAS.

An example of this could be x-Mobility's hybrid MVNOTT.com service that provides all the benefits of our 4G MVNO SIM program (wholesale aggregate TB data bundles, inbound call control of both the Voice and SMS/hence the SP can offer the likes of inbound and outbound call-recording to/from the mobile number) in combination with our VirtualSIM/OTT app. This enables subscribers to make/ receive inbound/



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Rob Davis, Head of Converged Products at Gamma

outbound calls/ text via the OTT app, which could be on any device, and over WiFi; hence no roaming charges."

On integrated services Sweet said "And with easy to sell, plug-n-play MVNO services from wholesale "enabler" providers (MVNEs), like Simetric, it becomes easy for a VAR or a CP/SP, with or without their own platform to deliver integrated PBX services or SIP integration options that allow resellers to add high value, sticky, fully integrated FMC services to their business customer's bills - a far more sustainable revenue stream than simple airtime minutes or connection bounties. And, once Resellers/CPs have access to the customer mobile estate, other cross sell opportunities such as apps, data services etc all present themselves.

On the Horizon

So what does the future hold for the MVNO market? Should resellers honestly be looking to get involved? Rob Davis thinks so! He says, "There's a fantastic opportunity for channel

partners over the next couple of years to move into the MVNO market as the big mobile operators are focused on mergers and acquisitions, rather than supporting the needs of their business customers, making it ideal timing for the channel to step in and demonstrate the benefits of working with an MVNO."

DAN CUNLIFFE – MD OF PANGEA

"Voice and text revenues have been dwindling for the past 5 years and it is clear that the growth will come from the continued surge in data consumption.



You may actually start to think of the MVNO of the future as rather being an MDNO where the D is for data rather than virtual as it is here where opportunities across traditional data products can be found as well as the incredible growth in the IoT market.

I think MVNO resellers need think carefully about whom they work with and how they approach future growth areas. We at Pangea are obviously very keen on the data growth and what that will mean for IoT solutions not only in the UK but further afield."

Steve Barefoot, senior product analyst at Interop Technologies commented, "Beyond delivering voice, messaging, and data services, specialized MVNOs will emerge to service the burgeoning IoT and M2M sectors. As the requirements for serving these markets becomes better defined, it's possible that we'll see an increase in what the Dutch have pioneered as Private Virtual Network Operators (PVNOs)."

ED SAYS...

The MVNO market is likely to change significantly in the coming years as trends such as IoT and integrated work tools take hold. Resellers need to think carefully before jumping in but should perhaps worry more about their product offerings and differentiators rather than technology itself. As Gavin Sweet says, off the shelf products enable resellers to offer great levels of service without the loss of control or customer relationship. This gives resellers an easy route in and if they can craft a niche for themselves will prove to be a profitable one.