EXPERT OPINION:

Why the world cannot be flat

Convergent real-time billing systems for future growth

Flat-rate offerings will not be an efficient business strategy in the future. The global mobile industry has been extremely successful in the past decade, with an average year-on-year subscriber growth of 24%. Despite a contraction in the mobile handset market in 2009, smartphone shipments grew by 15%. Due to smartphones' increasing market share and a rise in application focus by handset manufacturers, MNOs are predicted to grow yearly app revenues from US$1.94 billion (2009) to US$15.65 billion (2015). The application market's growth is driven both by the rising number of smartphones in use and a more and more connected global subscriber base. This trend will continue, seeing global smartphone users numbering 970 million by the end of 2013. To manage this, Orga Systems provides fully integrated charging and rating within a real-time policy management solution, enabling CSPs to monetise the value of their network assets.

"Build a closer relationship with each customer, with online real-time offerings based on the preferences of each subscriber."

How to earn money with mobile data services

Today, many operators are finding that the price they are selling mobile broadband for is approximately 50% below the price it is costing them to produce that volume of mobile data. The sophistication of smartphones, the explosion of peer-to-peer traffic (P2P), video and gaming applications running on these devices have created a serious dilemma for service providers trying to accommodate exponential increases in the traffic on fixed and mobile networks.

Data is traversing the core networks of all service providers globally. As a result, analysts estimate that more than 60% of mobile data revenue in 2012 will come from developed markets like Europe, 71% of subscriptions will use 3G handsets in 2012.

Subscriber management is the way out of unprofitable flat rates

To move away from unprofitable flat-rate pricing, operators have to identify their customers and their habits: which customer uses which service and at what rate? They should also use all historical data available as a basis for future planning. In addition, they must take into account a new generation of subscribers, those who grew up with internet and mobile. This generation of subscribers interacts much more with devices than former generations.

Therefore operators need to migrate all subscribers to a single platform where they can measure what these customers need. This way they can build a closer relationship with each customer, with online real-time offerings based on the individual preferences of each subscriber.

Real-time solutions as key enabler

Charging and rating must done in real time and relevant in the context of the customer. By fully integrating charging and rating within a policy management solution, service providers can monetise the value of their network assets. They can enhance revenue with in-session up-selling, customised bundling and tiered pricing packages – all this while enhancing the customer experience. The key to deal with increasing data traffic is a customer network service differentiation rather than flat-rate pricing.

Operators need to prioritise access to deal with data volume based on pricing rates. A real-time solution is essential, one that can define and enforce policy rules to both network and service delivery platforms (SDPs) based on customer-defined service usage limits, service agreement definitions and network considerations.

Highly personalised and customer-centric policy management for customer satisfaction

The key to a more profitable service offering and delivery, lies in the utilisation of a highly personalised and customer-centric policy management process. This must enable and encourage direct/instant one-to-one selling opportunities. Similar to the established online ▶

shopping recommendations (Amazon style) the telecoms industry must learn to adopt a more targeted, up-selling approach based on real usage information and actual customer preferences and interests (i.e. gaming, music, social networking, etc).

In this context an intelligent subscriber data management system is needed to precisely identify the subscriber and his or her actual service usage, in order to offer attractive and profitable service options on top of or instead of flat-rate pricing models. Here Orga Systems sees great opportunities to capitalise on intelligent and web-based re-direct and self-care offerings.

In addition, Orga Systems sees that quality of service will become an important asset that customers – especially high-end customers – are willing to pay a premium for. This vital subscriber data parameter needs to be managed with the highest priority and care in order to avoid a frustrating user experience. Therefore, dynamic policy functions and subscriber management must be effectively integrated (tightly coupled) with the real-time charging and billing environment.

Customer network service differentiation

User interaction and real-time charging will be the way ahead. Convergent real-time billing platforms, charging and billing applications and dynamic policy management are needed. They allow for customers' flexibility and minimise internal operating costs and improve customer satisfaction. Operators need to prioritise access to deal with data volume: Customer network service differentiation is the best way ahead not flat-rate pricing.

That is why successful convergent billing systems will need to cope with handling far more subscribers within one system; even 100 million. And it's also why the telecommunication industry will have to cope with smart metering and new industries stepping into the market.

Entering a partnership with content-oriented services, finally

Operators understand themselves as providers of a pipe that links their customers to the network. But operators are much more: they have to partner with the companies at the other end of the pipe.

Those companies, such as social networks or search engines, rely on the pipe that operators provide to bring their innovations to the customer. Those new applications and services drain the pipe and increase demand for high speed connections. Thus, a partnership could be mutually beneficial, just like a symbiosis between operators and content-oriented services.

"Operators are much more (than pipe providers): they have to partner with the companies at the other end of the pipe."