



How Operators Can Conquer the Fear of Going 'Over the Top'

Should operators view VoIP services such as Skype and Viber as a threat, or an opportunity to deliver new services to subscribers? Teligent CEO Einar Lindquist shows how to capitalise on 'over the top' services

December 2011 - At first glance it's no surprise that telcos and operators have been suspicious of 'over the top' VoIP services. After all, the operator has done all the hard work in providing subscribers with a mobile device, services and building a commercial relationship with them. So the last thing they want is for the subscriber to start using apps that erode the operator's core revenues.

Yet over the top services such as Skype and Viber are proving increasingly popular. Research company Analysys Mason estimates that 20% of smartphone users in developed markets have already downloaded a mobile VoIP application and 4% of these are active users.

With global smartphone penetration expected to double to 30% in the next 4 years (and rise to over 70% in Western Europe), the uptake of VoIP services will only increase – putting operators at risk of a serious decline in revenues unless they address the 'over the top' services issue.

So with subscribers taking control of their apps and handsets, how should operators respond to these new forms of usage? Some have taken the short-term decision to either block or charge a premium rate for VoIP services; but this is taking the ostrich approach of burying their heads in the sand. Denying subscribers' access to new services that they are keen to try is practically instructing them to move to a different, more forward-thinking service provider.

The loyalty card

Instead, operators need to develop business and service strategies to counter the threat to their revenues. This means engaging with subscribers' desire to adopt over the top VoIP services, and developing an inclusive approach to offering the services. Remember, as the old wisdom puts it: "If you can't beat them, join them."

However, this does not mean that the operator should relinquish control over VoIP services and become a simple 'bit-pipe' provider. The operator has a very powerful card to play: they already own the relationship with the subscriber and have the strength of their brand, which gives a tremendous opportunity to help guide and shape subscribers' usage of these services.

As a result the ideal scenario is for operators to integrate VoIP services into their core offering, in turn allowing subscribers to explore the features of the services without risking revenue erosion or subscriber loyalty. Let's take a closer look at how this can be achieved: while the exact approach may vary according to the operator's situation, the common theme is collaboration with VoIP service providers, not conflict.

Making the handset a neutral zone

The key to ensuring subscribers can benefit from new VoIP services, while minimising risk of revenue erosion, is to fully integrate VoIP-based calls with traditional mobile and fixed-line telephony services in order to minimise the distinction between the different types of call from the subscriber's perspective.

To do this, there are two key elements to the solution that the operator needs to deploy. First is a network server to ensure that calls are treated and managed as operator calls, to allow for functions like policy control,, call routing, management, usability and billing. This in turn allows all types of calls – cellular or IP, outgoing and incoming, pre-paid and post-paid – to be billed.

The second part of the solution is a smartphone app for the subscriber handset. The apps should be able to support branding by operators and should be downloadable by subscribers from app stores and eco-systems to Apple, Android and Windows smartphones, in the same way that the subscriber would download a game or social networking plug-in. The App, tightly integrated with the network server, allows for quality and usability required for a commercial operator made call. The app and the server together enables the subscriber to make any type of call – GSM or VoIP – from their normal mobile number to any other landline or mobile number.

Mutual benefits

With this end-to-end approach operators can gain control of VoIP usage instead of barring it. By integrating VoIP services within their networks the operator can deliver attractive rate plans and service packages to subscribers.

Service examples can include low-rate international calling plans via 3G Internet and Wi-Fi zones to stimulate growth in international calls; special rate VoIP plans over national 3G networks and international 3G internet or WiFi zones; or even special low cost Internet-to-Internet call-rate plans.

As mentioned earlier, a key advantage that the operator has in offering VoIP services is that they already own the relationship with subscribers. This also delivers the killer benefit to the subscriber of utilising the operator's flavour of VoIP service, which is that the subscriber retains their regular mobile numbers for incoming and outgoing calls of any type. There's no need for them to set up a new account or caller ID; they can also communicate with any normal mobile or landline number and not just other VoIP service users.

This approach enables operators to introduce new services while retaining control of subscribers' call plans and allows them to price VoIP calls competitively against existing services such as Skype or Viber. The upshot is a range of stickier services and reduced churn rates.

In conclusion, instead of fighting for supremacy against VoIP services on smartphones operators can work in partnership with VoIP providers to deliver new subscriber offerings and retain revenues – taking the fear out of going over the top.

www.teligent.se