



# The Future is Mobile

Convergence and Telecom Operator Business

Dr. Klaus M. Steinmaurer (MBA)  
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# Introduction



The future is mobile .....

So let me start with a short story ...

..... to explain what this  
headline has to do with the topic  
of this conference ...

# Convergence - a question of definition



## Fixed Mobile Convergence (FMC)

- Seamless switching between cellular and local networks for mobile users. The operator should be able to offer a customer mobile and fixed (or fixed like) services seamlessly by integrating fixed and mobile networks.

## Challenge

- The handset has to support TDM technology for the cellular system and switch instantly to packet based VOIP for the Wi-Fi network.

## Levels of Convergence

- no convergence at network level (MNO offering „fixed like rates“)
- convergence at network level (f. e. integrated operators)

# Convergence - a question of definition



## Mobile to Mobile Convergence (MMC)

- MMC is a technology that facilitates the interoperability of mobile communication devices without the need for any fixed capabilities or proprietary service provider.
- MMC is an alternative to conventional cellular and wireless solutions.

MMC offers features such as

- interoperability with a wide area network (WAN)
- support of dual mode devices
- seamless roaming among Wi-Fi and cellular networks

... at the end not much difference to the  
FM C definition - or?

# Convergence - a question of definition



... but what would you say about this definition:

## Business and Private Life Convergence (BPC)

- BPC means getting every information/content/service I want, everywhere, at any time I want if from every source it is stored by using any kind of access technology as available.

This kind of convergence focuses on the convergence of services and mainly takes into account the customers needs. The convergence of networks is secondary.

... .. remember the story from the beginning

# Convergence - who needs it and why?



Carriers need it, because

- their old (voice based) business models will not work much longer
- European Telecom Markets stagnate customer wise and shrink revenue wise while network usage explodes and huge investments to offer acceptable QoS are necessary.
- Broadband investments (mobile and fixed) must generate additional revenues
- Convergence is necessary for customer retention in a saturated market

Customers need it, because

- Life (business and private) becomes more and more mobile.
- The days where we had a clear differentiation between business and private life are gone.
- It makes it easier to organize our life.

# Convergence - from the customers po



**EASY**

**SPEED**



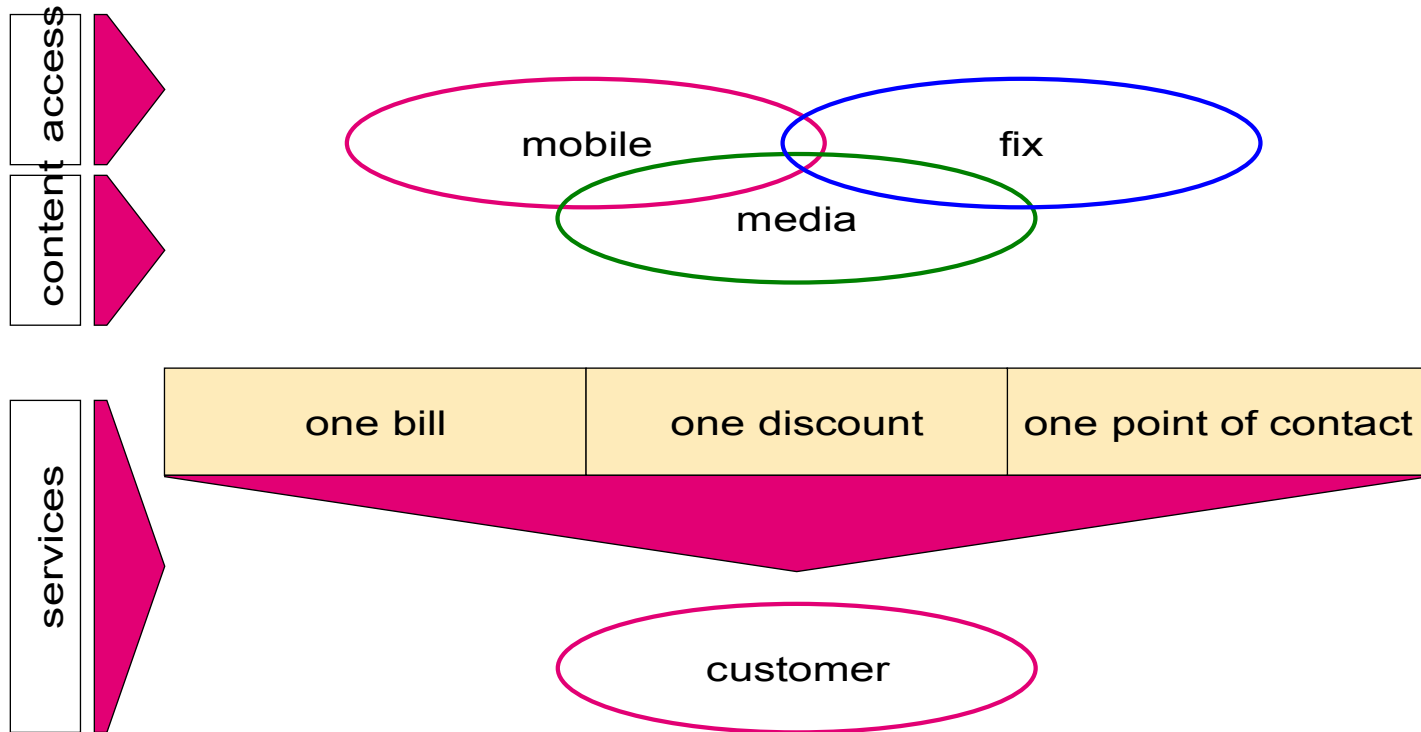
**M OBILITY**

**SERVICE**

# Convergence - from the customers po



## Convergence from the Consumer Perspective



Convergence from the customers point of view



ENTERTAINMENT OFFICE OWN CONTENT

INTERNET

BOOKS

MUSIC

NEWS (PRINT)



VOICE

NEWS (TV)

VIDEO

One service for all screens - Convergence changes the value chain

# Convergence from the customers point of view



## What customers expect from convergence?

- lower costs
- higher mobility
- personalized services
- easy handling
- better service

## Why many convergent services carriers offered till now failed?

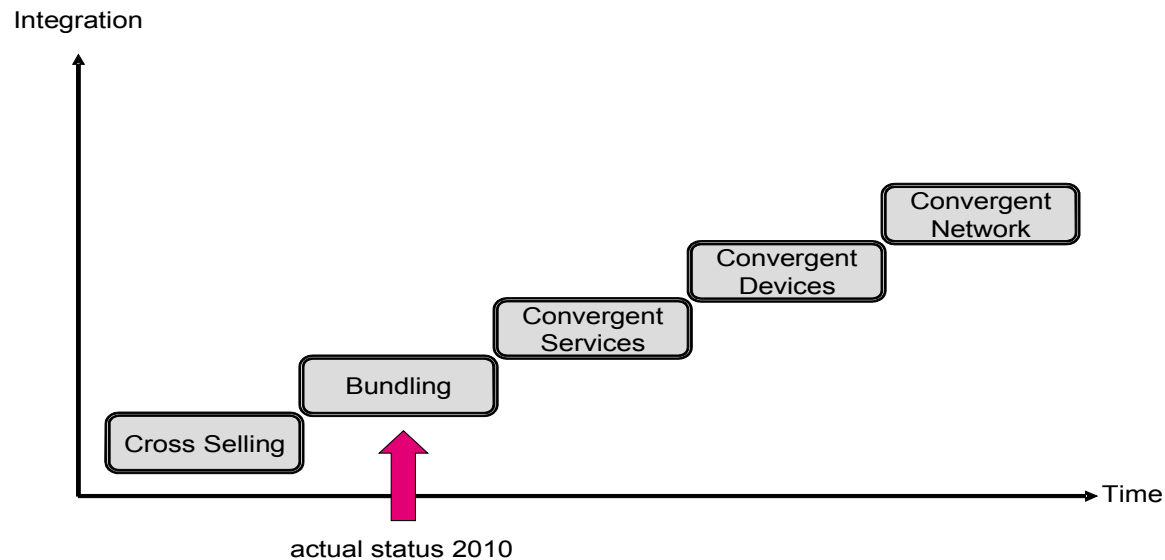
- they did not focus on the customers needs but focused on technology

This might have a huge impact on the future business of carriers who loose their position in the value chain to Apple & Co.

# Convergence - from the operators point of view



## Fixed Mobile Convergence from the Operators Perspective



This figure shows the most common approach of convergence in today's operator

business. It is mainly focused on the convergence of fixed and cellular access

technologies. In Europe this kind of convergence is the new strategy of the former incumbents who own both kinds of infrastructure.

Mergeing the former divided business units is the actual tendency. 12

# Convergence - from the operators poi



The real challenges for carriers in the future do not depend on the access technology. The real challenges are:

- potential corporate agenda clashes
- spectrum usage and business models (investment needs)
- corporations/alliances with media firms
  - different expectations and business models
  - competition and market power
- off deck and on deck models
- navigation
- customer acquisition and retention
- regulatory impacts

# Convergence - from the operators point of view



Those operators who have access to mobile and fixed technology have an advantage in the future game for additional revenues but those operators who are able to manage the prediscussed questions first in favour of their customers will lead the game independent of the access technology they use to offer convergent services.

# Convergence - a question if IT and ou



To make convergence reality in the market, operators have to handle huge IT-challenges

- content management
- service management
- access management
- billing

Up to now most operators have an IT landscape which is able to operate more or less their old businessmodel but convergence demands a significant change (and investments).

Therefore operators have to

- rethink existing business models
- reorganize their existing business processes
- develop integrated services and drive standardisation to secure interoperability

# Convergence - a question if IT



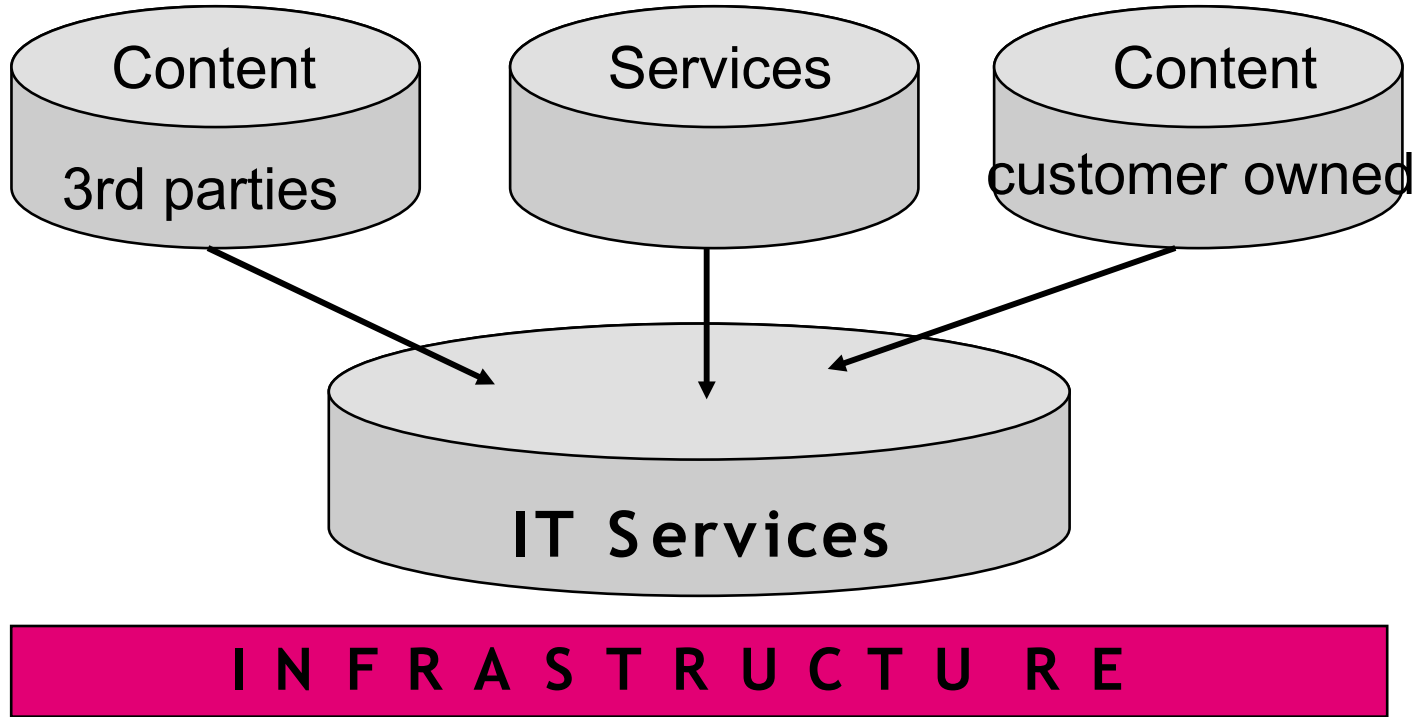
Outsourcing Opportunity

Standardisation Issue

External Source

Integrated IT services on network level

One Service for all screens





# Convergence - a bunch of legal problems to discuss

To bring convergence to life and operate a sustainable business model a bunch of legal questions have to be solved before

- Different Termination Rates for fixed on mobile services
- Spectrum usage & Financial Services
- Licensing
- Third Party Contract Management
- Intellectual Property Rights
- Quality of Service
- .....

# Convergence - a few words of the end



- Convergence now is still at the beginning
  - Closing the gap between technology focus and customer centricity will be essential for a break through
  - The solution for a sustainable business model will be found in the future IT services and not in the access technology
  - Listening to the customer is key to develop the right IT-tools
  - To make the world convergent and to find the right place in the future value chains operators have to define their investment strategies for the near future
- ..... and do not forget, every business model in a convergent world will be customer driven.

**Thank you for your attention**