Evolving Ecosystem

VBA to improve efficiency and boost operator's bottom line

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Currently, telecom operators face a bit of a paradox. Although technology is evolving at a breakneck speed, neither has competition been more cut-throat nor has ARPU and profit margins been so thin. To add to the chaos, over-the-top (OTT) players have stolen the show from under the nose of the operators. In a nutshell, operators are cornered from all sides.

What ails the telecom operators

The rise of OTT players: The evolution of OTT players has created tremendous potential to manage businesses differently. This can be largely attributed to the rapid growth of smartphones and OS applications in developed markets. The emergence of these players was a slow and gradual process but has now "tipped", that is, reached competitive levels in various markets. Therefore, to offset the challenge operators can launch similar products. However, they typically have limited capabilities for such services, which restricts the creativity and innovation required to make the product successful.

The changing face of value added services (VAS): Over time, VAS has undergone a sea change. Traditional voice-based services are giving way to new age digital services. However, the dynamics have changed once again. While data still dominates, the emphasis is no longer on pure entertainment or music-based VAS. In order to stay relevant, operators will have to focus on non-traditional services like machine-to-machine (M2M), media/ entertainment, healthcare and cloud computing. This would require collaboration with digital services companies and strategic alliances with diverse industries. The main objective is to capitalise on the existing customer base by offering them a variety of services.

Shift to personalised offerings: A "one size fits all" approach no longer works in the telecom space. This is because customers today know what they want and are looking to engage with brands that offer a personalised experience across multiple channels. The trick today for any operator is to be omnipresent and deliver more accurate and relevant information, both online and offline.

Moving from a single to a multiple screen world: Owing to digitisation, the biggest challenge before telecom operators is to keep their pipes smart through content aggregation partnerships. In fact, customers are demanding personalised content anytime, anywhere and on any screen. The crux of any operators' strategy should be shifting from "mass media" to "my media".

Operating in a complex ecosystem

Currently, the telecom industry is facing multiple complexities. These players need to compete with several variable factors, which may or may not affect their key performance indicators. In addition, operators have to deal with different content providers for powering content on their VAS products. As a result, operators are exposed to legal hassles pertaining to content copyrights and operational challenges associated with multiple partners.

How can VAS business aggregation help boost bottom lines

Against this backdrop, VAS Business Aggregation (VBA) can play a key role. While it may not be panacea for the aforementioned challenges, it is a viable solution to mitigate the same. The fundamental question here is why operators should consider VBA at all. The following should be taken into consideration:

- VBA players bring to the table a clear understanding of the global market. This can only help strengthen an operator's business case by tackling any problem that may arise.
- VBA players help operators improve and enhance the overall revenues.
- These players help operators streamline their business and reach their customers anytime and anywhere. Further, operators can understand their customers better through actionable insights. This would mean that operators could create a particular profile for their customers and subsequently fine-tune their products accordingly.
- VBA players are able to simplify the overall telecom ecosystem. This is achieved through the creation of end-to-end services, which includes services procurement, programming and discovery, usage reports and analysis, as well as overall service operations management.
- VBA players help operators manage the complex ecosystem of OTT players and multiple content partners. Further, they ensure intellectual property rights protection and increase the operator's business pie.
- In addition, VBA players enable operators to collaborate with partners, not only from the traditional content industry but also from other industries like tourism, education, healthcare, etc.

It is clear that things are not going to get easier in the global telecom space. Therefore, operators should revamp their strategies and VBA players might just do the trick. In sum, operators are now considering VBA as an important factor in running their businesses and have started working with partners to overcome the anticipated challenges. ▲