

4G offers more scope for value-added services: Mahindra Comviva chief

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Mahindra Comviva terms itself as a content, mobile commerce and data company. The value-added services (VAS) provider, in which Tech Mahindra holds a 67 per cent stake — the rest is held by Bharti Group (20 per cent) and private equity firm WestBridge Capital (13 per cent) — has a presence in 90 countries.

About two years ago, the New Delhi-based company had partnered with UAE-based telecommunication services provider Etisalat to provide social media networks and e-mails over basic handsets across emerging markets. In a tête-à-tête with *BusinessLine*, Mahindra Comviva Chief Executive Officer Manoranjan Mohapatra says it has no intention to replicate this model in India.

Mohapatra, who is fondly known as Mao in the industry, is not looking at building a single app, as many Indian companies have done, and will continue to remain a VAS player “fostering innovation”. Edited excerpts:

The concept of a VAS company is slowing dying as a number of start-ups are coming up with a single mobile app. What are your plans?

Building apps is not in our DNA and attracting and retaining that kind of talent is not easy. We are a B2B company and to build apps we should be a consumer-centric organisation, and it is not an easy shift. And the risk involved in being a B2C is manifold

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MANORANJAN MOHAPATRA
CEO, Mahindra Comviva

higher than being in B2B business. Mortality (of B2C) is high.

More and more people are using smart applications than Interactive Voice Response (IVR) or text-based systems. The problem we have in the mobile space is that it is far too crowded; in any topic you pick you will find a dozen apps.

Mahindra Comviva had partnered with Etisalat to provide access to social media networks and e-mails over basic handsets across emerging markets. Do we see any such initiatives in India?

I don't think it will work in India. Earlier, application programme interface (API) connectivity that social media networks were providing for mobile apps was open.

Now they have blocked it, and even if I have an app, I cannot connect to Facebook or Twitter. Further, mobile operators (in India) are not ready to spend money for solutions for the lower strata of society.

Any plans to merge Tech Mahindra and Mahindra Comviva?

There is no merger on the cards. Comviva is a product brand, while we see Tech Mahindra as a channel. The organisational structure, hiring, talent retention, among others, are different for a product company and a service firm.

Indian telecom operators are gearing up to launch 4G services. What are the benefits you see for VAS providers like Mahindra Comviva?

With 3G and a bit of IP-centric video, subscribers are viewing small clips, but the advent of 4G will throw open the canvas for more video-centric consumption.

Video can actually accelerate

data consumption, and in turn, increase data revenues for operators significantly.

Revenues will not come in from the higher price operators realise on per-unit consumption but from volume growth as average data consumed by users is 2 GB. With time if 4G experience improves, users will consume 4GB and 5GB data, and the volume will make up for the price. So, we believe that experience and consumption will improve, data revenue will improve, content revenue will improve and commerce will improve.

Do you see Over-The-Top (OTT) services impacting mobile operators?

It's a big impact. Operators console themselves by saying that we will get access revenue, while the content revenue might go to

someone. Earlier, operators were getting the access revenue without much of an effort. But as more and more content, pictures and messaging are moving on to OTT players' platforms, operators are beginning to lose ground. Their revenues are threatened now.

On the mobile payment front, is Mahindra Comviva looking for cash-outs in India? How do you see the mobile wallet industry growing?

Today, the licence they have provided doesn't allow cash-outs as it a semi-closed wallet. But technology-wise our solution supports cash-outs, and it's just that the regulator will have to allow us to do it. It will take little longer than we think, it is but it is here to stay.

On your headcount addition...

We are a product company. About seven-and-a-half years ago, when I joined the company, we were at 1,050 and today we are 1,500, so our headcount has grown by 50 per cent. We might have people coming in but not in large numbers.

