

By bundling data services into service packages mobile operators can help their businesses survive and thrive

Submitted by: Nelson Bostock Unlimited

Thursday, 19 December 2002

It's beginning to dawn on mobile operators that their traditional business models do not apply when creating profitable new data services. With the pressure to launch market offerings increasing, Matt Hooper, Vice-President of Marketing & Alliances at UK mobile data software pioneer, elata, says the most effective way to build profit is by developing new bundled service packages.

The accepted wisdom of segmenting the mobile subscriber market by offering data services based variously on airtime tariffs or technologies, such as WAP and SMS, has always had a limited lifespan.

As mobile operators confront a more demanding consumer market that wants services that suit their own lifestyle, without having to understand the technology behind them, effective segmentation models and a new approach to managing content and devices are now required.

So why bundle? The approach of bundling provides three business-driven benefits:

The ability to integrate different application types, with similar topics and brand appeal, into a meaningful package for the consumer

Specific service packages can be formulated with a transparent and flexible price. For a consumer this makes a service far simpler to purchase and far easier for an operator to promote and communicate – this drives real revenues

Successful bundling and targeting means that subscriber needs are more closely met, enabling operators to provide an enhanced service to a more satisfied customer base.

Orange's Your Plan and Vodafone's Live service show signs of a significant shift in thinking that aims to draw together a host of new services in a single bundle. But to date, further service launches from other mobile operators have been scarce, and service provider systems are struggling with legacy issues as well as new marketing and CRM requirements. Few mobile operators have yet to capitalise on the potential that bundling offers to generate new revenue streams, by launching data packages aimed at specific subscriber communities.

Potential bundles can be built on more market opportunities than mobile operators seem currently able to

create. For example, a bundle created to complement a subscriber's interest in Formula One motor sport could bring together several different services, providing a compelling and profitable subscriber proposition:

Formula One branding could be downloaded to the handset or mobile device, opening up sponsorship revenue opportunities for mobile operators.

Java racing games could be offered for download and video clips of qualifying heats could be available before the race starts.

Picture downloads, wallpaper and mobile handset themes are likely to be on any race enthusiasts' wish list - as would an up-to-the-minute dedicated news service, celebrity comment and Formula One ringtones.

Mobile operators are in a position to develop additional revenue channels from online merchandising opportunities, as well as strengthening and transforming their portals to become true marketplaces.

Cross-bundling brands, such as Formula One, Ferrari and, for example, Vodafone is a good way to construct multi-brand offerings by linking well-known events, sporting teams, sponsors, mobile operators and, of course, content providers together. It would work just as well for other sports such as tennis, football and other themes such as fashion and music.

Bundling in this way provides a very strong tool to establish and encourage the use of Multimedia Messaging (MMS) beyond simple picture messaging which may be slow to deliver profit otherwise. If mobile operators are implementing MMS platforms, then why not maximise their impact through bundled subscriptions, rather than just selling MMS itself as a single picture service? It's more compelling and after all, will generate greater revenues.

Once these bundles are developed, marketed and deployed, mobile operators have vastly improved access to their subscribers through either a PC portal or the user's mobile browser, offering them the chance to introduce and up-sell new services.

These could be pushed through a special messaging service that the user opts into which notifies them of new, targeted offers, based on the bundles and propositions they already subscribe to. Or, a message directs them to their portal or browser where there is a 'today's new services' option.

These channels can easily be backed up or even led by more traditional call centre operations. However, the real benefit comes from being able to offer new services based on what a current user's interests tell the service provider they are likely to be receptive to. For example, subscribers to a football

bundle may be interested in a service that allows them to customise their handset with the team's colours or logo. Operators without a comprehensive service delivery infrastructure will find this type of specific subscriber targeting tough to perform, and will miss out on this fantastic opportunity for up-sell.

But, none of this can happen until mobile operators get their operational house in order, and they must begin by integrating a service delivery platform that has the ability to perform sophisticated subscriber management. Hutchison Whampoa's 3 will arguably recognise that a more precise way of targeting subscribers is key for its future success, and is using the elata senses platform as part of its 3G service development activity.

elata senses forms the new centralised service delivery infrastructure layer and enables mobile operators to identify the services their subscribers want, deliver them to their mobile device, and then provide subscriber and device management based on clear service offerings and proposition groups.

Of course, mobile operators will also have to look closely at generating more sponsorship, merchandising and content partnerships, as has always been the case. However, at least now, bundling promises the prospect of a consistent and profitable return on these opportunities.

The industry's catch phrase is fast moving from killer apps, to killer packs - to give customers what they want requires meeting their needs and making them a targeted offer. As the market for data services evolves to comprise many different services, (such as MMS, Java, C and Smartphone), to appeal to a vast cross-section of people, these offerings must be bundled to meet their interests. Only then will mobile operators be able to meet their current and future hopes for mobile data revenues.

elata will be exhibiting at the 3GSM World Congress, Cannes, France: 17th – 21st February 2003 at stand no: D42, Hall 2

About elata

elata has been developing Java software solutions since 1996 and has created the elata senses software foundation to deliver new generation wireless Java and MMS services to mobile handsets. Both platform and device independent, elata senses enables the mobile operator to:

Increase revenues by introducing billable wireless Java and MMS services quickly and simply

Deliver and download mobile services and applications compatible with different Java handsets

Provide a simple, cost-effective migration path to introduce new services and technologies, including

MMS.

Manage and target personalised services by modelling the subscriber base according to the subscriber's profile and interests.

Enable subscribers to simply self-select services for their device from a Web portal or their device menu.

Link to customer care, CRM and billing systems to enable real-time management.

Manage and introduce portfolio services and applications from third party provider server locations.

A J2EE based platform, elata senses offers carrier class scalability and can be fully customised to integrate into an end-to-end OSS/BSS system. elata senses removes the complexities of modern data delivery and management and sets a clear migration path to third generation services. Visit the website at <http://www.elata.com>

For more information, please contact:

Emma Bickerdike

Nelson Bostock Communications

Tel: +44 (0)1202 207 407

Mobile: +44 (0) 7771 852 650

emma.bickerdike@elata.com

Claire Smith

elata

Tel: +44 (0)20 7229 4400

Mobile: +44 (0) 07747 618 825

claire.smither@nelsonbostock.com