



Differentiating with Data Services: The New Wireless Carrier Business Model

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To grow their businesses in a saturated voice market, wireless carriers essentially have two alternatives: (1) steal market share from their competitors or (2) promote data services as a means of driving growth, reducing churn and increasing the average revenue per user/unit (ARPU).

Over the long haul, a rich portfolio of high-value data services promises to be a more lucrative strategy for wireless carriers; however, implementing and managing the platforms and processes necessary to enable and support data services can be a formidable challenge. In the business space, wireless carrier's first attempt at promoting data usage was through the sale of wireless wide-area network (WWAN) cards and data usage plans that provided on-demand Internet access to mobile workers. Although this approach was successful, it also set off pricing and packaging competition. With little to differentiate the wireless data access offered by one carrier relative to another, the service rapidly became a commodity.*

The next step was through the introduction of managed email. With e-mail, the wireless carriers introduced the concept of bundling a data plan with a specific application service. Again, this approach stimulated revenue but mobile e-mail as a value-added application service is also becoming commoditized due to the introduction of low/no cost solutions. As with WWAN cards with no differentiation other than price, wireless carriers are at risk of following the long-distance carriers before them and becoming a "dumb pipe"; that is, a means to deliver data from point-to-point without the perception of any additional value.

So, how *can* carriers differentiate themselves in the market, increase market share and ARPU, all at the same time? The answer is for carriers to utilize their broad market reach and incumbent customer base to promote and deliver high-value and unique application services that are either bundled with data plans or justify the incremental expense of a data plan for their current and potential customers. History has shown that as users adopt and rely on value-added services, especially ones that are identifiably unique, they are reluctant to churn, and in many cases are more willing to pay the going rate for the services they depend on.

This is the strategy Vodafone has executed by leveraging Dexterra's mobile application delivery platform. Working together, Vodafone and Dexterra have implemented the world's first in-network application delivery and management platform that enables Vodafone to provision, manage and bill-for mobile applications on their network. Now Vodafone can present mobile applications as complete products, bundled with data usage, as one service, essentially tying the value of the data to the application functionality, rather than the price.

The next piece in the puzzle is to create a ready supply of mobile application for the carriers to select from, bundle and sell as a service. Developers who build applications based on the Dexterra platform are the perfect source for this supply. Additionally, many of these developers need a way to distribute their software products, but don't have the size or scale to do it effectively on their own. By offering these products through large distribution network like the wireless carriers, mobile application developers can reach a worldwide potential market unattainable until now. This arrangement continues to provide the carriers with an ever growing suite of applications for a broad range of devices and thus reaching the broadest possible constituencies within their installed base, all while remaining vendor and device neutral.



The flexibility of Dexterra's platform extends that reach even further. Our integration technology and loosely coupled interfaces enable mobile applications to function even when the back-office changes, allowing developers and carriers to deliver mobile data services that meet the needs of diverse enterprises, as well as the consumer market.

In summary, wireless carriers who partner with Dexterra are realizing the value of selling a series of applications for specific business markets and are doing more than simply differentiate themselves by price. Developers working on the Dexterra platform are creating and publishing their applications to a broad range of handsets and realizing access to distribution channels not normally achievable. Most importantly users are experiencing an ever-increasing supply of applications as service from which to choose from. All together this creates a winning business model that benefits software developers, end users, and ultimately the carriers themselves.

* Note that while QoS can certainly be a differentiator in some instances, it has been omitted from this discussion as it's tangential to business strategies around data differentiation