# 5 THINGS YOU NEED TO KNOW TO PLAN FURTHER GROWTH FOR A MOBILE OPERATOR

With skyrocketing investments into modern infrastructure and next generation network technologies, it is becoming increasingly challenging for mobile operators to keep growing their revenues and profits. At least in the traditional way. Contemporary environment pushes mobile operators to become more than they have been accustomed to be, i.e. communication services providers. They now have to become more to be able to survive, to grow and to keep their margins from falling. But what do you do to face the challenges of current market realities? One of the answers is diversification and establishment of your own ecosystem that will keep your audience engaged, loyal, happy and, let’s be honest with ourselves, effectively monetized.

## 1. Voice is dead. Long live voice.

It is not breaking news or rocket science any more but revenues from voice services have been stagnant for several years. A couple of factors played a crucial role here, the most significant being the proliferation of internet and various OTT services that provide voice functionality **for free**, e.g. Skype, Google Hangouts, Facebook Messenger, etc. Predictably, modern internet users have less reasons and desire to pay for something they can easily get without spending a dime. Understanding the inevitable, mobile operators eagerly switched to promoting their mobile internet services. This has eventually become the core consumer proposition of virtually every carrier in the world, and it is not unusual that voice service is now readily included into existing tariff plans as a free bonus.

In Russia, for instance, all major network operators have been providing on-net calls at no costs for years. A subscriber of one operator can thus talk for free with another subscriber of the same network. [MTS](http://www.mtsgsm.com/) pioneered this approach in 2012. Back then, it helped increase customer loyalty and dramatically reduced churn. However, the idea was quite soon copied by other players on the market, and it is not so unique any more.

When you don’t have the luxury of raising the price for voice services, you don’t have much choice but to play other cards such as higher voice quality (HD Voice, VoLTE, etc.), better coverage or exceptional customer care. Whether we like it or not, voice is steadily losing its ‘cash cow“ role. But you can still use it in your marketing in an image-building kind of way to emphasize your innovation and superior quality or technological leadership.

## 2. Technological cooperation + More severe brand competition.

Here is an interesting question: how are you supposed to recoup the enormous costs of a 4G network rollout when 5G prospects are already around the corner? You know you cannot charge your customers more for mobile internet because it is already a commodity (at least in the developed markets), and public usually expects prices for commodities to drop over time. Voice, as we know, is not a life savor you can easily grab on to. One thing you have to think about is how to optimize your expenditures.

Something you should reality start planning, if you haven’t already, is a way to establish cooperation with your direct competition in terms of network development. The idea not being totally new, it is becoming a more and more [proactive practice](http://www.slideshare.net/StefanZehle/coleago-network-sharing-overview-v011-100215-cb). One approach is to divide the territory and only assume the responsibility for covering selected regions. Other regions would thus be covered by your “partners” (or “competitors”, if you still prefer to use this term, taking into account the context). Then you both [just share](https://uk.finance.yahoo.com/news/russias-megafon-vimpelcom-jointly-build-125626315.html) the deployed infrastructure. Another approach is to outsource the maintenance of your towers to a third-party or even sell your towers to such a party all together.

This can help minimize rollout and operational costs. But as a by-product it will surely increases the importance of your **brand strategy**, which will now play incomparably more significant role in keeping your customers loyal.

At the end of the day, from the technology standpoint operators become very similar or sometimes equal. So you have to be appealing in other ways. Either through breakthroughs in service and customer care, creative new product development on top of the mobile internet core proposition, or your brand appeal.

## 3. Mobile banking and payments, the trendy kid on the block

Mobile banking and payments is one of those things that have great potential for mobile operators. There are numerous reasons for that.

First, operators inevitably know more about their customers' behavior than most traditional banks. This gives better chances for faster and more precise financial scoring.

Second, mobile phones are everywhere. No one, nowadays, leaves home without them. This is, however, not as true for traditional banking products. For example, 98% of the population in Russia have a mobile phone but only 46% have a banking card (there are [regions](https://www.techinasia.com/is-southeast-asia-ready-for-online-payments) where this different may be even more noticeable). Developing mobile banking is a sure way to increase the penetration of financial services (as proved by [m-pesa](https://www.mpesa.in/portal/customer/WelcomePage.jsp), for instance) and generate additional revenue on the way.

Third, the vision of making your mobile account act as a transactional day-to-day banking account has some killer potential to increase customer loyalty as well. Once the user starts happily using two very different services from one provider (telecom and finance in this case), he or she has twice as less reasons to switch to another provider, which might not have a similar package deal. [MTS](http://www.mtsgsm.com/) has more than 9 million customers using its various financial services, and sees high correlation between these facts.

It would not be unwise to mention that the mobile banking space tends to become more crowded. It does have a potential to dilute traditional banking revenues. From the other hand, the sector being so promising in the long-term, it increases the competition. Startups in payment systems ([Stripe](https://stripe.com/), [Square](https://squareup.com/global/en/register), etc.), money transfers ([TranserWise](https://transferwise.com/)) and even wealth management ([Robinhood](https://www.robinhood.com/)) are readily pouring into the field, let alone the financial services ambitions of giants like Apple, Google, Samsung, etc., which strive to play trendsetting roles in the industry.

## 4. OTTs are inevitable; learn to like them

OTTs (or Over-The-Top applications and services) is, to a certain extent, quite a broad term. It brings two pieces of news with it. The good news is that there are some OTTs that you can use to increase your cash flow from revenue-sharing deals. These are often skewed to audio and video content distribution. This kind of OTTs become operators' value-added services.

The bad news, of course, is that prevalence of messaging OTTs, for example, are quickly eroding most of mobile operators’ traditional messaging revenues. And, as it seems, there is no way back.

Operators in most cases missed the time when they could actually do something about it. Current attempts to create an alternative reality with services such as [Joyn](https://en.wikipedia.org/wiki/Rich_Communication_Services) (rich media communications) will – in the best case scenario – appeal to a certain portion of the OTT users or those who are totally new to this kind of communication. It will be hard for an operator to talk a WhatsApp user, for instance, to switch to a proprietary chat/messaging app or a client. This brings carriers to not-quite-so-easy choices. The most progressive ones will choose their customer loyalty as a higher priority and use the OTT threat as an opportunity by introducing free texting traffic for messaging OTTs.

On the other hand, the vast startup scene and the appearance of new companies which could be classified as OTTs open up more opportunities for operators to leverage possible cooperation and generate revenue streams they did not consider previously. The world has already become ‘mobile first“ with more than 50% of web traffic coming from [mobile devices](http://www.smartinsights.com/mobile-marketing/mobile-marketing-analytics/mobile-marketing-statistics/), and there is no going back.

## 5. Internet of things and M2M solutions for broad customer audience

[Machine-to-machine](https://en.wikipedia.org/wiki/Machine_to_machine) (M2M) services is another concept that already has a certain life time on the market. Lots of very diverse industries already use this technology to manage their car fleets or automate data sharing processes.

What is new about M2M and [Internet of Things](https://en.wikipedia.org/wiki/Internet_of_Things) (IoT), which is closely related, is that in 2016 and the next couple of years this technology will make a major shift and outgrow its current business-to-business model. From being more of a futuristic concept it will finally start making it to a much broader market. New products will appear as well as new use cases.

Why is it important for mobile operators? Well, for starters, it opens up vast possibilities for further growth. It is no secret that with the high penetration of mobile usage, operators have less and less new customers that could join their network. So where do you get new customers if there aren't any? Of course, you can fight with your competition and persuade your competition's customers to switch. It is not easy and not cheap. Alternatively, you can sell as many SIM cards for various useful IoT devices to your customers. They will use your data plans, stick with you for longer (since it is going to be harder to switch *all* SIM cards a user will have to another carrier), and everybody will be happy. The key point here, of course, is the one who starts first (or at least earlier than others) will be ultimately in the winning positions. And IoT is truly a vast market.

As a side note, for instance, [many argue](https://gsmaintelligence.com/research/?file=141208-5g.pdf&download) that even 5G is not so much a new standard but rather a framework approach or an infrastructure for the upcoming Internet of Things and Internet of Everything age. In terms of the volume, it suffice to mention that the [MIT Technology Review Business Report](http://dspace.mit.edu/bitstream/handle/1721.1/86935/MIT-Technology-Review-Business-Report-The-Internet-of-Things.pdf) forecasts that the number of IoT connected devices in the world will outnumber all smartphones, tables, and PCs combined by as early as 2020.

## Conclusion

The world of telecom services is not loosing its fast-paced nature. At the same time, there are some very important structural shifts underway. The evolution proves that the most adaptable (not necessarily the strongest) have more chance to survive and prosper. You should thus be in a much better shape in 2016 and 2017 if you really pay attention to:

* Developing your brand and its appeal to your audience;
* Cutting expenses and increasing the quality/coverage with infrastructure sharing deals;
* Looking beyond the traditional scope and integrating into the financial services unverse;
* Embracing the changes and pushing disruptive deals with OTTs;
* Launching Internet of Things and Internet of Everything offers to get ahead of your competition and claim your ground for years to come.

As a famous quote reads, ‘The best way to predict the future is to create it “. This year, as it seems, is really good for shaping your future to be as bright as it can be.