

Mobile Virtual Network Operators – A New Type of Business... Any New Customers?

The up-and-coming world of Mobile Virtual Network Operators (MVNOs) generates characteristics that have not been seen to date in the existing business models of the telecommunications sector. Operators should be alert since the future development of the sector will depend on the ability to anticipate and act decisively within this new context.

One of the main questions that arise with the advent of MVNOs is changes in the end client. The big question is whether the movement caused by the change of market relations, and letting the fresh air of businesses viewed as “outsiders” into the sector, will succeed in generating enough momentum to break the “glass ceiling”, and manage to surprise the client with really innovative approaches in terms of prices, services and relationship models.

In short, it will be interesting to see if the new business brings new customers. We will try to shed light on how MVNOs are reaching out to their target customers' and the challenges they encounter along the way. Due to the experience they have gained while cooperating on projects with MVNOs, companies from sectors not related to telecommunications have two main concerns regarding their launch projects:

- Initially, as expected, they focus on business design, differentiation of supply, business agreement with a network operator (MNO), budgets, investments, adjustment of Business Plan, etc.
- Then, almost simultaneously, they focus on creating an organizational, operational and technological design plan, Enabler and Partner selection, adaptation of existing systems, understanding of processes, etc.
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All of this is defined within the new relationships established between the three groups: the new business line MVNO, the MNO access operator and, with enough potential to become an influential factor, the rest of the organization.

However, in both lines of design, MVNO is poised to continue its focus on the fourth major player: the End Clients, who are considered in almost all their initial business decisions, from the expected changes in the recruitment process, interest in the services offered, the expected use of services, to the model of a harmonious relationship with the target client.

The starting point for most of these companies is an established and fully developed client base, which has already responded to a particular variety of services and has a life cycle suitable to the company's primary business. What at first can seem like it has been going well can become an additional challenge, since, due to the presence of this

initial customer base, the MVNO feels the need to establish new business objectives, different ways of recruitment and retention, post-sales services where previously there were none - more complex customer information structures, new, more dynamic customer service relationships...in short it faces an entire corporate culture geared towards the client in a very specific way, and also towards projecting an image of the company already invested in the client.

The challenge gets bigger when the business needs to access clients with an objective different from the current one, creating new strategic and operational situations for the company, such as: fraud prevention, scoring, regulation, data management etc.

In other sectors, it is common to have personalized customer service with specialists who manage the client's needs directly, based on their years of personal experience in services and procedures, which is why their customer service organization tends to have a vertical structure divided into niche specializations. The MVNO business model cannot easily adapt to this situation, since the structuring of the Telecom service, and even more so during the launch, will have to be horizontal, since the changing dynamics in the services and technology will not facilitate the use of niche specialists.

An increased need for online answers is added to all of the aforementioned, the usual client requests, the privileges that the client could hardly give up at this time. This point shows the need to implement quality SLAs for the end client. This is an entirely new concept in some types of companies, but it should not be overlooked as part of the business design from the very first moment.

As for ways of accessing customers, the arrival of the MVNO to a company tends to represent the evolution of the existing communication channels, which assumes a small internal revolution, and of course, represents the contribution from the new communication channels based on mobile services. Within the business design one must take into account the channel strategy that might exist in the pre-MVNO company, given that they are essentially focused on long-term projects that involve all corporate business departments.

The new MVNO line should avoid the disruptive effect in the current communication strategy, and should also avoid the decision of making their communication channels independent from the existing ones, since this strategy that would adversely affect the medium-long term, not only with regard to the customer's perception, but the company itself now that the MVNO's natural evolution in the company will work towards a business partnership with other lines of business.

Regarding the internal information of the client, there are two major points to consider, on the design of which will depend both the MVNO's flow of information, as well as the rapid consumption of products and services:

- On the one hand, the structure of the client, which will inevitably differ from the current one the company has, demanding greater flexibility and adaptability, given the almost infinite client-account-service relationships that are expected with mobile service, and even due to the complex client structures (owner / user, family, friends groups, business, etc.) to which the business must provide coverage.
- On the other hand, it is important to consider whether the current client information is sufficient, including whether or not the management flow, analysis and development of client behavior are adequate. The arrival of the mobile phone industry means that the company has very specific information on business responses and different client behavior, if they manage to promote the mobile network as a channel of interaction (mobile advertising, mobile ticketing, mobile TV, etc.)

The real underlying challenge in these considerations is to adapt all of the different corporate cultures that are a part of the game. It is necessary to understand that we are not only launching a new service inside of the current variety of services, but a new, full-fledged company, supported by the inertia and the resources of a company in a sector that is quite different from Telecom.

However, the solution is not to make the company independent from the rest of the business, avoiding confrontation, but rather to manage the change well, proposing common interests and goals to other business departments so they feel partially involved in the project. And, of course, always keep in mind that the end client is unique, to the extent that incorporation of MVNO respects and complements the company's orientation towards the client, in doing so, the chances of success will be greater.

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