

Maintaining control of the value chain

Mobile operators have differentiated their business models and fragmented their value chains. Active vendor management can be used to maintain control over outsourced activities. By MANFRED SCHMITZ

Mobile operators are facing much tougher competition in recent years. Regulatory and technical developments have made it possible for new providers to compete more efficiently. At the same time Internet Players like Yahoo!, Google and Youtube are entering into the mobile market in order to get a piece of the cake. Therefore mobile operators are offering broadband data services which draw substantial demand for HSPDA-Dongles and the iPhone in particular. Traditional operators covered all the areas NetCo, ServCo and SalesCo in combination.

Due to intensive competition and high pressure on margins this historical division of roles is being put into question. The network area has always been the core business of a mobile operator. But recently an increasing number of exceptions have developed with network sharing and outsourcing. Further objectives are a stronger customer focus and shorter time-to-market cycles. In the service and sales area it is the intention to increase revenues, either through acquisition of additional customer segments or through better utilization of the existing customer base. Therefore stronger co-operations and co-opetition with companies such as Google, Myspace, Youtube und Apple are taking place.

Strategic value positioning provides clarity

If a mobile operator no longer provides the entire value chain, then optimal positioning along it must

be determined. First of all operational excellence is based on efficient production in order to achieve a cost advantage. Secondly product leadership is an important differentiating characteristic. Accompanying innovative services are essential. And last but not least customer intimacy and meeting the customers' individual needs is gaining importance.

The operational excellence strategy can be implemented by concentrating on its own strengths by even outsourcing active infrastructure to vendors. Analysis of possible conflict is crucial, especially when a vendor offers managed services but is still acting as a supplier, not as an operator. Thus unified vendor management includes conflict resolution between the different suppliers, a discussion of the operational and the network performance based on regular Service Level Agreements (SLA) and Key Performance Indicators (KPI) and the active development of improvement measures. This technical task is then complemented by further organisational and commercial tasks. This enables service quality assurance and helps prevent the development of too strong a dependency on the managed service provider.

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