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# MOBILE EUROPE

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A PROFITABLE FUTURE  
for mobile operators**

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# SUPPORTING THE PROFITABLE OPERATOR OF THE FUTURE

Mobile operators must find a way to become profitable participants in the mobile digital lifestyle, rather than be mere service providers. Andrew Feinberg, President and CEO of NetCracker Technology, tells Keith Dyer that his company's evolution means it can provide the support and vision that operators need in order to undergo that journey successfully.

## KEITH DYER:

Andrew, just as the mobile industry is in a state of change, NetCracker itself has undergone a transformation over the past two years since its acquisition by NEC. What kind of a company is NetCracker now?

## ANDREW FEINBERG:

To answer that we need to rewind two years, to look at where we were prior to the NEC acquisition. At that time NetCracker was a leader in service management and fulfillment, working closely with mobile and fixed operators in every part of the world. We had a great number of transformational programmes up and running for our customers globally, and were enjoying a high rate of growth. That had driven us to the point where the demand for our products and services was threatening to exceed our ability to supply our customers, and therefore, we started looking at more strategic options for inorganic and rapid growth. This is where NEC came in.

NEC, as you know, is one of the largest and most innovative players in the IT and telco space, with over 150,000 employees around the world, and it gave us the scale that we needed. NetCracker is still a largely autonomous operation with a very strong independent global brand — except we now have a powerhouse backing us up in everything we do. About a year ago NEC decided to consolidate all of its telecoms software and related services assets within NetCracker. This significant expansion has given us and our customers end-to-end product and service capabilities in key, strategic domains. Our expanded footprint now covers customer and revenue management, all the way to end-user device management and IT platforms, as well as outsourcing and managed services capabilities. So that's where we are today, managing a very substantial portfolio and supporting customers around the world.

Today it's absolutely imperative for operators to have an end-to-end view of their business. Mobile operators need to truly understand how to manage their operations and their content and how to monetise their assets. For that they need strategic partners, such as NetCracker, who can support them end-to-end — and through our comprehensive portfolio of assets, we are in a very strong position to bring that capability to our customers.

**Andrew Feinberg,**  
**CEO of NetCracker**  
**Technology**



But the real success story over the past two years has been our involvement in the delivery of cutting-edge mobile innovation to operators. We've helped customers around the globe become more profitable, efficient, and relevant by enabling them to manage next-generation mobile infrastructure, whether LTE, 4G, or mobile backhaul, and by providing platforms that can manage devices and app stores and improve the customer experience. Participating in the transformation of mobile operators and the evolution of the mobile ecosystem has been remarkably exciting and rewarding.

## KEITH DYER:

You talk of the mobile ecosystem undergoing evolution. What do you mean by that?

## ANDREW FEINBERG:

We all know that the mobile industry is on the threshold of a quantum leap in technology and service offerings. If you think about the recent advances in bandwidth, storage, and processing power and then layer the latest technologies and analytical capabilities on top

of these, the possibilities of what our connected reality will look like in the near future are practically endless.

Today we are already fully dependent on mobile communications and have a highly digitized lifestyle. Statistics indicate that something like 50 billion connected devices are in use, which translates into a very exciting future for mobile operators. When you think of a world where a fridge automatically places an order for milk when the current carton is nearing its expiration date, or your lawn contacts the landscaping company when the grass gets too tall — in that sort of a world of intelligent M2M communication enabled by mobile connectivity, the availability of bandwidth and service management becomes absolutely critical.

Even today mobility and convenience are bringing together industries that have never interacted before to create new markets and challenges. Think about Facebook reaching 500 million users in 2010, Twitter adding 100 million users, Apple becoming the world's most valuable technology company, the Beatles selling 1.5 million songs in a week after going live on iTunes, and Amazon selling more e-books than books in hard cover. All of this is driving the mobile industry evolution because the mobile industry is a critical enabler of these market changes.

So at a very high level this is what is driving the industry's ecosystem evolution. It is becoming increasingly important to become part of that value chain and to become a credible partner of the many parties that are looking to take profitable revenues from mobile transactions. The mobile operators with the right capabilities, business models, and partnerships will enjoy success and profitability.

**KEITH DYER:**

The question then becomes how operators can, as you say, become profitable members of the evolved mobile digital lifestyle.

**ANDREW FEINBERG:**

That's right, and in terms of what all this means to operators and how they need to evolve to support this new model, we have identified four broad categories that represent the most critical priorities for operators. These priorities are monetisation of the network, cost reduction, the content and partner ecosystem, and customer centricity.

**KEITH DYER:**

Let's take the first couple of those — monetisation of the network and cost reduction.

**ANDREW FEINBERG:**

By monetisation of the network we mean being able to truly capitalise on rapidly expanding, high-capacity access. Operators are under enormous pressure today to

Participating in the transformation of mobile operators and the evolution of the mobile ecosystem has been remarkably exciting

upgrade their networks, devices, and application platforms. That pressure is coming from customers, markets, investors, and in many cases, regulators. Operators need to rapidly upgrade their networks to 3G, LTE, and 4G. They need to be ready to deliver application-aware and preference-aware bandwidth. End-to-end network and service quality all the way to the device becomes critical. Just think of what happens to a real-time gamer — one of your biggest margin customers — when his service degrades. So QoS becomes very important in the monetisation of the network. And of course cloud connectivity becomes critical as well.

Cost reduction has always been important, indeed imperative. However, a key trend is that more innovative operators are increasingly adopting different business models to reduce the costs of their operations. These include network outsourcing, moving IT and operations to a managed services model, systems consolidation, and migration to next-generation OSS — from smart billing to customer-centric OSS. A lot of this innovation originated in Asia, but now every operator is looking at these options, making this a much bigger category than it was just a few years ago.

**KEITH DYER:**

And two other growing categories must be the evolving content and partner ecosystem, and increasing customer centricity.

**ANDREW FEINBERG:**

The first of these is probably the biggest and newest challenge for operators. The big question is how to become a critical and profitable participant in emerging value chains, as opposed to a basic mobile connectivity provider. One key answer will be how operators can leverage all the customer data they have to become paid content aggregators and distributors. This means building the right channel partner relationships, something that is increasingly becoming a true cross-industry challenge.

More and more we are seeing that mobility is transcending communications as an industry, and this is facilitating cross-industry transactions. That has never happened before, and the ability to participate in transactions driven by various industry verticals offers an incredible future for mobile operators. We see mobile operators at the centre of the entire mobile lifestyle — which cuts across communications, information, entertainment, security, education, banking, and many other industries — acting as fully engaged facilitators of this gigabit society.

**We are focused on effectively delivering solutions that enable operators to become much more competitive, profitable and relevant to their customers**

One example of how an operator can act as a profitable distributor of content in a cross-industry manner is the BBC's Janala project in Bangladesh – where users can dial in to listen to pre-recorded English lessons. Here, the BBC teamed up with all six of Bangladesh's mobile operators who agreed to cut the cost of calls to the service by up to 75%. Each lesson lasts three minutes and costs just four cents – making language resources affordable to many more people than previously. At the end of December 2009 – a month after launching – over 750,000 calls had been made to the mobile phone service. That is a great example of a developing economy taking mobility and using it in the education vertical and making it a profitable service. Or you can take the example of the \$10 million raised in relief funds through SMS in the first week after the earthquake in Haiti. This is how our world is changing and evolving. Mobile operators have to understand how to become the centre of that partner ecosystem as opposed to just a transport provider. They need to leverage their experience and knowledge of the network, devices, and connectivity to increasingly go across industry verticals to build the right partnerships and, of course, to make money.

That also means that mobile operators have to continue to develop and build their relationships with customers in order to remain relevant in this continuously evolving digital lifestyle. So we tell our customers that they must participate in, as opposed to just enable, mobile commerce, mobile banking, and mobile transactions. They must develop tools that have value to others in the chain by leveraging customer data, aligning apps to preferences, and evolving the customer experience. That customer centricity will help them retain ownership of the customer and participate in transactions as opposed to just delivering the content and bringing money to somebody else.

**KEITH DYER:**

What is your sense of where operators are in terms of developing these cross-industry relationships and harnessing this emerging customer centricity?

**ANDREW FEINBERG:**

The more innovative operators we see around the world are making the difficult transition from being mere operators to being brand, marketing, and customer companies. That's a very big difference – that they're no longer just technology companies. Of course they have remarkable technologies and complex operations, but their true asset is their relationship with the customer. The operator who owns the customer will make money –

whereas the operator who only supports delivery will become a utility.

The competition is extraordinary, and it comes from device manufacturers, content providers, and others who want to own the customer. But mobile operators today have the strongest and perhaps the best relationship with the customer. So becoming more of a branding company and more of a customer-centric operation is definitely possible. If they are successful – and it is a very challenging model to develop – then they will be highly relevant and very profitable.

Our role is to help operators bridge the cross-industry requirements that will emerge, and to enable them to bring offerings to their customers that are context, preference, location, and application aware. We are focused on effectively delivering solutions that enable operators to improve their operations in all of the four categories we've discussed — and to become much more competitive, profitable, and relevant to their customers. So today our solutions are helping operators deliver next-generation capabilities, ranging from the world's first commercial LTE deployment to facilitating mobile commerce, from the management of complex services and devices to multi-channel customer interaction, smart billing, content, and partner management. We are achieving this with mobile operators all over the world from Sprint and America Movil in the Americas, to FT Orange, Orascom, and MTS in EMEA, and to NTT DOCOMO, Maxis, and DiGi in Asia.

**KEITH DYER:**

So you are positive that mobile operators can be winners in this emerging mobile, digital lifestyle?

**ANDREW FEINBERG:**

Yes. Of course operators are facing incredible technical, political, and organisational challenges. But we've seen operators overcome many of these, and have seen many success stories where operators are undertaking the technical evolution and cultural transformation that will be imperative to their success.

The market is very adamant in telling them that they have to do it. It rewards operators that are showing signs of success and penalises operators that are getting stuck in the utility model. So we are seeing some operators evolve as very strong companies, and we are also seeing some companies continue to struggle. And this is where NetCracker, as a strategic partner, can help operators overcome the challenges and take advantage of the remarkable opportunities that lie ahead.



**ABOUT ANDREW FEINBERG:**  
Andrew Feinberg is CEO, NetCracker Technology.