



# MVNO

THE PATH TO ACCELERATING  
A PROFITABLE MVNO  
GROWTH STRATEGY

**A WHITE PAPER**



## “BECAUSE THAT’S HOW WE’VE ALWAYS DONE IT.” WORDS MVNOs DIE BY...LITERALLY!

It’s a familiar story: the dominant mobile virtual network operator (MVNO) that once had millions of subscribers now struggles with high customer churn, lower profits and a tarnished brand reputation—even as the market continues to grow.

Incumbent players have strong data and insights into their target markets. **So why is it 27 percent of the MVNOs that once controlled market share have closed their doors?** What are they now doing differently that is causing their customers to look elsewhere?

The answer is nothing...and that’s the problem.

By doing what they have always done—promoting their brand, company reputation and relying heavily on differentiating through suites of new offers geared toward enticing new subscribers—MVNOs are adding up losses instead of adding to their bottom lines.

According to the GSMA, prepaid has experienced almost a 90 percent decrease in annual growth over the past 10 years. While contract annual growth rates have experienced a 35 percent decrease. This equates to losing almost 13% of the customer base each year.

At an average of 8.5 months to recoup the cost of acquiring one new subscriber, MVNOs spend close to three-fourths of the year concentrating on regaining a small percent of their overall customer base.

Some MVNOs would argue this is the price of conducting business today. But doing the same doesn’t work in the digital world where consumers are quick to choose from the wide range of other providers, take their dollars elsewhere and voice their dissatisfaction on social media. With 97 percent of consumers reading reviews prior to making purchasing decisions, and 40 percent saying they’d refrain from purchasing after negative reviews, high customer losses can no longer be treated simply as business as usual.

**AN AVERAGE OF 8.5 MONTHS TO RECOUP THE COST OF ACQUIRING ONE NEW SUBSCRIBER MEANS MVNOs OFTEN SPEND THREE-FOURTHS OF THE YEAR TRYING TO WIN BACK A FRACTION OF THEIR CUSTOMER BASE.**



To keep the doors open and create a profitable monetization strategy, MVNOs must look inward at the customer base they already have...not outward at the one they do not.

But is it possible to easily integrate a customer-centric business model? And quickly implement the tools necessary to give consumers the seamless, personalized experiences they expect? Absolutely!

## THE KEY TO WINNING IN THE DIGITAL ERA

The MVNO market is expected to generate \$85 billion in revenues by 2022.

Even amidst seemingly vertical growth projections, the 1,600+ MVNOs around the world (and growing) face the pressures of overhauling current customer experiences—and consumers have come to expect quite a lot—to build loyal, profitable relationships to stay competitive (and relative) now and in the future.

This requires a shift in investments from the back-office that is more costly than ever to maintain, to marketing and branding initiatives aimed at strengthening customer loyalty and retention.

But legacy back-office systems are just that...legacy. Unable to make the leap to real-time, multi-device services in a way digitally-savvy consumers expect.

To succeed, MVNOs must fill the gap between legacy services with new Digital Business Support Systems (BSS) capabilities supporting digital services.

## MODERNIZING ISN'T A ROADBLOCK. IT'S A SMALL SPEEDBUMP.

From an IT perspective, how does an MVNO with significant money and resources invested in its back-office system get from Point A to Point B?

While transformation is the obvious answer for established MVNOs, it is not without risks. According to McKinsey, large system transformation programs typically overrun their budget by 45 percent and deliver 56 percent less value than expected. With projects like this spanning months—if not years—before they are fully live, if ever.

MVNOs simply cannot afford the time or take this level of chance. Nor do they have to.

### Go SaaS or, well...forget it.

Leveraging a Software-as-a-Service (SaaS), cloud-based platform lowers infrastructure, middleware and operating costs that consume capital expenditures. It enables MVNOs to keep up with today's accelerated pace of change through regular software updates—instead of costly, bespoke change requests or costly upgrades from traditional software providers—and guarantees agility, predictability and speed-to-market.

Deploying a true SaaS solution guarantees the entire platform will remain current as the technology is automatically refreshed and updated on a regular basis, eliminating the need for service providers to budget, define, resource, and initiate upgrades on the system—ever again. This frees MVNOs to focus resources on strategic initiatives, maintain an exceptional brand image and leverage existing customer relationships.

**MVNOS LOSE CLOSE TO THEIR ENTIRE CUSTOMER BASE EVERY SIX YEARS.**



### Let those that know it best, help you manage it.

Transformation to a digital services program, let alone transitioning to a new business model can be headache enough. Organizations that integrate managed services for MVNOs receive the domain expertise and experience required to support a smooth digital transformation and establish a sustainable and profitable digital services program. Plus the know-how to streamline and simplify complex operations, develop business processes and efficiency improvements, and cultivate business outcomes that deliver measurable time and cost savings across the organization. All supported by a structured governance model extending across every level of the organization that establishes program integration, reduces risk and flat lines operational expenses.

### GAIN CONSUMER CONFIDENCE. GAIN CONSUMER LOYALTY.

A nimble Digital BSS platform must deliver significant new functionality MVNOs can leverage to implement a customer-centric approach and move from reactively managing transactions to proactively taking consumers on journeys they want to take.

This strengthens the consumer-provider relationship that builds loyalty and brand recognition.

- **Single federated identity** for each customer ensuring that regardless of service used in the past—or ones used tomorrow—the provider has full visibility into customer preferences across all services they use
- **Omnichannel capabilities** that empower organizations to capture, analyze and act upon consumer preferences, habits and history
- **Order management** makes it simple for consumers to order, purchase and use regardless of service (or services)
- **Management** of identity, digital lockers and eWallets across any device—not just those managed by the operator

**No question:** Providers that can serve individual consumers on their terms are the ones that consumers choose to do business with.



### Partnerships matter...a lot.

Today's digital world is no longer in the era of multiple devices. Instead, a new era of multi-connected devices has emerged, enabling consumers to access their ecosystem of services on whatever device is within reach.

As more services become digital (from TV, to video, to home security, to health monitoring and more), consumers have increasingly come to expect access to all their services not just from any device, but all in one place, forcing providers to form extensive networks of partnerships. This gives customers the one-stop experience they seek but creates a highly complex web of partner agreements below the surface. For ultimate flexibility to support any business model, Digital BSS solutions must offer comprehensive "billing on behalf of" capabilities that streamline the interconnected components of this intricate business model in order to maintain partner relationships (and satisfaction).

In addition to sophisticated settlement and revenue share models, a Digital BSS solution must be able to unite a portfolio of services and deftly manage the complex ecosystem of products and services sourced from numerous third parties across the digital services marketplace. This includes extended billing relationships through complex hierarchies that allow partners to understand usage patterns and settlement amounts.

### MVNOs have specific needs. A Digital BSS should be designed to meet them.

Competition is tough. To equip MVNOs to do more than just compete in, but dominate the marketplace, a Digital BSS must provide capabilities specific to this growing class of providers, such as the ability to present digital offers, traditional offers or a combination of both in front of customers at the right time.

This requires a flexible, API-driven catalog that can support both digital and traditional services, as well as bundle those services as a single, yet individualized, customer offering based on preferences, habits and history.

Offer management must be easily enabled—without the need for IT experts to set up new offers or configure new products and services—giving non-IT functions across the organization the versatility to quickly launch new products and services.

**MVNOS MUST DO MORE THAN JUST ATTRACT NEW CUSTOMERS. THEY MUST UNDERSTAND INDIVIDUAL CONSUMER PREFERENCES AND DELIVER PERSONALIZED OFFERS AND SERVICES BASED ON THAT INSIGHT. PROVIDING A DIFFERENTIATED EXPERIENCE THAT KEEPS CUSTOMERS LOYAL.**



## IN A NUTSHELL

To compete in an increasingly competitive MVNO environment requires a customer-centric approach supported by a customer-centric business model—often a 180-degree change from the customer acquisition model many MVNOs currently employ. But with today's Digital BSS solutions delivered and operated with world-class managed services, the risks are minimal and the rewards great for implementing change.

Existing back-office systems are no longer an excuse for not capitalizing (and monetizing) opportunities that await. Instead, back-offices can be replaced with a

fully managed SaaS, cloud-based, Digital BSS platform that bridges the traditional and digital services gap.

This gives MVNOs the capability to bolster customer experiences that result in brand loyalty and profitable, long-term relationships that accelerate bottom lines and solidify success...today and in the future.

**Ask Around:** Many Digital BSS providers will say they can do what's been outlined here, but few truly have ALL this capability.

## ABOUT CSG

For more than 35 years, CSG has simplified the complexity of business, delivering innovative customer engagement solutions that help companies acquire, monetize, engage and retain customers. Operating across more than 120 countries worldwide, CSG manages billions of critical customer interactions annually, and its award-winning suite of software and services allow companies across dozens of industries to tackle their biggest business challenges and thrive in an ever-changing marketplace. CSG is the trusted partner for driving digital innovation for hundreds of leading global brands, including AT&T, Charter Communications, Comcast, DISH, Eastlink, Formula One, iflix, Maximus, MTN and Telstra. To learn more, visit our website at [csgi.com](https://www.csgi.com) and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).