

# Digital Transformation and MVNOs



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## Introduction

In today's rapidly evolving telecommunications landscape, the significance of digital transformation for Mobile Virtual Network Operators (MVNOs) cannot be overstated. As the industry witnesses a surge in technological advancements and changing consumer expectations, MVNOs face unprecedented opportunities as well as challenges. Digital transformation serves as the catalyst that empowers MVNOs to remain competitive, enhance customer experiences, streamline operations, and unlock new revenue streams. Embracing innovative digital strategies can help MVNOs not only navigate the complex landscape but also position themselves ahead of the competition. Digital transformation has transcended being a mere buzzword and has now become a defining strategy for MVNOs looking to maintain relevance and competitiveness.

## MVNO landscape

There are close to 2,000 MVNOs across the world with slightly more than half of them in Europe. The number of MVNOs is twice that of mobile operators across the world. Despite the thin profit margins, new MVNOs are proliferating across the world. According to Counterpoint estimates, the number of MVNOs is likely to cross 2,500 over the next five years.

### MVNOs are getting easier to launch



- **eSIM** eliminated the need for physical distribution
- Fast rollout with Cloud-based solutions for BSS Core Network, billing and more
- End-to-end **PaaS** solutions with APIs
- Network infrastructure as well as pre-built platforms and services from **MVNEs**
- **Virtualization and Software-defined Networking** simplifying network ownership
- Increased **openness of MNOs**

Launching an MVNO service is significantly simpler now with digital tools, cloud-based network solutions, eSIMs, and more. T-Mobile US launched the Metro MVNO sub-brand in just six months while Lycamobile launched US operations in under 12 months. Melon Mobile in South Africa launched its services earlier this year within six months. In this new era, MVNOs should be spending most of the time to launch on creating the contract with the MNO rather than building the technological infrastructure. Traditional and existing MVNOs find it hard to compete with some of the new age Digital MVNOs. This makes the need for digital transformation a priority for old and new MVNOs.

Increasingly, MVNOs are not relying on providing affordable plans but have instead been looking to focus on experience and differentiated business models. There are

broadly three types of MVNOs based on the degree of control they have over the value chain.

	Full MVNO	Thin MVNO	Reseller MVNO
Network	Own Core Network	Leased Network	Reseller of Services
Key Functions	Network routing, customer lifecycle mgmt., SIM mgmt., customer service, Marketing and Distribution	Customer lifecycle mgmt., SIM mgmt., customer service, Marketing and Distribution	Marketing and Distribution
MVNO Control	★★★★	★★★☆☆	★☆☆☆☆
Investments	★★★★	★★★☆☆	★☆☆☆☆
Operations Complexity	★★★★	★★★☆☆	★☆☆☆☆
Benefit from Digital Transformation	★★★★	★★★☆☆	★★★☆☆
Digital Transformation Complexity	★★★★	★★★☆☆	★☆☆☆☆

All MVNOs need digital transformation, but the level of requirement varies depending on the type of MVNO. Full MVNOs need the highest level of digital transformation. This is because they have the most control over their operations and can make the most significant changes. Full MVNOs can use digital transformation to improve their efficiency, reduce costs, and compete more effectively.

Thin MVNOs need digital transformation to a lesser extent. This is because they rely on their parent network for many aspects of their operations. However, thin MVNOs can still use digital transformation to improve their customer service, marketing, and other aspects of their business.

Reseller MVNOs need digital transformation to the least extent because they have the least control over their operations. However, reseller MVNOs can still use digital transformation to improve their marketing and customer service.

Currently, less than half of all MVNOs are “full MVNOs” but we expect future growth to come from full MVNOs as cloud-based solutions and software-defined networking are making full MVNOs more cost-effective while providing them with more control. Full MVNOs are set to account for around 55% of all MVNOs in the next five years. Currently, the competition within the MVNO space is intense, and indications suggest it will only become fiercer in the future.



## Why should MVNOs go DIGITAL?

Competition and price pressures, especially when the Mobile Network Operators (MNOs) have started to get aggressive with pricing and tailor-made plans, means that MVNOs need to innovate and differentiate on both the value proposition and cost. Like other industries, MVNOs need to adopt digital technologies to become more flexible, customer-centric, and cost-efficient. Some of the progressive MVNOs are already adopting digital transformation to become really “**DIGITAL**” – **D**ifferentiated, **I**ntelligent, **G**rowing, **I**ntegrated **T**elco that is **A**gile and always **L**istening.

### Why become **DIGITAL**?

<b>D</b> ifferentiated	Stand out from the competition by offering what consumers value most
<b>I</b> ntelligent	Use data to drive competitive edge
<b>G</b> rowing	Make operations scalable and simple to drive profitability
<b>I</b> ntegrated	Cross functional integration as well as tighter integration with MNOs and partners
<b>T</b> elco	Make your MVNO a leading-edge Telco Player
<b>A</b> gile	Ability to quickly respond to market opportunities or to competitive moves
<b>L</b> istening	Use digital tools to always listen to the consumers, employees and partners

### The key reasons for adopting digital technologies are:

- **Differentiated**

In the past, many MVNOs primarily relied on competitive pricing as their key selling point. However, with the steady decline in Average Revenue Per User (ARPU) and a resulting convergence of pricing strategies between MVNOs and traditional Mobile Network Operators (MNOs), the competitive landscape has shifted. Presently, customers increasingly expect their service providers to offer comprehensive digital solutions that transcend basic connectivity. In response to this evolving market dynamic, MVNOs have begun diversifying their portfolios by introducing digital products and services, such as mobile wallets and exclusive digital content, to set themselves apart.

Yet, the most significant differentiator in this digital age is the quality of customer service. MVNOs that wholeheartedly embrace digital transformation are better positioned to not only meet but exceed customer expectations. By implementing digital tools and platforms, they can enhance the overall customer experience, respond more swiftly to inquiries, and provide personalized support. In doing so, MVNOs can carve out a distinct competitive edge in the market.

- **Intelligent**

Digital platforms serve as prolific generators of invaluable data, offering insights into customer behavior, usage patterns, and preferences. MVNOs, in turn, can leverage this wealth of information to craft tailored service offerings, refine marketing strategies, and pinpoint precise customer segments. The art of personalization not only fosters deeper engagement but also cultivates lasting customer relationships. Additionally, MVNOs stand to gain significantly from the integration of artificial intelligence (AI) into their operations. By harnessing AI's capabilities, they can drive operational efficiencies and streamline tasks such as fraud detection and billing, thereby augmenting their overall service quality and competitiveness.

- **Growing**

A growth-oriented Telco distinguishes itself through its streamlined and scalable operations, strategically positioning itself to capitalize on market opportunities and optimize profitability. One of the key advantages of digital operations is the ability to scale seamlessly, with investments that grow proportionally alongside expanding needs, negating the necessity for substantial upfront expenses. This stands in stark contrast to traditional systems, which often exhibit complexity and inefficiency. These complexities result in time-consuming, cost-intensive operations, contributing to elevated operational expenditures (OPEX). In an era marked by the ongoing decline in ARPU, MVNOs find themselves compelled to manage profitability by reducing costs. Embracing digitalization simplifies processes, reducing the personnel required to run operations and, consequently, contributes to cost reduction.

- **Integrated**

Digital technology plays a pivotal role in shaping the landscape of integrated MVNOs. These dynamic operators prioritize seamless integration, both with their host MNOs and across their internal functions. At the heart of this integration lies digital innovation, driving transformation on multiple fronts.

In terms of network infrastructure, integrated MVNOs harness the power of digital technologies such as software-defined networking (SDN) and network function virtualization (NFV). These tools provide the agility and scalability required to craft flexible and responsive networks that adapt to evolving demands.

Moreover, cross-functional integration within these MVNOs goes beyond mere rhetoric. It signifies a concerted effort to break down silos and foster synergy among diverse departments – from marketing and sales to customer service and technical teams. By putting digital collaboration tools and strategies to work, integrated MVNOs aim to ensure that every facet of their organization operates harmoniously, translating into a consistently efficient and customer-centric experience.

- **Agile**

Agile MVNOs are swift in service deployment and responsive to dynamic market demands, crucial attributes for thriving in a competitive landscape. The adoption of digital platforms significantly expedites service launches compared to traditional MVNOs. Furthermore, it facilitates rapid product development from conception to execution, providing a competitive advantage. Embracing digital technologies empowers MVNOs to promptly adapt to market fluctuations. This means new plans can be devised and executed within minutes, a stark improvement as it previously took days to finish.

- **Listening**

By going digital, MVNOs can listen and engage with their stakeholders, including consumers, employees, and partners. MVNOs can understand the stated and unstated consumer needs by collecting consumer feedback, monitoring social media and through Customer Relationship Management (CRM) tools. Also, going digital allows MVNOs to provide a seamless, consistent, and convenient customer experience. The entire customer lifecycle management from activating services to managing services and getting support can be digitized via self-care applications leading to fast resolution of customer issues. Self-care applications reduce the need for people manning call centers and at the same time increase customer satisfaction as customers can get instant solutions to their needs anytime, anywhere.

## Challenges faced by MVNOs for Digital Transformation

Many MVNOs face the challenge of comprehending the intricate technology stack necessary to transform into a thriving digital MVNO. This stack encompasses essential elements such as the telecom core network, digital platforms for comprehensive customer lifecycle management, cloud services, device management, billing systems, CRM solutions, APIs, and analytics. These components are crucial for overseeing network operations, adhering to regulatory requirements, and more. However, MVNOs often grapple with resource and time constraints, limiting their capacity to grasp the multifaceted interdependencies of these elements.

“The pandemic has wielded a profound impact on consumer behaviour. Modern consumers now seek impeccable digital encounters, immediate satisfaction, and round-the-clock customer service, all accessible through an app. Tolerance for cumbersome user interfaces and uninspired brands is markedly diminished.”

A significant challenge faced by MVNOs lies in their ability to deliver a superior customer experience. It goes beyond merely having digital applications; rather, it hinges on continuously refining the user experience across these digital assets. This iterative process of improvement is essential to ensure that customers not only have access to digital services but also find them intuitive, efficient, and tailored to their needs. Overcoming this challenge demands a commitment to ongoing enhancement,

acknowledging that user satisfaction is a dynamic journey requiring consistent attention and evolution.

Embracing digitalization can prove to be a costly endeavor, particularly for smaller MVNOs. The expenses associated with adopting new technologies, providing staff training, and restructuring existing business processes can often stand as substantial barriers to entry for many aspiring MVNOs. While the benefits of digital transformation are undeniable, the initial financial outlay required can pose challenges, especially for entities with limited resources

## What can MVNOs do?

Digital transformation is key to the success of MVNOs. The challenge may seem unsurmountable at start but with a clear vision, right strategy, and execution, it is possible to not only embark on this journey but find success. Here are some of the steps that MVNOs must take to successfully undergo a digital transformation:

**Clear vision and a sound strategy:** Begin by assessing your current operations, identifying pain points, and setting clear objectives for digital transformation. Define what success looks like and create a roadmap outlining the steps needed to achieve your goals.

**Choose the right technologies:** There are a number of digital technologies available, so it is important to choose the right ones for your business. Consider your specific needs and goals when making your decision.

“Digital transformation is the key to gaining a competitive edge for MVNOs. Even with limited time and resources, the journey is essential and achievable.”

**Low upfront investment:** Look for alternatives where the upfront investment is low and there is a possibility of moving from CAPEX to OPEX. Adoption of Cloud platforms with Software as a Service (SaaS) offering is a great way to minimize upfront costs.

**Fast Time to Market:** Cloud-based solutions can help MVNOs launch services faster by providing them with a pre-built platform that they can customize according to their needs. This can save MVNOs months or even years of development time. By harnessing the scalability and flexibility of cloud infrastructure, along with digital platforms for streamlined operations, MVNOs can swiftly deploy and innovate their offerings, ensuring they stay competitive in a rapidly evolving telecom landscape while reducing the complexity of IT operations.

**Choose the right partners:** It is important to choose a partner with future needs in mind. The vendors should be flexible, strong and experienced. Additionally, they should have experience and offerings in the adjacent telecom space. The partners should be happy to start small, experiment and scale.

**Intuitive customer journeys:** Optimizing customer journeys and creating an intuitive user experience is a time-consuming iterative process. It is best to choose a partner who can bring the best practices and showcase what the final user experience would look like.

**API-driven approach:** APIs can provide flexibility, scalability, and the ability to integrate with various systems and services as the scale of operations grows. MVNOs should choose an API-driven approach to integrate with third-party services and platforms. It is important to choose a partner that is committed to the TMF open APIs

**Automate and self-care:** MVNOs can benefit significantly from automation to streamline operations, improve efficiency, reduce costs, and enhance the overall consumer experience. The processes like customer onboarding and provisioning, billing, customer service and marketing campaigns can be automated. This reduces the costs and the number of people required to run the operations.



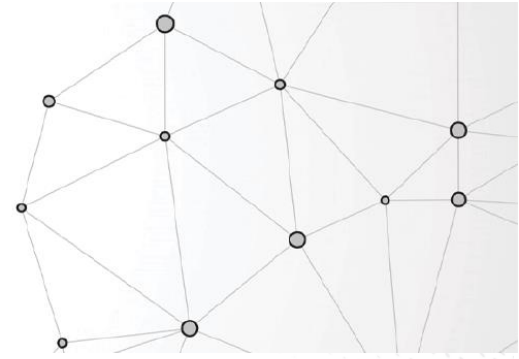
## Take the test to see how **DIGITAL** your MVNO is

**D**ifferentiated, **I**ntelligent, **G**rowing, **I**ntegrated **T**elco that is **A**gile and always **L**istening

	Rating (On a scale of 1-10)
<b>D</b> ifferentiated <ul style="list-style-type: none"> <li>• Price is not the only differentiator</li> <li>• Part of revenue comes from digital products and services</li> <li>• Best-in-class customer service</li> </ul>	
<b>I</b> ntelligent <ul style="list-style-type: none"> <li>• Use big data to generate insights</li> <li>• Use AI operational efficiencies for tasks such as fraud detection and billing accuracy.</li> <li>• Personalize customer offering</li> </ul>	
<b>G</b> rowing <ul style="list-style-type: none"> <li>• Scalable operations</li> <li>• Automated processes/reduced complexity</li> <li>• Increasing profitability</li> </ul>	
<b>I</b> ntegrated <ul style="list-style-type: none"> <li>• Use of digital network infrastructure leveraging cloud</li> <li>• Use of digital technologies (chatbot, self-service portals, and more) for customer service</li> <li>• Use of digital technologies in sales and marketing integrated with consumer insights</li> </ul>	
<b>A</b> gile <ul style="list-style-type: none"> <li>• Quick time to market for new services and customer plans</li> <li>• Systems and processes allow for quick response to competitive moves</li> <li>• Time to market is a competitive edge</li> </ul>	
<b>L</b> istening <ul style="list-style-type: none"> <li>• Listen and act on stated and unstated customer needs</li> <li>• Self-care applications are available to support customers</li> <li>• Use of customer data to understand customer lifetime value, net promoter score, and more.</li> </ul>	
<b>Total</b>	

Total Score **>50**: DIGITAL; **30-50**: Struck in between; **<30**: Old School

# Authors, Copyright, User Agreement and Other General Information



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