

New means to generate business

Why Telecom Operators (telco's) should focus on the Software As a service (SAAS)-Market



Currently in the business market, telco's are pushed to the level of commodity supplier.

Prices for bandwidth drops, voice calls are reduced to fixed fee's (mobile calls also?), IPVPN's are replaced by normal 'cheap' Internet connections etc.

So what is the future for those Telco's.

The software as a service market and the market of Web services offers hope for Telco's. Was until a few years ago the sale of software, the sale of a product, now it is the sale of a service. And selling services, against SLA's, is just the area of expertise of Telco's. It is very difficult for a software firm, selling products, to change into a service company. The research firm Saugatec predicts that 50%-70% of the current software companies will not survive the next 3 till 5 years. So see here the opportunity.

Besides the fact that a company can earn money by offering SAAS-services, the Telco's have a distribution channel, that knows how to sell services, has direct contacts with customers, is a trusted service partner and has a marketing infrastructure that supports the sales. Telco's can easily infiltrate in several markets. Besides the SaaS-service the customer will require infrastructure for using this service. See, up sell opportunities.

Extra earnings and reducing churn:

The new SAAS-services offers Telco's also the possibility to earn extra money on their basic services. E.f. in order for a user to logon, SMS authentication can be used. Changes in status remarked by the applications can be signaled by SMS, or even by voice. Think about reminder services for appointments customers have with their psychiatrist. A no show will cost the psychiatrist one hour turnover (appr. 140 €). Setting reminders, research already shows that the no shows percentages are dramatically reduced. SMS is an opportunity, but for elderly you could think that about a VOIP call, with a reminder message and with a message eventually to change the appointment press 2 to be connected to the switchboard. Psychiatrists are willing to pay for this service, they see extra revenue. By integrating in the business process of their customers, the churn will be reduced.

Billing and measuring:

Due to the fact the Telco's have advanced billing and operating support systems, Telco's can offer easier and cheaper all types of advanced services. Think about micro-billing e.g. for BI-reports. Classic software companies are not used to the fact that they must measure all types of service delivery and usages of their software. Telco's have the infrastructure and the experience to do so.

Mobile access:

By penetration of the business market with SaaS-services, it is easier for Telco's to offer mobile access and influence the decision of the mobile platforms customers are selecting. If you leave this in the hand of software companies, the choice for the 'commodity' network services is based on price.

In short, the new Software as a service market offers a big market opportunity for Telco's, Telco's have advantages to penetrate in this market, but there are currently just a few telco's (e.g. British Telecom) who have this vision and act upon it.

(Ruud Ramakers)