Upwardly mobile

Mobile network operators go on demand in pursuit of profitable growth

An IBM Institute for Business Value executive brief
Introduction

Following the industry’s turn-of-the-century boom and bust, the financial markets are now beginning to see renewed growth potential in mobile telecom. To realize that potential, mobile network operators (MNOs) must find ways to grow revenue profitably. But where will that new revenue growth come from? What new capabilities will be required to capture it? And how will operators keep costs in check while in pursuit? The answers lie in new on demand business models that offer enough flexibility to innovate, differentiate and simultaneously boost margins.

Mobile stocks headed up

Though still below their 2000 peak, mobile stocks are recovering ahead of fixed line and the stock market average (see Figure 1).

Figure 1. Full service and mobile telecom stock performance relative to Dow Jones Industrial Average and S&P 500, 1997 to July 2004.

Source: Yahoo! Finance; IBM Institute for Business Value analysis.
Notes: (A) The IBM Institute for Business Value Full Service Provider Telecom Stock Index tracks the monthly performance of global telecoms relative to the performance of the S&P 500 and the Dow Jones Industrial Average (DJIA). An index value of 100 indicates the averages are performing on par with the DJIA and S&P, while values above and below indicate out performance and underperformance, respectively. The operators included in the index are Verizon, SBC, BellSouth, AT&T, Qwest, BT, Deutsche Telekom, France Telecom, Telecom Italia, Telefonica, Korea Telecom, NTT, Telstra. (B) The IBM Institute for Business Value Mobile Telecom Stock Index follows the same rules as the Full Service average except the index starts at April 30, 1998. The operators included are AT&T Wireless, Sprint PCS, Nextel, NTT DoCoMo, China Mobile, mmO2, Vodafone, Telefonica Moviles.
With a more optimistic economic outlook, mobile executives, like their peers in nearly every other industry, are now turning their focus toward growth. According to a recent IBM Business Consulting Survey of 456 CEOs worldwide, 4 out of 5 company leaders are counting on revenue growth as the primary way to boost financial performance in the near term. After setting aggressive bars for EBITDA and margins the last few years, the financial markets are now supplementing those targets with revenue growth objectives. However, with subscriber markets saturating and data revenues slow to materialize, MNOs are justifiably concerned about the sources and profitability of that revenue growth.

**Going full-spectrum: Pursuing multiple sources of revenue growth**

Today’s wireless industry includes a wide range of technologies, delivering varying combinations of bandwidth and mobility. Mobile networks continue to dominate the overall industry, and to cover all their bases, MNOs are pursuing growth along multiple paths – voice, data and integrated combinations of both.

**Voice still has a major say in mobile network operator revenues**

Throughout the coming decade, MNOs will still depend on voice services for a majority of their revenue (see Figure 2).

**Figure 2. Globally, voice still dominates the revenue mix.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (US$ billions)</th>
<th>CAGR 2003 - 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>414</td>
<td>9.5%</td>
</tr>
<tr>
<td>2004</td>
<td>469</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>520</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>570</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>612</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>652</td>
<td>26.0%</td>
</tr>
</tbody>
</table>

Source: Ovum research, January 2004.
In markets where subscriber numbers are still growing, especially China and India, MNOs face the same challenge experienced in major developed markets in recent years: avoiding significant dilution of average revenue per user (ARPU) as subscriber numbers rise. In the U.S., per-minute mobile prices are more competitive with fixed line prices than in other geographies, driving significantly higher mobile usage. But because voice-minute bundles are already large, operators have less opportunity to increase total revenue through more aggressive pricing; the U.S. is simply too far along the price elasticity curve. In other geographies, however, there is still room to boost revenue with reduced per-minute rates. Assuming adequate mobile network capacity and quality (particularly in-building), lower prices can stimulate higher rates of fixed line substitution and expand total voice usage, thereby increasing actual revenues. In “prepay” markets, usage incentive schemes accompanied by targeted price increases can accomplish the same goal of growing the top line.

Generally, growth in voice revenues has become a battle for high-usage, and therefore higher-value, customers. To wrest these customers from rivals – and retain them – MNOs need more accurate segmentation, better-targeted value propositions and a keen focus on customer experience.

**Consumer data revenues increasingly intertwined with device advances**

Basic messaging (SMS) continues to contribute a significant majority (typically 85 to 90 percent) of consumer data revenues, which, in turn, now represent up to 20 percent of total revenues for many MNOs.\(^2\) The ubiquity and ease-of-use of SMS have contributed to its success, particularly in markets such as Europe and Asia, where access to e-mail and instant messaging technologies was slower to develop than in the U.S.

As evidenced by the prevalence of camera-equipped mobile devices and recent introductions of mobile music players, consumer mobile data is increasingly a device-driven market. In this context, mobile service providers – including MNOs and others such as mobile virtual network operators (MVNOs) – may have to relinquish some degree of control over the customer relationship, by accepting a secondary role (providing connectivity) on specific consumer devices, or work with vendors to create branded multifunction devices.
Mobile phones eliminate unsightly bulge in pockets and purses

In July 2004, NTT DoCoMo Inc. became the first MNO to launch a “wallet phone” that, as its name implies, effectively combines the function of a wallet with a mobile phone. Equipped with an embedded chip which stores money and personal information, the new device has the ability to reduce dramatically the amount of cash, credit cards, transportation passes, ID and membership cards the average consumer has to carry. Other MNOs in Japan are following suit – testing the technology or planning similar introductions.

Applications – some still in testing and others already live – are many and varied. One company, for instance, provided its employees with wallet phones that serve as company identification cards as well as payment mechanisms for vending or cafeteria purchases. In southern Japan, residents of an apartment complex are using their mobile phones as keys to their homes – and to pay their rent when swiped at the reader near the building entrance. And soon, teenagers at entertainment centers may be using their smart-chip-equipped phones to pay to play video games.

The convergence of the mobile industry and consumer electronics is also creating challenges for traditional mobile phone vendors, such as Nokia and Motorola, as they face growing competition from new vendors with strong links to consumer electronics (like Samsung, Sharp and LG). At the same time, handset manufacturers are spinning the convergence trend to their advantage by introducing mobile phones that incorporate functionality previously monopolized by consumer electronics makers. This can be seen in the creation of the Sony Ericsson mobile phone brand, and Motorola’s plans to offer new mobile phones equipped with software from Apple Computers Inc. which allow consumers to play music purchased over the Internet from the Apple iTunes Music Store.

MNOs’ ability to grow consumer data revenues depends in large part on how they respond to the challenges created by this convergence. To increase adoption of mobile music and mobile photography, for example, mobile service providers must enable their devices to communicate with other consumer electronics products – to download pictures from a camera-phone to a PC or upload music to a mobile music player – rather than simply interact with mobile networks. While service providers might worry about short-term cannibalization of mobile data revenues, the ultimate prize will be more influence over the all-important customer relationship.
With the success of early 3G launches severely hampered by the lack of attractive, high-quality consumer devices, many incumbent MNOs have elected to target more tech-savvy business users in their initial 3G forays, focusing on data-card devices for PCs. Before investing in major consumer launch efforts, these MNOs are waiting for a strong supply of compelling consumer devices. By the end of 2004, 26 3G networks (most of them in Europe) are expected to be available, and upbeat forecasts project that 19 percent of the devices shipped in 2004 will be 3G-capable (both WCDMA and CDMA2000 devices). This combination should spur investment in customer acquisition, which, in turn, should drive revenue and future investment in network capacity and coverage.

Leading mobile service providers are already working with manufacturers to design their own branded devices to suit their particular target markets. In addition, they are creating branded user interfaces (portals) that provide easy, familiar access to all of their data services.

Technology wild card: Potential drag on revenue

New “fixed wireless” technologies, like WLAN (now) and WiMax (soon), will enable customers to use wireless broadband for applications such as VoIP and IP messaging, which could significantly erode mobile voice and SMS revenues. This user-driven convergence is already intensifying competition between mobile and fixed line competitors; Fixed line network operators are looking to WiMax as a way to fill gaps in their broadband footprint, while MNOs are considering it as a means to provide converged voice and data services (and circumvent the fixed line service provider). Fixed wireless use may cannibalize some mobile data revenues (and potentially mobile voice revenues in the future). However, IBM currently estimates this loss to be as little as four percent – an amount easily offset by increased overall “wireless” data usage and greater loyalty among high-value customers. The winners will be those companies that offer the most compelling triple-play packages – voice, data and entertainment (or business) applications, targeted to the right customer segments.

Corporate data applications expand – but operators’ share unclear

Though the corporate market is much smaller than its consumer counterpart, revenue from corporate mobile data services is rising (see Figure 3).
At the same time, corporate mobile data solutions are becoming more complex. Initial solutions offered simple connectivity; then, operators expanded their offering portfolios to include standard, prepackaged “horizontal” applications such as e-mail and calendar management. Now, corporate data solutions are going vertical with more industry-specific functionality. This progression, however, has a downside. As solutions become more complex, the MNO typically retains less of the revenue. In a simple access situation, the operator might retain as much as 70 percent of the total revenue, while on the other end of the specialization spectrum, it might earn as little as 10 percent. For example, one corporate mobile data solution involving a salesforce automation package for the pharmaceutical industry provided the operator with just a third of the total revenue. Even more pronounced, the operator’s share of revenue from a recent workforce management application for the utilities industry amounted to around 10 percent. In the corporate market, the key challenge for MNOs and their partners is to develop viable business cases that deliver sufficient value to all parties involved in delivering complex mobile data applications.

Source: IBM Business Consulting Services analysis.
Integrated offerings must delve deeper to capture share

Convergence – both in terms of voice and data and across mobile, wireless and fixed line offerings – could become a major source of revenue growth for both fixed line and MNOs. Although the trend toward convergence has opened new revenue streams for MNOs, such as selling broadband services through wholesale relationships with a range of network providers (fixed line, cable and fixed wireless), it has also opened a window for more competitors to enter the mobile and wireless markets. A broad range of service provider players are now attempting to provide converged communication services:

- Telecom operators that own both fixed line and mobile assets (e.g., France Telecom, Verizon, Telstra).
- Fixed line carriers (and cable companies) seeking wholesale relationships to sell both mobile and fixed wireless services, (e.g., BT, AT&T, Time Warner).
- Consumer companies selling both mobile and fixed line services on a wholesale basis (e.g., Tesco, The Carphone Warehouse). This group aims to use their brands, distribution capabilities and customer relationship management (CRM) expertise to establish themselves in the communications market.

To date, most converged communications offerings have been surface-level – separate offerings merely sold as one. Typically, back-office support has not been integrated, making it difficult for service providers to realize synergies and capitalize on having a consolidated customer base.

Although a wide variety of new technologies (which may accelerate convergence) are under trial at present across the telecommunications industry, it is unlikely that technology alone will create significant demand for converged services. To make convergence attractive to customers, MNOs must provide more value than simply a price discount. Marketplace success will demand enhanced value propositions and an intense focus on customer management.

The elevating factor: The customer experience

Competition in major mobile markets has become a battle for high-value customers. Declines in ARPU and high churn (see Figure 4) have led to a shift in strategic focus – from customer acquisition to customer management, developing individual customer revenue over time and retaining “high value” customers in a cost-effective manner.
Traditional sales mix factors like price and product quality no longer offer the differentiation they once did. For mobile service providers, MNOs and MVNOs alike, future differentiation opportunities evolve around the customer – targeting high-value segments, providing them with the user experience that reflects their communications needs, retaining them at key points in the customer lifecycle and expanding service penetration and total spend over time (see Figure 5).

Figure 5. Delivering a superior customer experience will drive service provider differentiation in a highly competitive marketplace.

Source: IBM Business Consulting Services.
Providing a branded customer experience to differentiate from competitors requires a deep understanding of customer needs, clear plans to meet and exceed those needs and consistent delivery across touchpoints throughout the entire customer lifecycle. To deliver, mobile service providers will need employees that are committed to provide the desired experience in all customer interactions; in addition, service providers must provide those employees with the right tools, integrated systems and processes and accurate, timely management information. Today’s segmented, piecemeal customer view will need to be replaced with a single view of the customer that is available when and where needed to deliver a consistent customer experience. Because of the expertise they have gained outside the mobile industry, MVNOs often have an inherent advantage. To compete, MNOs will need to move quickly to close competitive gaps. While many MNOs have made progress in designing this single view of the customer, few have actually achieved their vision.

**Meeting high expectations: On demand business**

To achieve a competitive edge through a differentiated customer experience, MNOs need the ability to respond rapidly to constantly changing customer and market expectations. Simply stated, a successful mobile company will need to be an on demand business.

An on demand MNO focuses on those few capabilities that directly support differentiation, rather than pursuing a comprehensive strategy aimed at being the best in every aspect of the value chain. To lower costs and achieve better results, it frequently relies on strategic partners to provide what they do best. A focused MNO targets selected high-value market segments for retail sales, while pursuing increased wholesale and indirect sales through others that are better positioned in other segments. On demand MNOs are responsive to the accelerating pace of change in the industry and spend less time revamping inflexible business models that are dependent on successfully predicting the future. To heighten responsiveness, they establish more flexible product development platforms and buy their computing resources on demand. Peak loads are managed through resource sharing, grid computing or outsourcing arrangements. Open systems and the associated increase in business partner collaboration allows these operators to shorten product development cycles and lower development costs.

To combat unrelenting financial pressures and capital scarcity, on demand MNOs migrate their cost structures to more variable models, moving away from committed investments in fixed assets and toward scalable (both up and down) service development and delivery platforms. Their flexibility allows service portfolios to evolve in line...
with market needs, with a scalable back-end ready to support new offerings. On demand mobile companies run resilient operations that offer optimum reliability to clients in a world of unpredictable threats.

To help companies think through the transformation required, IBM has developed a new analytical tool entitled component business modeling (CBM). CBM helps businesses identify which components of their business directly support differentiation and where redundancy and overlap can be eliminated to cut costs.

Although each company’s model is unique, using a standard model developed for a “typical” MNO, IBM has identified specific business components that exhibit potential for providing a differentiated customer experience (see Figure 6) and other components where cost is not consistent with value produced.

Figure 6. CBM highlights which components of the business support differentiation.

A higher operating plane
As IBM analyzed the four primary areas of a typical MNO’s business – new product development, customer management, network services and enterprise management – key capabilities emerged as high priorities for a MNO that wants to become an on demand business:

1. Keeping the product portfolio fresh and profitable
To attract and retain high-value customers, MNOs will need to provide innovative products that suit targeted market segments. Four primary product development and innovation competencies will be crucial:

- **Product portfolio management** targets the right investments in development, by considering ROI, strategic direction, risk and other critical success factors
- **Process management** creates efficiency across the full product lifecycle, from concept to service
- **Partner management** means having the right partner and supplier strategy to effectively bring products and services to market; with a historical bent toward providing customer solutions on their own, delivering through collaboration with partners is a new but critically important skill for MNOs
- **Platform management** establishes the right architecture to deliver more products, better leveraging development and deployment expenditures.

Platform and partner management are particularly critical in the area of mobile portals. In recent years, branded portals have become a key strategy to capture value from emerging data market opportunities. From an MNO’s perspective, portals should make new services easy-to-use and create a familiar customer experience through a consistent “look and feel” for all services. Vodafone epitomizes this approach with its “Vodafone Live!” portal; as the company deploys the portal across its various properties, competitors are busy imitating it in regional and local markets.

To create greater value for end-users, MNOs are delivering these portals through “collaborative ecosystems” that leverage each partner’s unique competencies and their combined scale. Since MNOs play a central role in these ecosystems, the structure and execution of their business relationships often dictate the success of the portal. Platforms based on open standards enable easier integration of business partner content and applications, streamlining the introduction of new services. Flexible platform and partner management allow MNOs to respond to the data services opportunity in collaboration with their business partners, attracting and retaining a greater share of the marketplace.
mobilkom speeds up service development and delivery
mobilkom austria prides itself on offering an extensive set of data services – and delivering those services as quickly and efficiently as possible. Yet, service provisioning is a complex process that requires close integration with various third-party content and service providers and consistent delivery despite the number of applications, platforms, channels and devices involved. To accelerate introduction of new services and lower development costs, mobilkom implemented a new service management platform based on open standards called Access and Service Management Platform (ASMP). Besides providing customers with access to innovative new services much faster, ASMP offers customers a single sign-on capability that encompasses all applications connected to the platform.9

2. Upgrading customer-centric service to differentiated experiences
Using a MVNO business model, niche mobile service providers are starting to challenge the major MNOs by focusing on delivery of a unique customer experience that appeals to a specific customer segment. For example, Virgin Mobile has had success in several markets with its edgy, nontraditional marketing and targeted service propositions.

Although most MNOs have made progress with becoming more customer-centric, full-scale customer management – encompassing customer service, revenue stimulation and retention – presents an even greater challenge today, as MNOs strive to deliver differentiated service across multiple market segments and increasingly complex operations. Enhanced capabilities in key areas will help all mobile service providers provide differentiated customer experiences.

- **Multichannel customer self-service.** Broad-based Internet adoption, technological advances and increasingly sophisticated mobile devices have created new possibilities for customer service – along with elevated customer expectations. Today’s customers want access to customer service through whatever channel is most convenient for them – call center, Web site, retail location or the mobile device itself. In customers’ minds, multichannel support is not limited to providing information, answering questions or logging problems; providing customer service today means solving the problem through the customer’s choice of channel – for instance, providing over-the-air (OTA) problem resolution by downloading updated software to the mobile device. To meet such demands, MNOs must have a flexible and resilient infrastructure that is capable of delivering a consistent, high-quality customer service experience regardless of channel.
• **Advanced analytics.** More sophisticated analytical capabilities enable service providers to understand the needs and relative lifetime value, or profit contribution, of individual customers. This deeper level of understanding helps enable profitable revenue growth through better targeted and more efficient marketing. It also helps service providers design different experiences for different customer sets which can increase customer satisfaction and overall customer lifetime value.

• **Customer service performance tracking.** Electronic tracking of customer service performance enables mobile service providers to monitor the impact of service provision continuously and identify weaknesses and areas for improvement without delay. Supported by new technology, service improvements (including customer self-service) and more efficient business processes, call-handling agents can focus on the most complex cases, allowing more time to provide personalized service to high-value customers.

• **Billing flexibility.** As billing requirements escalate, so do costs. Mobile customers expect realtime information and seamlessly integrated services, devices, network capabilities, applications and content. The more complex tracking, charging and revenue models required for such services demand better and more complex network operator billing capabilities than those deployed in a traditional voice-only environment. The need for third-party collaboration in service delivery also demands more flexible and well-defined billing interfaces among MNOs and third parties. As complexity mounts, billing flexibility becomes a clear competitive advantage.

---

**Tapping the expertise of IBM: Sprint transforms customer service**

Sprint is using an outsourcing strategy to transform its customer service processes. Under a 5-year agreement, Sprint expects to improve customer satisfaction dramatically through better customer segmentation, increased self-service options, more efficient call routing, reduced average call handling time and a higher rate of first call resolution. In addition to significantly improving the customer experience, Sprint expects to reduce customer service costs by US$50 million over three years. This strategy allows Sprint to move forward simultaneously on its top priorities – improving customer satisfaction, driving new sources of revenue and operating its business more efficiently and with greater flexibility.
3. Meeting new-generation needs with next-generation networks
Successful new product development and rollout are critical for MNO differentiation and revenue growth. The network plays a crucial role in enabling these top-line objectives. New wireless and Internet technology advances, and more complex customer needs (such as multimedia content delivery, enterprise solutions and integrated offerings, including customer service and billing), are placing greater demands on their MNOs’ legacy networks, which hamper their ability to meet escalating service level expectations. With digital wireless merging mobile telephony with mobile computing, and data and content integrating within a standardized Internet context, MNOs need to offer bundled, value-added services that help attract and retain the most profitable customers. Delivering against these requirements requires transformation of current mobile networks to IP-based, next-generation networks with open architectures, customer self-service and simplified network management – without service delivery disruption and in a cost-effective manner.

Next generation networks give MNOs the flexibility to provide services on demand through a well-formulated service delivery platform. Open architectures make it easier to integrate third-party content and applications. This type of homogenous environment also helps reduce costs and simplify network management, allowing higher-skilled engineering staff to invest the bulk of their time in revenue-generating product initiatives instead of network operations.

As operators migrate to these new networks, the ability to manage a hybrid environment successfully and cost effectively will be a critical challenge. Since dropped calls, unattractive service offerings and poor customer service can lead to lost customers in an intensely competitive market, the transition needs to be seamless – allowing MNOs to meet existing service commitments while migrating customers to the new network without disruption.

Leading MNOs are also searching for ways to condense the transition period and accelerate returns on their IP network investments. The complexity involved and the resources required are causing MNOs to look for partners that can help accelerate the transition.
Equipped for the future: European MNO establishes intelligent, on demand network

To significantly increase its ability to launch new, upcoming voice services quickly and cost-effectively, a leading European mobile telecommunications provider decided to implement a new intelligent network (IN) platform. Based on open standards, the platform is expected to reduce the development cycle for new services by 50 percent, allowing the company to enter new markets and bring in additional revenue more quickly. As a substantial side benefit, the simplified environment should also cut ongoing maintenance costs by some 25 percent. With a goal of retaining all of its existing VPN and prepaid customers during its network transition, the company has mapped out a careful VPN and prepaid migration strategy to avoid disruption. The entire solution is designed to be expandable as traffic rises, and can easily scale to support the company's subsidiaries in other parts of Europe.

4. Finding funds for transformation within enterprise management processes

Although enterprise processes such as supply chain, finance and administration, HR and IT do not typically contribute to MNO differentiation, they offer tremendous sources of potential cost savings that can be channeled back into differentiating investments.

MNOs are only beginning to tap these types of funding sources. Many have outsourced HR and some subset of IT support, but few have evaluated their Finance functions for potential outsourcing opportunities. Years of growth-through-acquisition have left MNOs with a hodge-podge of legacy systems and redundant resources in their Finance departments. As mobile companies become more focused on differentiating capabilities – and more comfortable relying on partners that can provide superior levels of service in the remaining areas of their business, Finance will likely emerge as the next frontier for business process outsourcing.

Limelight on the back-office: Disney consolidates on a grand scale

After a decade of expansion, the Walt Disney company was left with 400 back-office systems, 15 HR applications and multiple implementations of SAP, Peoplesoft and Oracle software. Intent on creating the same level of synergy the company enjoys in product development and marketing, Disney decided to consolidate its back-office operations, aiming to reduce spending on Finance and HR function enterprise-wide. As part of the project dubbed Tomorrowland, Disney is deploying a common set of integrated back-office systems across all of its businesses – from theme parks to film studios to retail stores. All told, the new platform will help manage 700 businesses in 42 different countries. Expected savings are substantial, totaling US$130M per year – which, according to Disney, is similar to enjoying a blockbuster like The Lion King every year.11
The upside of on demand transformation

To understand the potential benefits of on demand transformation, IBM has constructed a cost model for a typical European MNO based on a simplified value chain divided into four functional areas that span eight core business processes. The model shows the distribution of operating expenses across those areas based on a representative sample of MNOs across Europe (see Figure 7). MNOs may find the model useful in benchmarking their own operations and identifying areas of their businesses where costs are above the norm and opportunities for improvement exist.

Figure 7. Operating expense structure for a typical European MNO.

Using this cost model as a starting point, IBM has projected the financial benefits of various initiatives that can move MNOs toward on demand business, based on our experience supporting clients in their own transformations. In particular, IBM examined four types of initiatives:

- Improved new product development through a standard, flexible service creation and delivery platform
- Improved customer management accomplished by entrusting the transformation of customer service to a specialized outsourcing partner
- More flexible and cost-effective billing achieved through outsourcing and simultaneously transforming the billing function
- Reduced cost of enterprise management by outsourcing non-differentiating business components (such as HR) to a partner that specializes in those areas.
Typically, on demand initiatives are synergistic, offering greater returns when related efforts are pursued in tandem. With this advantage in mind, the IBM benefits assessments assume that these four initiatives are undertaken concurrently.

Although the actual value creation potential may vary by company, depending on its current state, the upside potential is substantial. Considering just this sampling of four possible initiatives, a typical MNO has the potential to increase free cash flow in the range of 20 to 50 percent (see Figure 8).

**What is your current trajectory?**

Renewed enthusiasm is spreading throughout the mobile industry, as participants evaluate a growing list of possible revenue streams. But, as a mobile business, how prepared are you to capitalize on rising opportunity and convert it into top- and bottom-line growth? You can use the following questions to help assess your current position.

- What are the core tenets of your revenue growth strategy?
- How are you planning to differentiate yourself from a growing cadre of competitors?
- How successful have you been at attracting and retaining high-value customers? More specifically, among the high-value customer segment, what is your current market share?
• How are you segmenting your customer base? Have you identified the needs of specific segments? And are you tailoring products and services based on these insights?

• How effectively are your employees “living” your brand values and communicating them to your customers?

• Have you designed a differentiated customer experience? And are your employees and partners equipped to deliver it to all your customers through all your channels?

• Would your customers attest to a consistent experience every time they interact with your company, and how satisfied are they with that experience?

• How often do inflexible development platforms or network constraints inhibit product innovation?

• How rapidly are you transitioning to an IP-based network? How confident are you about expected return on investment?

• How successful have you been at securing funds to invest in new, differentiating capabilities? How extensively have you explored using cost reductions in non-differentiating areas as a potential funding source?

By adopting on demand business models, MNOs can ready themselves to make the most of every revenue opportunity and differentiate themselves through every customer interaction. To discuss ideas you can use to capture your share (and more) of a mobile market that is healthy and growing again, please contact us at ibv@us.ibm.com. To browse through other resources for business executives, visit our Web site:

**ibm.com/bcs**
About the authors
Jeanette Carlsson is the Global Communications Sector Lead at the IBM Institute for Business Value. Jeanette can be contacted at jeanette.carlsson@uk.ibm.com.

Henry Stevens is the Global Wireless Strategy and Solutions Leader for IBM Business Consulting Services. Henry can be contacted at hstevens@uk.ibm.com.

Contributors
Kevin English, Consultant, IBM Institute for Business Value
Martin Williams, Consultant, IBM Institute for Business Value
Chris Woodland, Senior Consultant, Telecom Industry, IBM Business Consulting Services

About IBM Business Consulting Services
With consultants and professional staff in more than 160 countries globally, IBM Business Consulting Services is the world’s largest consulting services organization. IBM Business Consulting Services provides clients with business process and industry expertise, a deep understanding of technology solutions that address specific industry issues and the ability to design, build and run those solutions in a way that delivers bottom-line business value.
References

2 IBM analysis of company reports.
7 IBM Institute for Business Value analysis.
8 IBM Business Consulting Services client experience.