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## Why Next-Gen MVNOs Will Be One-Stop Shops

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The pandemic made the digital lifestyle a mainstream phenomenon and a global trend that's no longer limited to digital natives such as twentysomethings. Virtually every demographic, including senior citizens, has had to pivot to working, playing, and living online, such as subscribing to streaming video services rather than going to theaters. Each of those activities brings another monthly bill.



Wading through multiple bills each month is a hassle for consumers and enterprises alike. But it's not a necessary evil. Just the opposite—it's a significant emerging business opportunity for savvy mobile network operators (MNOs) and their mobile virtual network operator (MVNO) partners and sub-brands.

One thing, however, hasn't changed. As more consumers live a digital lifestyle, MVNOs and MNOs still have the same fundamental tasks for supporting those transactions: discovery, onboarding, consuming, charging, and billing.

First, some history helps illustrate the problem and opportunity. MVNOs initially were non-telecom consumer brands that wanted a fast, relatively cheap way to expand into mobile, such as Virgin. Others were MNO sub-brands that enabled those operators to pursue new demographics without sullyng their flagship brand. These B2C MVNOs typically target demographic groups that are narrow but deep, including budget-conscious consumers or people who shop at a specific retail chain, such as Walmart Mobile and Tesco Mobile.

The second traditional type is B2B MVNOs. Many of the initial ones were telcos that wanted to add mobile to their portfolio of Server Messenger Block (SMB) services to increase average revenue per unit (ARPU) and stickiness. More recently, the B2B category has expanded to include MVNOs that support enterprise Internet of Things (IoT) applications in verticals such as oil and gas, manufacturing, and agriculture. The common denominator is that then and now, most B2B and B2C MVNOs sell connectivity—and nothing more. Connectivity is a commodity, leaving price as their primary differentiator.

# Multiple brands on one bill

Now, MVNOs can plumb those groups to new depths to increase ARPU, add differentiation, and minimize churn and operational expenditure (OPEX). The key is a digital transformation of their business support system (BSS), enabling them to offer consumers a self-service, à la carte menu of services from partners such as video and music streamers and home security providers. For B2C, this transformation increases stickiness by making it convenient for consumers to get a single monthly bill for multiple services. For B2B, a digital BSS enables MVNOs to become key players in industry-specific ecosystems where they provide billing reconciliation and other services for their partners.

For example, digital natives and other consumers subscribe to multiple monthly services. [U.S. households have an average of four streaming video subscriptions](#), and [roughly 38 percent have a home security service](#). Other common subscriptions include fitness programs, beauty and grooming boxes, prepackaged meals, streaming music, and pet boxes.

Unless they have each one automatically debiting their bank account or credit card, they must remember their account password every month to log in to pay their bill—assuming they even remember when it's due. In fact, the struggle to stay on top of all of them has given birth to [services that track and manage subscriptions](#).

Next-gen B2C MVNOs can turn this problem into a business opportunity by transforming themselves into one-stop shops. Instead of receiving a dozen separate bills, MVNO customers could have them all added to their monthly mobile subscriptions. The MVNO gets new revenue from royalties for billing on behalf of (BOBO) each streamer and other subscription services. And suppose it becomes the exclusive BOBO partner for some of those services. Another benefit is reduced churn among customers who subscribe to those services because they value convenience. If we really think about what drives the digital lifestyle, is it not convenience and simplicity?

MVNOs have a unique opportunity for BOBO as they have a targeted market that trusts them! This trust is critical whether they're digital natives or newcomers to the digital lifestyle, consumers are concerned about the security of the credit card or bank account information that subscriptions require. BOBO enables them to enjoy those services without sharing their payment information with multiple companies. Their MVNO can offer a single, consistent means of being charged and billed.

As one-stop shops that already have a trusted relationship with consumers, MVNOs are attractive partners to subscription services and other digital businesses. BOBO also appeals to subscription brands because it reduces their overhead cost of getting paid. Like their customers, they get to work with one entity instead of many. BOBO can also help them tap a bigger market if being in the MVNO's partner catalog introduces their brand to people unaware of them.

## 5G is a game changer for converged digital billing

The BOBO concept isn't new. Over two decades ago, NTT DoCoMo made BOBO a key component of its [i-mode service](#). The convenience for consumers and brands alike was such a hit that three years after its launch, i-mode had 60 percent of the Japanese mobile market and became the subject of [Harvard](#) case studies.

Does 5G provide the catalyst to truly enable and monetize the BOBO concept? 5G enables business and consumer use cases that weren't practical or possible with previous generations of connectivity technology. For example, an MVNO can use 5G capabilities such as enhanced mobile broadband (eMBB), ultra-reliable low latency communications (URLLC), and network slicing to provide a BOBO partner's streaming video service with the bandwidth and low latency that ensure a great user experience. That's one way an MVNO can add even more value to its ecosystem partners.

Network slicing also enables new MVNO B2B business models. For example, an MVNO could provide the slice, billing, and catalog services that a set of partners use to create an IoT service for verticals such as logistics. To capitalize on this opportunity, the MVNO needs to deploy a next-gen BSS that enables partners to onboard themselves, their customers, or both.

A real-world example is a security service for large venues such as airports and malls, where the ecosystem partners provide compute resources, a video analytics platform, systems integration, and fiber. The MVNO's 5G slice offers the connection between that fiber backbone and IoT devices such as surveillance cameras.



**Figure 1: Converged digital billing for MVNO customers**

But just as important, the MVNO also uses its BSS to handle billing with the end customer, such as the airport security department. The MVNO's BSS splits the bill and handles tasks such as reconciliation and settlement across each partner. That value-added service elevates the MVNO's role beyond just being a provider of last-mile broadband connectivity. And the bigger the role, the more revenue the MVNO can derive from these B2B ecosystems.

[A Deloitte research note](#) agrees with this evolution of both the marketplace and the role of MVNOs. "Business models and the landscape as a whole will become vastly more complex. An industrial device maker, for example, might want to become a one-stop shop for IoT hardware and the network service on which it will rely. Deeply integrated offerings could emerge, bundling an application, hardware, support services and MVNO-enabled mobility into a unified package. Meanwhile, new businesses could spring up at any point in a transaction chain to offer some sort of value-added feature or functionality—product tracking, alerts, other contextual content—that revolve around

MVNO services.”

Cloud is an enabling technology for MVNO growth. It provides MVNOs with the ability to leverage more enterprise-like commercial services— such as software as a service (SaaS)—and thus enables business models where they can take more risks but also limit their financial exposure. This means MVNOs expanding into further adjacent markets is promoted, and with the agility that many MVNOs bring, one would argue this is the catalyst for them to expand their suite of services they deliver to their target market.

Between the cloud, 5G, and the rise of pervasive mobility use cases such as IoT, the role of the MVNO has the opportunity to explode in this digital transformation journey we are seeing emerge. An MVNO is inevitably evolving with the enablement technology of 5G and the cloud. The ability to enable the digital lifestyle with a converged digital bill, simplifying consumer engagement, is pivotal to this journey.