

Convergence: problem or solution in emerging markets?

Contributed by Michael Schwartz
26 May 2008 at 14:37

Analysis, Viewpoint, Digital Divide, Emerging markets, Fixed Link, Global: The digital age has most definitely arrived in many emerging markets, with mobile phones, fixed line and internet access now being central to many business and consumer interactions, writes Moshe Peterfreund...

Analysis, Viewpoint, Digital Divide, Emerging markets, Fixed Link, Global: The digital age has most definitely arrived in many emerging markets, with mobile phones, fixed line and internet access now being central to many business and consumer interactions, writes Moshe Peterfreund, Director of Marketing, FTS. However, the patterns emerging differ greatly across local markets. For instance, some markets rely heavily on SMS-based money transfers and payment services that enable commercial transactions to take place without traveling for miles to the nearest bank. Other markets are using the Internet and email to replace phone calls in areas where fixed line access is limited. Alternatively, some emerging markets are starting to emulate the mature markets.

Despite the diversity, with the arrival of multiple services convergence is clearly a central issue throughout developing markets. Much remains unclear within the convergence dimension. Will emerging markets offer convergent services from the outset or will they use convergence as an area for growth once they are more mature? How will the complexity of convergence be further compounded by such infrastructure challenges as fewer landlines in remote areas? When communication service providers in developing markets use western technology to bridge the convergence knowledge gap, will this generate the adoption of local, independent skills, or will it foster dependence?

Western markets are undergoing cumbersome, often costly, processes as part of the transformation to a multi-play environment. Interestingly, many operators in emerging markets are managing to leapfrog this learning curve by deploying world-class solutions that enable them to implement converged solutions at a much earlier stage of their development. For example, Camtel, Cameroon's national telecommunications provider, approached the issue of convergence by selecting to use FTS's convergent billing and customer care solution. FTS's Leap Billing solution enables Camtel to offer its customers a unified bill for all of its services, including not only wireline telephony and Internet but also leased lines, satellite communications and CDMA-based wireless services.

The Camtel example illustrates not only the "leapfrog" effect but another interesting development: although infrastructure issues may impact convergence, convergence in the sense of multi-play scenarios can actually enable service providers to offer continuity of service even in areas with limited infrastructure. For example, as Camtel uses a single, converged billing and CRM solution for multiple services, it is able to transcend some of the infrastructure problems that it faces by offering a wider range of access options and services in areas with limited infrastructure.

This process of a western challenge becoming a developing market's solution can also be seen in the trend to offer more diverse pricing models. In western markets, this has resulted in requirements for flexible applications that enable service providers to roll out multiple bundles in a timely and efficient manner; supporting a wide range of pre- and post-paid subscriber models. The same flexibility is easily adapted to overcoming some of the challenges of emerging markets, enabling innovative pricing models to address more limited consumer budgets.

As a result of the vast opportunities in emerging markets, local service providers now have the luxury of choosing from an array of world class technology providers when implementing converged solutions. However, "world class" doesn't necessarily equate to "risk free" and these relationships generally work best when the technology provider has a long term commitment to the market in question, with regional offices, support teams and training programmes. FTS takes this local presence one step further by also adopting a skills transfer approach. This means that once a system has been deployed, the operator's employees are trained on how to manage, update and maintain it, keeping the costs of external support low, while enabling the local development of valuable skills.

Service providers can add new multi-service bundles, promotions and business rules in-house, without requiring costly and time-consuming intervention from a full team of engineers each time they have a new service to launch. This approach helps service providers in emerging markets to significantly close the skills gap with more mature markets, while remaining independent of their vendors, and ready to cater to the vast expansion in demand that is forecast. With so many different scenarios existing within the emerging markets, it is hard to draw a single conclusion about the future of convergence. What is true is that consumers everywhere are taking advantage of multiple, different communications services. Whether carriers in developing markets choose to address this now, or later, as a response to a saturated

market and the need to diversify their services, remains to be seen.

- More info: www.fts-soft.com