Telco-OTT Strategies & Case Studies

Description: Telco-OTT Strategies & Case Studies:

"Give it a name!": The overlooked rise of telecom operators' own access-independent Internet services, for communications, content, cloud & connectivity

One of the loudest debates in today's telecoms industry concerns the response of operators to so-called “over the top” (OTT) players.

Traditional telephony and SMS revenues are under threat from newer, Internet-based alternatives such as Skype and WhatsApp. At the same time, third-party web content and social networking companies such as YouTube and Facebook are making a huge amount of money – and driving high levels of data traffic – over the operators' fixed and mobile broadband networks.

Operators are trying to work out what to do:

- Charge customers extra to use such services ("Personalise")?
- Differentiate at the network level & ignore the fracas about Neutrality? ("Prioritise")?
- Attempt to extract money from these "upstream" OTT players ("Monetise")?
- Partner with Internet OTT companies?
- Compete collaboratively through new standards like RCS / RCSe

Disruptive Analysis believes that this debate is too polarised into a “them and us” discussion. Industry bodies like to suggest that “Real Telcos” are inherently different from newer communications-industry peers such as Google or Facebook.

But technology advances – smartphones, fast IP networks and open developer platforms – make application and service creation easy. Software can deal with the effects of network glitches or congestion itself, without need for “network QoS”. Users are enjoying access to a huge smorgasbord of different applications and services; they are no longer forced to use a restricted, expensive and rather lacklustre menu of telco offerings.

There is another option: Telcos can launch their own Internet-type services. Disruptive Analysis calls this "Telco-OTT"

In fact, many telcos already offer their own OTT-style services via generic Internet access. In future, many more will do so – there are some very strong arguments that most or all services thrive when “decoupled” from network provision, at least in part.

Disruptive Analysis believes that operators need to go on the attack. Operators need to exploit the scale and rapid adoption of billions of Internet users, who have ever-faster devices and data access, using similar tactics to the familiar web- or VoIP-type providers.

Telco-OTT enables operators to

- Expand their user-base reach to the scale of the multi-billion person web, especially for new services, in the same fashion as Google or its peers.

- Use the Internet's ubiquity as a way of improving existing access subscribers' experience when they are “off-net”, for example helping them access their TV or voice services, from PCs or mobile devices connected via other networks.

- Offer “outside-in” services to their access customer base, using the cost and simplicity advantages of using the public Internet to host and deliver telco applications “in the cloud”, rather than running them in-house.

Segmenting the landscape, Disruptive Analysis has outlined four main Telco-OTT service categories:
Each has its own opportunities and challenges. None are easy to monetise, and experiment (and sometimes failure) will be needed. The bottom line is that operators need an “attack” mode against Internet players, as well as a defence. Customers want open-Internet services – they like the choice and flexibility, and that trend is unstoppable. Partnering will only go so far – telcos also need to innovate with their own offers. Operators face formidable regulatory, organisational, staffing, technology and competitive challenges in making their own Internet services as valuable as their peers. Yet if they are to survive in the long-term, they need to embrace OTT, not fight it. If you can't beat 'em, join 'em.

This new report from Disruptive Analysis explores the rationale for Telco-OTT, looking at the key categories, the advantages & the practicalities. It identifies more than 80 existing Telco-OTT services, across all the categories above.

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