Managing Margins:
How Industry Drivers Are Threatening Operator Cash

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Discussion

- Industry Trends and Drivers
- The xCommerce factor
- Market changes and the Cloud
- Leveraging multiple domains
- The next evolution of Business Optimization
Market Drivers through 2017

Impacting Revenue and Cost Performance

• Business Optimization and Analytics is forecasted for steady growth in every sector through at least 2017*
  – Risk management shifting from reactive to proactive
  – Growing reliance on analytics to track and predict business performance
  – Increased emphasis on cross-functional use cases that improve user experience and efficiency

• Significant rise in hosted, cloud-based, and multi-tenant solutions*
  – Simplified user decision enablement will be major driver in next 5 year period

• By 2017 there will be over 8.4 billion connected mobile devices (113% population penetration)*
  – “Digital Life” and “Digital Everything” terms are dominating the landscape today
  – Mobile devices will drive most of the digital uptake
  – Assurance support across IOT and e/mCommerce will protect operators’ profitability

* Source – Analysys Mason
Market Drivers through 2017
Impacting Network Planning and Operations

Growth for Network Analytics will be driven by the following key trends:

- **Network decommissioning**
  - Rapid migration from legacy private-line and packet services to Ethernet transport and VPN services
  - Business VoIP will increase its share of the business voice market from 17 percent this year to more than 40 percent by 2018, according to ATLANTIC-ACM forecast
  - Exiting legacy technologies such as 2G to more efficient technologies such as LTE

- **Effective Capex Management**
  - Monetization of network
  - Optimize returns from new infrastructure investments
  - Optimize capex spending on legacy infrastructure

- **Network Capacity planning**
  - Real time optimization
  - Predicting consumption trends
  - Improvement in customer experience
Preparing for the Future – the xCommerce factor

Key evolutions in Telecom digital technology that will drive the market

Some facts to consider:

- mCommerce is now a $25B industry, projected at $31B in next 5 years
- By 2017, 25% of online sales will come from mobile devices
- mCommerce is now $1 of every $10 spent online and growing faster than eCommerce
- Mobile online payments will increase 6x to $117B by 2017, while eWallet transactions will rise 4x to $17B by 2017
- mCommerce is highest in Africa, followed by Asia, then North America, Europe, and Latin America
  - This is due largely to the amount of unbanked subscribers in the African market

There are an estimated 1.4B smartphones in the world today, with a growth rate of nearly 44%

TechNavio: “eCommerce will grow at 13.54% between 2013-2018,…the growing risks of online frauds and associated costs could challenge the growth in this market”

Sources: comScore, Forrester, eMarketer, Worldpay, TechNavio
mCommerce (and eCommerce) poses one of the greatest combined Fraud, Revenue, and Cost risks seen to Operators and their Customers in (at least) the last decade.

Ensuring revenues for unbanked transactions

Validating partner costs

Protecting from identity theft

Monitoring appropriate payment channels

Understanding network impacts in a multi-access world

Managing multi-channel content delivery agreements

What does this mean for Operators?
Markets, Networks, and Products
The rate of change is faster than ever before

Smaller tier operators are losing margin daily on complex partner relationships
• IP billing, deals and bilateral agreements
• Rapid market changes affecting agreement conditions

Smaller tier operators are the most at risk for revenue losses
• Subscriber and usage management
• Product performance metrics

The highest incidence of fraud worldwide is in smaller tier operators
• Bypass, SIM Boxing, Internal, and other frauds
• Inadequate systems and programs to keep pace with daily changes in fraud
Expertise and Process make Cloud Programs successful

- Cloud programs must go beyond simple scalable infrastructure and technology.
- Operators gain little ongoing benefit after the initial capex savings, unless a program is applied.
- Expertise in market trends, dynamics, and best practices must remain available to the operator.
- A Cloud with domain expertise provides operators a means to maintain the skills without incurring the additional costs in resourcing.
Leveraging Multiple Domains
The newest trend in Cloud opportunities

Collapsing 2 or more departments into a single cloud instance
• Cross-department collaboration
• Data sharing
• Common reporting
• Cross-domain resourcing

Combined Capex Savings
• Infrastructure cost savings of 75% or more easily achieved
• Ongoing licensing costs may be totally eliminated

Combined Opex Savings
• Direct resource savings can exceed 40%
• Cost to maintain domain competency often reduced by 50% or more
Introducing ROC 3
The next evolution in Business Optimization

• Multiple solutions in single cloud instance, with common, shared data and portal
• Top tier solutions in Settlements, Fraud, Revenue Assurance, and Route Optimization
• Subject matter expertise and proven, stable process controls
• No “limited functionality” models!
### Thought Leadership
- Comprehensive BSS product suite
- Winners of Global Telecom Carriers Award 2013 for Best Product/Service for ROC Partner Settlement
- Pioneering Asset Assurance
- Market Leader in Financial Assurance 2012, Frost & Sullivan
- Awarded Pipeline Innovation Award 2013 for Big Data & Analytics

### Financial Strength
- More than US$ 60M in Revenue
- EBITDA higher than most other BSS vendors in the market

### Global Presence
- Development centers in India, US and UK
- Over 200 customers and 300+ installations in over 70 countries
- Customers include 28 of top 50 operators* and 33 of the world’s 50 biggest# telecommunications service providers worldwide


### Strong Subexian Base
- Global workforce, with local presence at all locations
- Over 800+ Subexians working together to deliver market leading software products
Thank You

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