# 5 DIGITAL MONETIZATION USE CASES

csg

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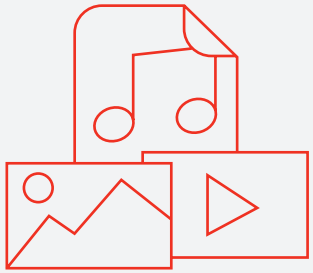
# INTRODUCTION

Communications service providers (CSPs) have built their businesses selling connectivity services—voice, messaging and data. But while the value of connectivity is high, especially in a socially distant world, earnings from it are falling. CSPs are seeing their revenue from traditional services, including international voice and SMS messaging, decrease by as much as 20 percent and 30 percent, respectively.[1]

The services CSPs offer are essential, but they need to rethink their business models—how they offer these services—and find additional ways to make money. That means going beyond just selling connectivity and offering new digital services that take advantage of their network. Digital players like Netflix are using CSPs' networks to deliver innovative services and grow their business—now it's time for CSPs to do the same.

**SO HOW CAN CSPS START MONETIZING DIGITAL OFFERINGS AND EARN THEIR FAIR SHARE OF REVENUE? WE'LL EXPLAIN FIVE WAYS TO ACHIEVE IT.**



**ACCORDING TO THE WORLD ECONOMIC FORUM,[2] BY 2025, CSPS COULD EARN ABOUT**

**$142 BILLION IN PROFIT**

**FROM CONSUMER DIGITAL SERVICES LIKE VIDEO, ENTERTAINMENT, HEALTHCARE AND MOBILE FINANCIAL SERVICES.**

1 "2017 Telecommunications Trends," PwC, 2017

2 "Digital Transformation Initiative - Telecommunications Industry," World Economic Forum, 2017

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# USE CASE #1:
# LAUNCH A FIGHTER BRAND

Fighter brands are sub-brands within an existing CSP—think giffgaff and O2 in the United Kingdom or Cricket Wireless and AT&T in the United States. These brands are often experimental, aimed at capturing a specific market segment like budget-oriented consumers or millennials. These brands are also trialing new business model like self-care channels or integrating partner catalogs.

The goal of any fighter brand is to get to market quickly and at minimal cost. Because they are often starting at zero subscribers, they want a low-risk, pay-as-you-scale model. Traditionally, fighter brands have been very costly to set up, requiring on-premise software and staff to support the new brand. The alternatives are to manage them from existing IT systems, which weren't built to support the objectives of the new brand; or lease their network to another third-party MVNO, with less risk but also less financial reward.

Fighter brands build their market by standing out from the competition. Often it's with  inexpensive price plans, but they can also become the best-value brands by offering digital services alongside traditional services. As customers grow increasingly technologically savvy, they expect innovative digital offerings like media and gaming. Adding these new services gives the fighter brand the edge in capturing market share.

Here are some capabilities CSPs need when launching a successful and profitable fighter brand:

**Full mobile capabilities**—CSPs need standard mobile capabilities such as real-time, low latency charging for pre-pay or other entitlement deprecation, to quickly offer new services

**Fully managed SaaS**—SaaS solutions minimize upfront and ongoing costs and operational risk of on-premise solutions, so CSPs can focus on innovation

**Pay-as-you-scale**—Instead of paying for peak capacity, CSPs only pay for what they use. Effectively managing the economics minimizes start-up costs and scales with subscriber growth

**Innovation**—CSPs need an innovation platform with the works, including must-have mobile capabilities and out-of-the-box potential to foster innovation and experimentation

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# USE CASE #2:
# DELIVER 5G SERVICES

Building out a new 5G network comes with a hefty price tag for CSPs—GSMA predicts CSPs worldwide will spend roughly $880 billion in mobile capex by 2025.[3] In response, CSPs want to launch monetization solutions quickly to earn revenue from these investments. With everything from faster, bigger data offerings, to innovative monetization enabled by 5G (automotive, health, IoT, etc.), where CSPs start today will create the platform for tomorrow's 5G growth.

3 "Digital Transformation Initiative - Telecommunications Industry," World Economic Forum, 2017

CSPs that want to monetize 5G quickly could start with a network equipment provider's (NEP) OCS, but that doesn't set them up for the multi-party and multi-network solutions of the future. They need a solution that sits across all networks, service types and transactions. This means moving away from monolithic application instances to multiple smaller, streamlined components (i.e. microservices) optimized for carrying out specific tasks where they are required.

5G demands cloud-native solutions that have the scalability and agility needed to support new business and operating models. CSPs can deliver consumer-centric services like enhanced mobile broadband (eMBB) or enterprise use cases like network slicing (running charging separately in slices or across slices). 5G will deliver speeds up to 1,000 times faster than 4G and support hundreds of billions more devices, so monetization solutions need to scale instantaneously to support demand peaks.

Here are some capabilities CSPs need when delivering 5G services:

**Customer-centric experiences**—CSPs can provide the ultimate customer experience with services on any device and offer easy activation and pay-as-you-go payment models

**Cloud-native**—With cloud-native rating and charging, CSPs can use microservices to operate efficiently and elastically scale to support the surge in 5G volumes expected as the likes of IoT offerings mature

**Future-ready with innovation out-of-the-box**—From digital services to network slicing, monetization solutions must support business innovation, utilizing SaaS that offers regular releases of new capabilities and takes advantage of new technology for cost and operational efficiencies

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# USE CASE #3:
# DIGITAL MARKETPLACE

There is no denying that the digital landscape is constantly changing, and so too are customer needs. Consumers are increasingly expecting more from their CSPs to support everything from entertainment to gaming, and business customers are looking for more in terms of cloud capability and security. The path forward is lucrative and will only continue to add value as consumers move toward exclusively digital retail and work conditions.

As revenue in traditional markets continues to decline, CSPs are looking to supplement their bottom lines through digital services. They may start out by reselling third-party services like Netflix, and eventually grow their catalog to a wide range of digital offerings. Unfortunately, their legacy solutions are not equipped to support the next wave of innovation. Managing new products, often supplied by third parties, challenges traditional catalogs and charging systems. To effectively deliver for their customers, they need a full-stack, digital services marketplace which can be deployed rapidly and inexpensively. Additionally, the solutions need to support B2B2X relationships and be inherently flexible as market segments continue to evolve.

The innovation should not end with digital services. To completely reap the benefits of digital services, CSPs should be more creative about how they price services and bill customers. There are numerous possibilities, from bundling offers, to usage-based pricing, to gifting and sharing.

Here are some capabilities CSPs need when delivering digital services:

**Digital partner and B2B2X support**—From onboarding partners, opening catalogs to third parties and creating innovative revenue sharing models, supporting B2B2X is an essential requirement for true digital service innovation

**Pay-as-you-scale**—CSPs need not fear the unknown. Paying as you scale allows for experimentation in services and flexibility during growth periods that become even more unpredictable when new services are offered

**Fully managed service**—By having their services fully managed, CSPs can solely focus on innovation, building their own digital services and establishing profitable relationships with the best third parties

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# USE CASE #4:
# INTERNET TV

In the crowded field of entertainment, engaging content alone does not make a customer loyal. To truly stand out, companies need to offer an exceptional consumer experience to form a long-lasting relationship with their customers. An experience where the customer finds it extremely easy and seamless to browse the content they are seeking, with numerous ways to pay for it, whether by credit cards, loyalty points or gift cards and watch the content on any device they prefer.

Content is a valuable asset and many companies, from movie studios to sporting organizations, are sitting on a treasure trove of video content that can be offered directly or through aggregators to go to market. Chances are, where there is a camera, catalog or crowd, there is an accompanying revenue stream waiting to be tapped into.

The possibilities go far beyond simple video services. As content consumers have far more options than ever before, interactive content is a way to entice and engage. Think exclusive behind-the-scenes footage, a first-person experience of sitting right next to your favorite Formula One driver or a front-row seat in the locker room after a big win. It all adds up to an enticing and unique experience that builds customer loyalty. For consumers, sharing their experiences with others is equally rewarding. By allowing them to utilize e-gifting or share discounts and vouchers, companies can essentially double their value as their customers have become their own sales channel.

The ideal solution would also include a “household” model, which gives consumers additional control, like allowing parents to manage the devices their children use and the content they can access and purchase.

Here are some capabilities CSPs need when delivering digital TV:

**SaaS and innovation**—Moving from a costly in-house solution to a SaaS, cloud-based platform allows them to offer new digital services quickly

**Centralized experience**—CSPs need to offer a seamless, one-stop-shop subscriber experience for searching, content management and charging across each personalized bundle

**Monetize solutions**—CSPs need a wide-range of monetization models, including SVOD, AVOD, TVOD and EST. They should also support monetization plans like credit cards, in-app purchases, bundling and more

**Customer control**—CSPs should give customers a way to browse, search for and buy alternative content, ideally through an intuitive storefront that is available across devices

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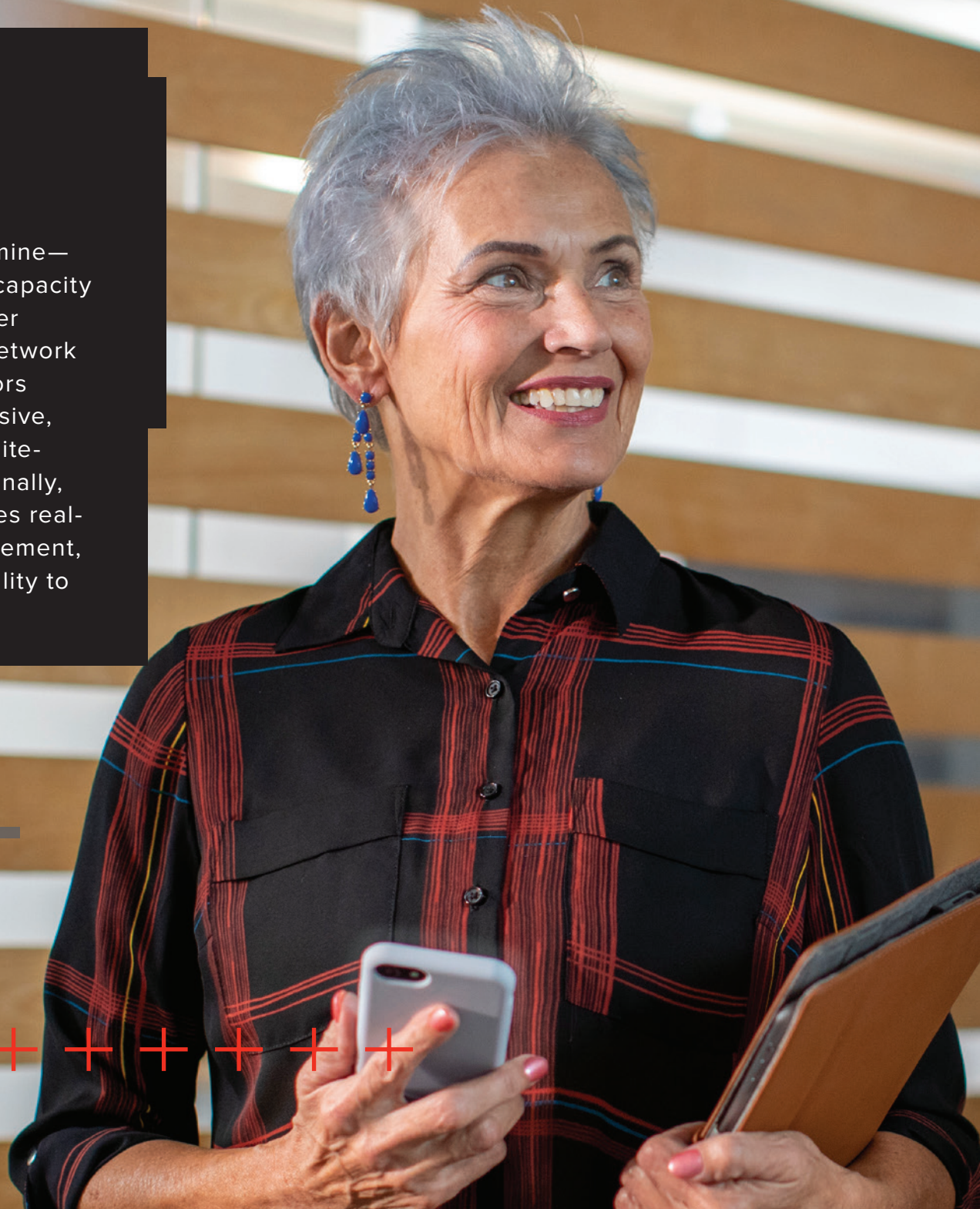
# USE CASE #5:
# MVNE/MVNO ENABLER

Many CSPs are sitting on an untapped goldmine—monetizing their excess or unused network capacity by becoming a mobile virtual network enabler (MVNE). The target market for this unused network are known as mobile virtual network operators (MVNOs). MVNEs are looking for an inexpensive, low-risk solution that can be offered as a white-label service to prospective MVNOs. Additionally, they want a B2C mobile solution that provides real-time balance management and policy enforcement, innovation in settlement models, and the ability to support B2B2X relationships.



Beyond monetizing network transaction as an MVNE, a CSP can earn additional revenue by providing a complete customer and revenue management stack, coupled with a managed service for deployment and operations. This creates a powerful combination for potential MVNOs. It allows them to get to market quickly with an out-of-the-box solution that is quick and low-risk to deploy, so that they can focus on what they do best: innovation and branding. MVNOs are also encouraged to operate different go-to-market models to their network hosts and need the capability to target niche markets.

5G will be a transformative force felt throughout the industry and will increase the capacity available on networks exponentially. Once 5G is unleashed, this increase in volume will also free up capacity on legacy 3G and LTE networks, meaning there will be plenty of network available to create mutually beneficial MVNE and MVNO operations.

Here are some capabilities CSPs need when appealing to MVNOs:

**Full-stack B2C mobile solution**—CSPs can go beyond offering network capacity to offer a fully managed and fully hosted integrated revenue and customer management solution

**Multi-tenanted solution**—One solution, limitless MVNOs: operators can easily run a multi-tenanted operation to cost-effectively manage one or many partners

**SaaS and innovation**—CSPs can get started with an easy-to-configure offering, supported on a platform that delivers innovation quarterly

**Managed service**—CSPs can eliminate the costs and risks of scaling every time a MVNO subscriber base grows

**Pay-as-you-scale**—MVNEs and MVNOs benefit from a total cost of ownership (TCO) model that minimizes upfront costs and scales as a business grows

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# CONCLUSION

Traditional services like voice, data and messaging today make up the majority of CSPs' current revenues—but that is set to change. The profit potential in digital monetization use cases is massive and offers lucrative margins to offset those that are all but eroded in traditional services. As those services' revenues decrease and digital revenues increase, CSPs that are prepared to monetize digital services are in prime position to capture their share of the profits.

# ABOUT CSG

For more than 35 years, CSG has simplified the complexity of business, delivering innovative customer engagement solutions that help companies acquire, monetize, engage and retain customers. Operating across more than 120 countries worldwide, CSG manages billions of critical customer interactions annually, and its award-winning suite of software and services allow companies across dozens of industries to tackle their biggest business challenges and thrive in an ever-changing marketplace. CSG is the trusted partner for driving digital innovation for hundreds of leading global brands, including AT&T, Charter Communications, Comcast, DISH, Eastlink, Formula One, Maximus, MTN and Telstra.

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