



# Opportunity Download

Access to information has become an important part of business and for anyone that operates remotely, or on the move, mobile data is fast becoming the life blood of their organisation. Access to emails, messaging, corporate data, and an ability to file share has all contributed to the explosion in the mobile market. With the introduction of 4G in 2013 by the major network operators our dealers are open to a new wave of opportunities to boost revenues. David Dungay investigates the current state of our mobile networks and the challenges operators will face as the market develops.

A recent annual report by Deloitte warns that soon mobile operators will be unable to keep up with smartphone users' growing demands for data on the move. With the average iPhone, Android or Windows Phone handset owners are consuming 35 times more data traffic than a typical phone user.

Cisco & Ericsson consistently also found that usage increased when more bandwidth was available and by as much as 28 times when 4G, rather than non 4G, was made available to smartphone users. To put this data growth into

context, the mobile data traffic in 2011 was eight times the size of the entire global Internet back in 2000. As we look forward, Cisco predicts that worldwide mobile data traffic would see an 18 fold increase in the five years to 2016. This equates to 130 exabytes or 4.3 quadrillion songs and 813 quadrillion text messages!

Mark Pearce, strategic alliance director at Enterasys Networks, commented "Originally launched in 2003, 3G has recently been creaking under the weight of our data demands resulting in a data bandwidth crunch. It is hoped that 4G will solve this however; slow 4G adoption, cost and restricted availability could prolong the agony. The continuing bandwidth crunch will not mean mobile network users failing to obtain a connection, but they will suffer from 'rush hours' just like roads."

Rob Davis, Head of Mobile at Gamma commented "4G is an incremental improvement in data access speeds, the mobile operators need more than end-users to help manage the massive growth in data use, driven by smartphones and tablets. However, I think it will take some time to become prevalent in the market. According to Ofcom figures it took 8 years from the 3G spectrum auction before there was 25% penetration of 3G handsets in the UK. I think 4G will become adopted more quickly than this but it is not likely to be as quick as much of the current hype is

indicating as both the network upgrades and new handsets need to be deployed."

## Feeling Flexible

The obvious advantages of the 4G upgrade are the flexible working conditions it allows users but Derek McManus, O2's COO, highlighted the

## WiFi vs. 4G

WiFi is playing an increasingly more active role in the delivery of mobile communications, especially in built up areas, where there is a great deal of 'traffic' on the 3G and (where available), 4G networks.

Mark Pearce, strategic alliance director at Enterasys Networks commented "Apart from remote or rural locations, WiFi hotspots are, and continue to be more widespread and pervasive. Compared with 4G, they are best placed to deliver the demand for wireless bandwidth that consumers and business users alike have come to expect whilst mobile."

Pearce shared some interesting survey results, "In a recent survey it was revealed that 90% of people said they wouldn't change their current mobile provider to have access to 4G. According to Virgin Media Business, the main reason consumers will not change providers for 4G access is to save money, and over 60% of the 2000 consumers surveyed said they wouldn't pay more to access 4G."



Mark Pearce

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Rob Davis

importance of getting ready before jumping in. "Making the most of 4G requires business planning. Better connectivity alone will not revolutionise any business, instead, it will create better conditions to do business. First and foremost, businesses must have a plan to be '4G ready' so that they can maximise the potential gains when 4G rolls out across the UK.

"Flexible working is a great example. 4G will undoubtedly support flexible working strategies. Work is becoming something we do, rather than a place that we go, so

empowering employees to maximise their time while on the move will benefit business greatly in terms of productivity and efficiency. But without coherent planning the potential gains will not be realised."

"As Ofcom's 4G bandwidth auction gets closer, the announcement of EE's price plan has raised some questions amongst bidders on the reality of demand for 4G, and whether it has come as a response to an unexpected low uptake in the service from customers. Whatever the reason for this change of strategy, EE's competitors seem to have gained a last minute advantage as they enter the bidding process for new 4G, using EE's experiences and issues over the past few months to guide their own pricing and strategies" Derek added.

## VoIP Going Mainstream?

Many businesses have opted for the wait and see approach while 4G take up in the consumer sector increases. Jay Motorwala, founder of Claritel, thinks the long term benefit of faster access lies with the older generations and businesses out there. "Clearly, the initial roll-out of 4G by EE has been targeted, on a consumer-level at least, at those with a far higher-than-average data consumption which has led to some bad press. However, I believe that as teething-problems are rectified, 4G will benefit older-generations and businesses far more than it will the tech-savvy consumers of Generations X and Y so keen to jump on the current EE bandwagon.

"The key reason for this is that 4G will, when fully-implemented, provide rural small and medium-sized businesses with a revolutionary on-the-road mobile 'shop window', more flexible than traditional broadband internet and able to deal with large files on-the-go."

Motorwala continues "Within the telecoms industry, Voice over Internet Protocol (VoIP) is the fastest growing buzzword of the here and now. It is no longer just about companies having a telephone system with a simple dial tone, focus is shifting ever more to the added features and communication enhancing prospects aVoIP telephone system can offer SMEs on a daily basis.

"The UK's expanding 4G network will afford  
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Dave Breith

## Sound Bytes

"There's no question about the revenue potential of 4G. The easier it is to access content and data on a mobile device, the longer the usage rate. People will be able to work on the go, shop on the go, buy tickets on the go. All these actions will drive the economy and businesses forward."

**Ben Davies, Managing Director, Comms-care.**

"Network speed will be a major advantage that operators will need to exploit. However, what will be vital is operators being able to offer users the capability to simultaneously use multiple applications in an integrated and easy way; usability will be a key." **Terry McCabe, CTO, Mavenir Systems.**

"This year will see mobile data sold in a different way with wholesale partners having the ability to buy a Terabyte of data and then resell that to their customers in more flexible bundles. In addition applications are becoming more complex and data hungry and demand for smartphones and tablets will grow hand-in-hand because the user experience will be just as good as using a laptop."

**Mark Curtis Wood, Head of Networks, Nimans.**

"Ideally, we need to be able to bespoke to a customer's needs. This is key to driving further data adoption at pace, driving mobile revenue and avoiding those times where customers significantly go out of bundle and suffer serious out of normal costs."

**Terry O'Brian, Managing Director, Daisy Wholesale.**

"The reality is that with users employing more data-hungry applications for activities such as videoconferencing on the go, customers may well find that they reach the limit of their data allowance much more rapidly – resulting in a spike in their data costs. What's more, rate plans will likely increase to cover the huge 4G infrastructure investments operators will be making. As a result of both of these trends, the overall mobility costs of businesses are going to rise sharply."

**Rene Hendrikse, VP EMEA, iPass.**

"The rise of LTE may be slower than we expect. Device take up will be led by early adopters but may be a little slower in the mid-market as we wait for ranges of devices to support LTE. Further, the operators won't drop the prices immediately – they have investments to return and will milk the premium of LTE." **Gavin Sweet, Director, Skyrack Telecom.**

"The speed of 4G will certainly enable new applications. Everything that we would normally do on WiFi or fixed-line will, in time, migrate to 4G. Video conferencing may well take off as will the ability to use augmented reality navigation and browsing to watching rich media content and paying with a mobile wallet." **Bill Moore, CEO and President, RootMetrics**

"At the end of the day, it is likely that 4G and WiFi will happily co-exist, but the industry's recent focus on WiFi and Cloud is supported by the recent acquisition of Meraki by Cisco. This gives a huge indication of where the industry feels the connectivity battle will be fought/won in a clear move to focus on cloud delivery to supply usable connectivity." **Mark Pearce, strategic alliance director at Enterasys Network.**

"Naturally, 4G will only serve to increase the trend towards accelerated mobile data demand and the industry will have to find a sustainable way of supporting this growth. But to truly harness its potential we must ensure that as many people as possible can access 4G and that pricing is not prohibitive." **Derek McManus, O2's COO.**



businesses the option to instantly 'go portable'. In fact, sustained uptake of 4G could result in VoIP going completely 'mainstream' in the UK over the next year as companies look to take advantage of unified mailing via a centralised mailbox, enabling a virtual 'local' office anywhere in the world."

## Pricing

Dave Breith, newly appointed CEO at Coms, hopes the networks do not try to increase their data pricing too much throughout this evolution of mobile data. Breith said "Once large invoices are received demand and usage will soon decrease. If that is the case then you will start to see restrictions coming into place."

He adds: "It is up to the networks to get the balance between usages and cost right. If they fail, they risk killing it for themselves and for us all."

Ruth Talbert, Sales Manager, Mainline Digital Communications "4G data pricing isn't much more than its 3G equivalent currently, but we expect to see some movement in this area as competition develops, as other network propositions are launched and as the market increases in size. The margin opportunities that are available by selling data are key for the channel. They can dramatically increase the margins on a standard mobility solution, giving resellers the edge over their competition."

Lee Waller, Product Manager for Mobile at Nine Group, added "The high prices are going to be a concern – most businesses are trying to get their costs down at the moment and I'm not sure they'll see the value in paying the extra for 4G right now."

Waller added "Resellers need to be honest with their customers about both the benefits and the downsides to jumping into 4G – even if that means losing a sale right now, in the long term the customer will respect that reseller's insight and will rely on them that much more."

Nick Ballard, Sales Director, Wholesale &

Mobile at Geo Networks stated "With mobile operators' fixed tariffs and all you can eat (AYCE) data plans the revenues they make are relatively static while costs increase exponentially. Although hardware and software advances in mobile and fixed networks ease the pain somewhat, the inevitable consequence of static revenues and increasing costs is that customers will be paying more for the privilege of using the latest, fastest 4G networks. If you want the latest and greatest technologies and super-fast network speeds then somebody has to pay for it. The irony is that users might well be better off saving their money and sticking with existing lower cost 3G networks. While 4G networks sound great to the consumer, in fact the major benefit is the efficiency for the network operator rather than speed delivered to the handset. The user may well see similar headline speeds from the latest 3G technologies HSPA and HSPA+ and certainly there may be little difference in user experience."

## Opportunity Knocks

Dan Cunliffe from O2 Wholesale believes that within higher data consumption lays opportunities for the reseller to make revenue. "Having a broadband-like experience on the go will drive higher data consumption and the use of collaboration technologies like Video Conferencing and MS Lync.

"Moreover, access to cloud and "BYOD services will also be available on the move, providing an enormous opportunity for the channel. Resellers and wholesalers who can use this greater bandwidth to offer their customers business class services, products and applications that perform at the same level and high speed in a mobile, as in a fixed environment will be in high demand."

Strong connectivity is often linked to more revenue opportunities but Breith believes the closeness that connectivity gives can do that on its own. He comments: "Let's be truthful about this. If connectivity is faster, it will be used more and usage is likely to mean more revenue and profit."

There has a while now been huge hype surrounding 4G and Breith believes it lives up to this hype. "I have been using 4G in the USA for some time and believe me, it makes a big difference. 3G is indeed fast and rarely gives you cause to complain; however I am a fast operator and I want everything around me to be that way."

Talbert added "If solutions providers are prepared to take advantage of the technology, then yes. Better connectivity means new products and services, more powerful solutions and larger markets. The adoption of 4G by customers also provides the opportunity for solutions providers to develop additional, ongoing revenue



Dan Cunliffe

streams and to strengthen their customer relationships.

Talbert continued "For end user organisations, the benefits are broader. Better connectivity may well mean more revenue, but it can also mean lower costs, enhanced services, improved working practices, happier customers and a better-motivated workforce – all of which should be sufficient for any organisation to seriously consider what 4G has to offer."

On potential for resellers Davis of Gamma said "For early-adopters this is probably true. However, most hard-nosed business users will take a hard look at the relatively modest speed improvement that 4G is bringing over their current 3G technologies and wait for the pricing to come to more sensible levels before adoption takes off in a big way."

## Ed Says...

Suppliers seem to be split when it comes to mobile data and the opportunity it may present to the reseller community. There is some hesitance as it is unknown how the major networks will position the services once the spectrum has been divided up. Accessing content on the go is now an invaluable part of a business but the potential for applications to be sold around that connectivity is going to be revenue generator for the reseller. Data pricing may evolve as more people join the 4G party but the major operators will have a huge investments to recoup after the auction bidding is done and the infrastructure is in place. Wi-fi hotspots offer another avenue of communication for mobile users which many may favour over taking the upgrade to 4G. The problem lies within the countryside where connectivity (wi-fi hotspots) can be scarce; 4G could make all the difference here.



Jay Motorwala