

Pipeline

Knowledge Is Power

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Raw Opinion: 5 Things CSPs Need to Hear

by Sam Dunning

Let me begin by sharing a strong allegory that was once imparted to me by a Presbyterian minister in Jamaica. He talked about the Swiss watchmakers who made the finest timepieces in the world. They had no rivals, and their timepieces, marvels of springs and cogs, were industry leaders. Along came something called quartz movement. Cheaper, more durable, and often more reliable than traditional clockwork, it was the key to a whole new market share. In fact, the first ever quartz analog wristwatch was developed in Switzerland. Still, many of the Swiss watchmakers saw the technology as simplistic and crass.

Along came a Japanese company called Seiko. They released the world's first mass-produced quartz wristwatch in 1969 and became a leader in the industry. Quartz movement spent decades taking over vast segments of the market. The Swiss watchmakers still had a market, as there is always a market for quality, but missed another boat. Why? Because the Swiss made a mistake. They thought they were in the business of springs and cogs. They were really in the business of telling time.

Stories like this can be found all over. Train manufacturers who ignored the coming automobile revolution. Sailing ship makers who considered steamboats a fad until they were dominated by them. There are many more examples.

We're at a pretty critical time for a lot of CSPs. It's time to decide what business we're in and go for it. Otherwise, we may all be left behind or sent to a niche to remain, bitter and bruised, talking about the glory days when everything was done their way. Allow me to preface the following list by saying that I am not an engineer. I am not a network architect. I'm a know-it-all journalist who hears what goes on in the industry and among customers, which puts me in the position to say way more than I should. Having said that, these ideas are meant to stir conversation, so they may be a touch controversial. I welcome that.

Number 1: Cable needs to get its act together, in terms of QoS.

This stuff is difficult. Anecdotal evidence makes things seem worse than they are. Still, I don't know a single person who doesn't have a history of problems with their cable service. A lot of these cable companies are outsourcing in order to meet demand, and the techs aren't always up to snuff. There, of course, was the instance of a Comcast tech falling asleep on the couch of a subscriber while he waited for

help from the call center.

Speaking of call centers, Comcast had some sticky allegations to deal with last year when consumerist.com posted a blog on the confessions of a Comcast customer service representative, which included allegations that Comcast's outsourced call center was unhelpful, at best. That's not to single out Comcast. Many of the other top cable providers have faced problems with service quality and customer care. Tom Vander Well, Vice-President and partner of c wenger group, a firm that helps clients improve customer service, wrote: "There is a sincere desire among many outsource centers to provide good service at a competitive price, but it can be a cut-throat business. The vast do not believe that companies are willing to pay for good service, so they aren't willing to provide more than the bare minimum required to keep the client's business. The customer is often left with the short end of the straw." Still, people are paying hundreds of dollars for bundled service and expect a level of quality in keeping with that hefty price tag. Something needs to be done.



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- Open Source
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- Wireless Technologies: 3G, Femtocells, WiFi & WiMAX
- Over the Top Video & IPTV
- Triple & Quad Play Strategies
- Open Source & Programmable Web Technology
- Standards & Interoperability Issues
- Network Performance, QoS & Security

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Number 2: CSPs may be on the way to becoming "merely" bitpipes.

I know it's the thing executives are railing against. Service rollouts from CSPs are focused on applications and value-added services. The network continues to grow, especially with FTTx in play, but CSPs have shown resistance to third party providers, from over-the-top VoIP (such as in instances of intentional degradation of call quality during third party VoIP calls) to worries expressed over the future role of Google, Sony, or any other content company moving into the space traditionally occupied by telecom companies. Still, it looks like consumers might prefer third-party services, which may cause the CSPs to become little more than an expressway for other companies' bits. And is it really such a bad position to be in? You own the network. You provide the pipe on which everyone else's information rides. If you figure out a way to make money on that, you'll do well. I don't think content and device companies want to own the network. Running the network and supporting it well is a noble and potentially lucrative goal.

Number 3: No one can charge like telcos. DO THAT!

Charging models. Micropayments. Telcos have a lot of experience with these things,

and do them extremely well. They're much better at charging than credit card companies or online vendors or lots of other companies who could use their expertise. Why can't some of that capability be utilized and sold to the external market? There's a market there, and an infrastructure in place to support it.

Keith Willetts, industry veteran and Chairman of the TMF, was quoted in Tim Young's article about Product Management (http://www.pipelinepub.com/0108/EC1_1.html) as saying "Telcos are extremely good at payment and settlement for large numbers of small value transactions. Far better than credit card companies. Currently they just use it for their own services, but you could offer microbilling/micropayment settlement process for all manners of small value transactions." Good advice from an industry pro.

Number 4: Don't forget about the enterprise market.

Depending on what your specialty is as a telecom, chances are, you make a heck of a lot of money off of your enterprise customers. However, marketing plans for the enterprise segment (especially services for small businesses and home offices) tends to be an afterthought. A report by Archstone Consulting for the PBIA states that "particularly when debating wireless technologies, most regulatory, technology development, and investment focus is on the consumer market. Enterprise buyers are not well organized and there is resulting little focus on their needs." Big, hot ad campaigns are on every corner trying to court the 18-25 year-old market when the ARPU involved in this set can be much less (and customers far more fickle and less reliable) than in the enterprise space.

Sure, business customers can be pretty demanding in terms of QoS since time and quality mean money in the space, but the rewards can be great. Let's just all remind ourselves not to get so wrapped up in value-added services for 39.99 a month cell phone users that the enterprises are given short shrift.

Number 5: Telecom companies: You haven't been so good at "sexy."

Think of the Apple ad campaign with the guys playing the Mac and the PC. Telecoms? You're generally the PC. And that's okay! We need that guy! We can't all be scruffy hipsters with a memory bank of witty repartee and an iPod full of indie rock. Still, there are companies that inspire loyalty and attract the hip. Apple does it well. Some other device manufacturers do it pretty well, too. Motorola comes to mind, and so does the Blackberry, which updated is somewhat clunky looking initial models by introducing the "Pearl," which comes in trendy colors like Ruby, Gold, and Sapphire, among others. It's as though the experience of buying a handheld has become more akin to buying a piece of jewelry. And certainly, television viewers must remember the commercials that came out last year for the LG Chocolate phone that featured a thumping bass soundtrack and a Chocolate dripping in, well, chocolate. I know it captured my attention. And, let's take a look at the oft cited iPhone, just for a moment. Users don't care much that the iPhone is on AT&T's network. Think it would have been a bomb if it were on T-Mobile or Verizon?

There are device and content creators aching to get their products and solutions to a market, and don't necessarily want to get into the business of owning or operating a network. You can help them and everyone wins.

So what?

In every case above, the underlying lesson is to try your hand at maximizing the advantages of what you're good at... even great at... and make that your top priority. In every case, the battle is yours to lose. Cablecos are extremely well positioned to serve customers if they can avoid making them angry. Telcos (and all other CSPs, especially those who own infrastructure) are well positioned to be facilitators and enablers. To do that involves making some adjustments in focus and philosophy. If any of the above is way off base, feel free to contact the Pipeline editorial staff and let them know. They'll know to muzzle me better in the future. In the meantime, I wish you good luck and happy hunting. Just try to keep in mind what business you are in. Let's try to be timekeepers, not watchmakers.

If you have news you'd like to share with Pipeline, contact us at editor@pipelinepub.com.