



FMC: A Driving Trend

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The way in which people communicate has evolved tremendously in a relatively short space of time. Where just a few years ago the telephone answering machine was the greatest breakthrough to communications, today we are accessible anytime and anyplace – on the train, in our cars, at a restaurant, on the beach and even in another country. The mobile telephone has made such an impact on our current lifestyle, that most people have withdrawal symptoms without this little communications device. Added to this is the sophistication in technology and additional applications that makes mobile telephony increasingly attractive to the average consumer. Falling mobile rates and improved voice quality are drawing more and more people away from fixed-lines, possibly ensuring mobile phones as the preferred choice for voice communications. The Ovum Research Group reports that users are willing to substitute fixed with mobile calls but only at the right price. It makes sense that the lower the premium, the more calls users will make on their mobile network. This has led fixed operators fighting to lower rates of fixed calls in an effort to detract from the convenience and appeal of mobile.

The term 'Fixed-Mobile Convergence' (FMC) has been floating around for some ten years, with many confusing what FMC actually is. FMC is NOT a) a unified billing/CDR system between mobile operators and cable mobile virtual network operators (MVNOs), b) a call-divert product between mobile and fixed networks or c) two different networks with dual registration, services and infrastructure.

Rather, Fixed Mobile Convergence may be defined as the means of providing the same services to both fixed and mobile users, irrespective of their location or access technology and terminals, while utilizing existing core network and back office systems. This means that the fixed-phone can provide all the services and benefits of mobile telephony such as a virtual private network, voicemail, SMS, multimedia messaging service, and address book. By the same token, the mobile phone is extended to the core network of fixed-telephony services such as ADSL, WiFi, WLAN or other broadband IP connections. FMC offers a wide variety of benefits such as one identity from one telephone number, the same services to both mobile and fixed subscribers, and new and customized intelligent network services.

Analysts forecast that FMC will be the strongest trend in telecom in the next three years. Users have become used to mobile phones in addition to fixed lines and analysts report that they would welcome closer integration of the two. FMC also benefits the operator. Instead of addressing each aspect of a subscriber's services on separate infrastructure components, FMC provides a consolidated network architecture framework. Furthermore, FMC presents fixed operators with a golden opportunity to generate new revenue streams and act as a one-stop-shop for customers with both fixed and mobile needs,

Benefits of FMC

Enables fixed and cable operators to offer quadruple play and enter the mobile market as MVNOs

Offers enhanced unified services for fixed and mobile subscribers

Increases wallet share and ARPU

Leverages existing assets

Expands customer base, improves customer loyalty and reduces churn rate

as well as to defend against the mobile substitution trend. Similarly, FMC is attractive to mobile operators hoping to convince fixed-line users to make the final choice between the fixed and mobile networks.

Where fixed operators have a wide fixed-network in place, however; they have a definite advantage over mobile operators. Fixed lines are still far more widely used than its mobile counterpart, especially in business. The fact remains that fixed lines are cheaper than mobile, with the volume of voice traffic on fixed lines two to three times larger than that of mobile voice traffic¹. Mobile operators will have to increase their capacity by two or three times in order to carry the same volume of calls as the fixed line operators, which is a costly process. The internet is an additional advantage fixed operators have over mobile operators. Fast internet and broadband is quickly capturing the market. A fixed line is imperative to ADSL subscribers and therefore gives fixed operators the benefits of bundling voice and data services. There are a few vendors in the market that offer a FMC solution; however, not all of the vendors provide a complete FMC solution.

Fixed Mobile Convergence adds a new dimension to the telecom industry by removing the physical barriers that currently prevents telecom service providers from penetrating new markets. By doing such, Fixed Mobile Convergence is changing the future of the telecommunications industry.

¹ Ovum Research "Substitution is a wake up call to developed world operators", 2003