

## NewsWatch: Adventures in Revenue-stream Diversity

By **Phil Britt**

Content and billing issues continued to evolve during the last month as telecom and related companies continued to sort out their pieces of the revenue puzzle in the current landscape and looked ahead to how the market would continue to evolve.

### Content Battle Continues

The content wars continued to heat up during the last month. Hulu announced a \$9.99 a month service, dubbed Hulu Plus, targeted to users of iPhones, iPads and iTouch devices. If the fee-based service is as popular with customers as Hulu owners hope it will

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be, it could mean even more pressure on the AT&T network, which has had well-documented volume issues ever since the debut of the popular iPhone.

With its larger form factor, the iPhone will be a major element in the success or failure of the Hulu Plus service. Of course, another critical factor will be the state of the economy. Several economic reports say that consumers are saving more and have cut back on discretionary purchases like subscriptions.

The Hulu Plus announcement came on the heels of the Verizon petition to the Federal Communications Commission to get access to high definition feeds of MSG and MSG+ regional sports programming for its

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FiOS television subscribers, which it says that content owner Cablevision is illegally withholding. Verizon claimed in its petition that “consumers who would otherwise have FiOS as an alternative to Cablevision do not view FiOS as a competitive option due to the lack of MSG and MSG+ in HD.” Verizon is seeking to maximize the in-demand HD content it offers through its FiOS channel in order to leverage its investment in the fiber technology.

The ability to provide compelling content for consumers isn't limited to programming like sports from MSG and television programming from Hulu. At the beginning of July, Walt Disney Co. acquired Tapulous Inc., a developer of music-related video games for Apple Inc.'s iPhone and iPad, for an undisclosed amount. Tapulous has 30 million users and is profitable, according to its website.

Beyond programming and gaming, telecom operators are looking to provide energy management solutions as well.

BT Redcare, an arm of British Telecommunications, PLC, won a three-year contract with carbon and energy management firm IMServ to provide

connectivity for advanced and smart meters. The contract covering a minimum of 10,000 meters is BT's first-ever in a market that the firm expects to grow substantially, as public and private sector organizations focus on reducing energy and carbon costs on meeting obligations under the UK's carbon reduction commitment energy efficiency scheme.

BT will be the primary supplier of meter connectivity to IMServ, part of Invensys Operations Management and a supplier of metering services to customers including energy suppliers and energy users. BT Redcare officials see this initial smart meter contract as an opening into a important emerging market, with good potential for business in fire and security, vending and financial services markets.

As energy conservation becomes more important throughout the globe, the smart metering opportunities could provide an important revenue stream for telecom carriers.

#### New Billing Options

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is offering its popular “stop the clock” promotion to all prepaid mobile customers. Under the program, customers get three minutes at the regular tariff rate, and the rest of the hour free. Customers dial \*141# to select ‘tariff options’ followed by ‘bundle services’ and then choosing “stop the clock,” which provides registration to the service for a full month at only 1 Rial. The experimental offer runs through Aug. 25.

While Nawras is offering the “stop the clock”

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program on an experimental basis, Windstream Communications, Little Rock, Ark., unveiled its lifetime price guarantee for a package that includes high-definition digital TV from DISH Network, high-speed Internet and unlimited nationwide calling, in direct contrast to the end of the “all-you-can-eat plan” and tiered pricing for new subscribers that AT&T had announced two weeks earlier. The lingering question is how Windstream can promise “lifetime” pricing when the cost of content continues to rise. The answer could be moving some DISH programming from the basic subscription to premium/additional fee content as prices rise.

#### Emerging Market Growth Forecast

A Frost & Sullivan survey conducted on behalf of Amdocs found that service providers in Southeast Asia, Latin America and Eastern Europe anticipate that over the next five years the introduction of new services will drive subscriber growth, and that partnerships with Internet players and device manufacturers will emerge, alongside the evolution of new revenue models. Service providers’ roles will evolve: Two thirds of survey participants said they would assume the role of “service enabler” in the

connected world, while the remaining third stated that they will become an “end-to-end experience provider”, expanding their role beyond basic connectivity, providing services such as healthcare, government support, education and mobile payments.

Additionally, consumer desire for connectivity and improvements in devices and network capabilities will drive new business models and partnerships: More than ninety percent of respondents believe that new models will be required in the connected world, with fifty percent stating that partnerships are critical.

In emerging markets smartphone adoption and advanced services will remain a growth driver for the next five years as networks and infrastructure evolve. So some form of outsourcing will be required and improved network management is essential: Two-thirds of respondents believe they need to modernize their current operational environments and networks in order to support the demands of the connected world, with 60 percent citing outsourcing as an appropriate strategy for network services and application management.

#### A Birth and a Death

Apple and Microsoft, long-time combatants in the computer world, had very different fortunes in the smart device arena during the last month. While Apple’s iPad continued to see strong sales, the iPhone 4, featuring tethering, front and rear facing cameras and other new capabilities, debuted much to the delight of consumers. However, the Microsoft Kin, targeted at teens and offered on the Verizon network, was euthanized by the company only two months after its launch due to extremely poor sales. After such a horrendous misstep, it could be a while before Microsoft re-enters the smartphone wars.

The next month should provide some early returns on how AT&T’s new iPhone pricing plan is working and continued jockeying among carriers, content providers and billing plans as companies try to cash in on what they hope will be increased consumer demand – much of which will depend on a continuing global economic rebound – for the last half of the year.