

# Leveraging B2B MVNO opportunities

## Growing trends within the business mobility market

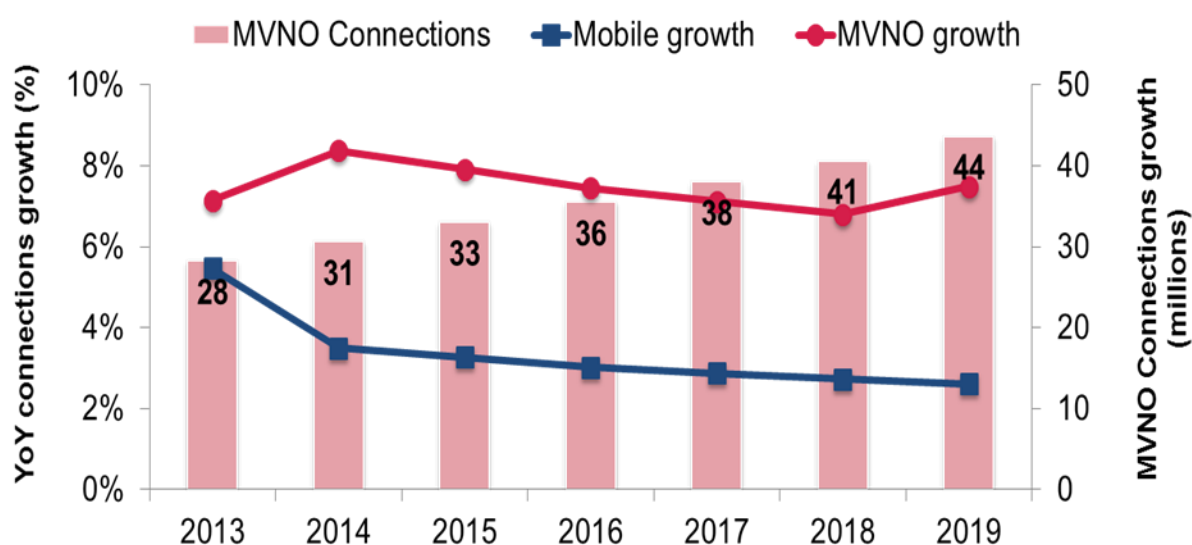
Publication Date: May 2015

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There is a strong trend for MVNOs to address business markets rather than just maintain their focus on the consumer market. Although this is a global phenomenon, this overview is focused on the US market and how this trend is producing some very creative and innovative business solutions that add, include, or integrate mobility.

Nearly 24% of all new subscriber connections over the next five years will come from MVNO subscribers. Ovum predicts that the MVNO market will grow by 15.4 million connections (8% CAGR) by 2019. Although the current enterprise market represents less than 10% of these connections now, we expect it triple to 30% by the end of 2016, as shown in Figure 1.

**Figure 1: MVNO market growth, 2013–19**



Source: Ovum

## GROWING MVNO ENTERPRISE TRENDS

Mobile developers, cloud providers, integrators, and MVNEs are offering more mobile enterprise solutions and infrastructure, enabling MVNOs to provide business solutions packages and more services addressing the enterprise market. The pay-as-you-go consumption model, combined with the increasing flexibility of mobile service options now available to MVNOs, is driving this growing trend. Ovum expects to see many different usage models and service bundles with integrated mobile service offers across many different verticals and in all segments of the enterprise market.

### Enterprise demand for packaged solutions (MDM and beyond)

Enterprise mobility, BYOD policies, and tablets with integrated business applications are all enabling MVNOs' growth in the enterprise market. MNOs can try to address some of this demand, but many niche or customized solutions require the flexibility and responsiveness of the MVNO community. Business customers are struggling with the large variety of mobile devices and corporate- and personal-liable plans, in addition to their usual mobile device management (MDM) policies, expense management, and monitoring mobile applications.

The consumer market has moved to applications with mobile services embedded within devices (e.g., wearables, Kindle). The enterprise market will see the same type of integration, whereby the application on a device will include the required connectivity, which may be voice, data, or text services provided by one or many MNOs. Does the Kindle or Fitbit user really understand the mobile magic behind the service? Enterprise devices such as PCs, tablets, phones, watches, and wearables are now starting to include wireless connectivity (mobile, Bluetooth, and Wi-Fi in most cases). Ovum is seeing more and more devices with enterprise applications baked in, across more than just shipping or retail environments. Many different service bundles that enable retailers to accept credit cards are bundled into device, software, and mobility packages.

### Mobile operators increasing support

MNOs are promoting these new solutions and providing them with more flexibility and support through their MVNO programs. Investments in indirect, channel, or solutions programs are adding more fuel to this MVNO fire. Most MNOs understand that they cannot provide all the innovation required; nor do they have the channel coverage necessary to meet this enterprise demand. MNOs are prioritizing their opportunity and emphasizing direct relationships with the larger enterprise customers. They recognize that MVNOs can provide the coverage and flexibility needed to address unique service requirements and touch the majority of enterprise customers. MNOs will leverage MVNOs as the market continues to grow and businesses of all sizes move to mobile as their primary communications method.

## Key ingredients to success in addressing the enterprise

MVNOs have been successful in the business market when they have created a bundled offer or solution that is unique, found the appropriate customer demand, integrated the solution for ease of use/adoption, and provided the required customer support. In some cases, this has meant taking a high-end solution and finding a way to scale it down for smaller customers to implement. Shipping, delivery, and retail applications are just some of the horizontal examples of this: track and trace, GPS/location, digital signage, and POS/transaction services are enabling individual or bundled services for mid-market and SMB customers. Ovum sees more and more offers that historically had been implemented by only the largest enterprise firms coming down-market.

## EMERGING ENTERPRISE MVNO SOLUTION CATEGORIES

### Enterprise mobility

Many new MVNOs are offering packaged enterprise mobility services, but others are offering new data plans to address the enterprise market. DataXoom, for example, offers a unique data-only service for enterprise devices and applications. This involves the normal devices and services but also addresses users that need mobile hotspot services. Its customers range from trucking companies to service firms looking for a cost-effective managed mobility offering for their mobile workers. LTE (including Wi-Fi services) is providing increased data bandwidth that will continue to widen the scope for data applications within the enterprise market.

### Business applications bundled with devices

Many new vertical applications are coming to market, with certain verticals offering unique service, device, and application bundling opportunities. Retail, hospitality, and healthcare firms are looking for bundles that offer integrated vertical software, including e-commerce options to allow for real-time sales transactions or service delivery for their end customers. Pay-as-you-go insurance programs were an early example of such growing vertical applications, and Seniors Wireless just announced a telemedicine application leveraging its value-added services for seniors.

### UC/IPT mobility integration of mobility

These new services are radically different from those offered by the early wireline/fixed service providers that added mobility to their traditional fixed voice service bundles. Many unified communications (UC) and IP telephony providers are now enhancing their software to allow the integration of mobile devices and services into their service bundles. Mitel has one such combined offer (UC with mobile services), but almost all major UC and hosted voice providers now are offering mobility options, including the mobility service itself. Service providers are starting to integrate mobility (with some leveraging MVNO agreements) into enterprise workspace offers

similar to Sprint's Workplace-as-a-Service program. For its large enterprise customers, Vodafone has announced plans to enter the US market as an MVNO in order to enhance its global enterprise mobility offering and the integration of its advanced enterprise services.

## **Industrial Internet services – enterprise IoT (M2M 2.0)**

Enterprise customers are starting to integrate business-class M2M/IoT applications into their business processes and service models. Shipping/freight applications used by service delivery firms at the high end of the market are now moving down-market. Expensive equipment, time-sensitive items, or valuable consumer items are now being tracked and monitored to ensure responsive delivery and prevent temperature/shock issues during shipment, and no longer just by larger shipping firms such as FedEx and UPS. Panasonic recently announced an MVNO program that will use its cloud-based M2M platform to enable remote monitoring applications via its electronic devices (e.g., Panasonic cameras and projectors).

## **Key factors in creating business solutions**

MVNOs need to find their business niche, and make sure that they provide more than – and something different to – MNOs. Ideally, they will have identified a customer target profile, created an application, and made sure that it relieves a pain point that requires a packaged business solution with an integrated element of mobile services. This may include new business models or creative usage programs for voice, data, or text services. Text messaging has become a common notification and alerting tactic for many business applications in the US.

Additionally, wearables, drones and bots are now being deployed for critical enterprise applications. For example, SDG&E just announced plans to use drones to monitor its remote utility facilities and electrical distribution plants. This will save money, increase safety, and provide real-time surveillance during crisis events.

## **KEY MESSAGES OR RECOMMENDATIONS FOR MVNOS**

- Mobility is becoming a critical element for many enterprise customers of all sizes and MNOs cannot address all of them.
- MVNOs can be more responsive and flexible, and are better able to create new enterprise solutions that provide opportunities beyond traditional models.
- Mobility should be offered as part of the solution or added to an existing solution in an integrated fashion to hasten adoption, increase ease of use, and reduce direct competition.
- Enterprise customers are looking for simple ways to manage mobility for their employees and manage their service needs, especially in the mid-market and SMB segments.

- Enterprise wireless demand is only going to grow, driving both new enterprise applications and devices. Businesses will also require support for technology refresh cycles.

## **APPENDIX**

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