

With mobile operators struggling to address the small-to-medium business and small office-home office markets, thousands of companies are left unable to benefit from the unified communication services that their enterprise counterparts have been using for some time. Here Scott Stonham investigates the hurdles that mobile operators need to overcome to capitalise on this untapped market.

The mobile operators' battle for small-business subscribers



Scott Stonham: For the operator to be successful in the battle for SMB customers, the solutions need to be simple enough to be sold through high-street stores

In 2001 an innovative article entitled “Mobile operators jump on the SME bandwagon”, was hailed by industry experts. At that time, major mobile operators were pushing solely to increase the enterprise customer base and mostly ignoring the small-to-medium business. This article stated that the mobile industry was on the brink of tapping into small businesses, introducing the benefits of unified communication.

So eight years later, in such a fast-paced industry, why have mobile operators not progressed further than jumping on the bandwagon?

Back in 2001, one mobile operator which dominated the enterprise market, owed its iron-like grip on the industry to a dedicated, highly regarded business unit. While coverage and pricing played a significant role in its market domination, it was this dedicated account management team that ensured high value enterprise customers were won and retained.

Switching back to the small office-home office and SMB target market of today, can we imagine that a one-to-five-person business could receive the same level of service through sales or pre-sales? Of course not.

It is important to note that there are significant differences in sales approach, customer care and product packaging between enterprise and SMB/soho. Exploring these will be essential for mobile operators

to be successful in this market. For example, taking a single support call from a small business user can wipe out profitability for that account for a month or so. Understanding this is one of the developments in strategy would help the mobile operator stay on the wagon this time around.

Reaching the SMB audience

Working with the SMB is a very different business than managing the enterprise, yet one that the mobile operator today should be very well equipped to deal with. The SMB sale is much closer to the commodity driven consumer market that most mobile operators excel in, and is a world apart from the high margin, bespoke service they deliver to the enterprise segment.

In reality, it is simple enough; the mobile operator should treat the SMB like a consumer and sell to them through the local retail shop, e-commerce and telesales. But today the mobile operators are simply not equipped with the products they need to realise the synergies between consumer and SMB buying behaviours.

Walk into any high street mobile phone store and ask about business productivity tools for your five-person company and you will soon realise the shortcomings and potentially massive opportunities for the mobile operator. As a potential new business user, the offer is fairly uniform across operators and usually consists of shared voice minute plans and dedicated customer support.

However, based on the fact that nearly 60% of the UK mobile consumer base is made up of SMB users using consumer tariff plans, it is easy to conclude that this packaging and approach is not sufficiently appealing or clear for the SMB.

The missing elements are SMB focused value added services that can be easily and efficiently sold by a typical high street sales agent. To this end, earlier this year Matt Hatton, lead analyst at AnalysysMason, wrote that voice tariffs and sharing plans are just part of the solution, noting that value added services should be used to differentiate between consumer and business grades of service, and that SMB plans should make use of time-based pricing, sharer plans, bundled wifi, dedicated customer care, additional service features and ultimately differentiated grade of service.

Value added services

Unified communications is at the forefront of many mobile operators strategies to deliver compelling value added services to the SMB market. The operators understand the added value that a product like CommuniGate Systems' MobileOffice brings and are genuinely excited at the prospect of delivering BlackBerry-like services to a wider audience.

It is encouraging that today the discussion is not so often centred around if and when, but more tactically about how to actually sell these solutions to the SMB through high street stores.

One of the issues facing the mobile operators is that the fight for SMB market share is not with their traditional foe, their peer mobile operators, but with fixed line and broadband operators. Accordingly, their fixed-mobile-convergence strategy plays an increasingly important role in securing the future of their business.

Having embarked on the FMC journey at the turn of the millennium, many mobile operators have found it difficult to capture the imagination of the subscriber with FMC offerings.

Conversely, the broadband operators already successfully leverage FMC-based products and services to attract both consumer and business customers. Many of them already offer service bundling for fixed line, broadband and TV, tempting subscribers with lower monthly bills and greater simplicity with one point of contact for all their services.

For SMBs, simplicity and lower costs are attractive propositions and have proven to be a great customer acquisition tool for the broadband operators.

While FMC comes in many flavours, from pricing and proposition, to application and network, for a plethora of commercial and technical reasons the predominant FMC service offering we see in the market today revolves around pricing or service proposition, as demonstrated by the broadband-biased, triple and quad play operators.

Availability of HSPA-enabled mobile broadband is proving to be a viable weapon in the fight with broadband operators for business subscribers.

In Australia, a report by Concept Economics on Telstra's behalf concluded that mobile broadband generated an annual productivity dividend to Australians of \$7.4 billion, or \$250 per household.

In the US, Steve Hilton, Yankee Group's vice president, talks of the mobile broadband market growing 8.3% between 2009 and 2010 to a value of \$17.1 billion, with adoption across the SMB sector contributing to this significantly.

Mobile broadband fits the needs of the increasingly mobile and desk-free worlds of the SMB, but alone is little more than half the answer, and does nothing to alleviate mobile operators' bitpipe anxieties.

To go beyond this, many have realised they need to control the desktop experience in the way they control the mobile device experience.

Additionally, while mobile broadband adoption is being driven by SMB employees who are turning away from desktop PCs to laptops, in order to facilitate more flexible working practices, the mobile phone is still the only omnipresent device that they never leave the house without.

The answer is therefore an easy-to-understand FMC product that can be sold in the high street and enables the SMB employee to be equally productive and available whether using their laptop on-site, or their mobile phone travelling in the back of a taxi in Cairo.

CommuniGate Systems' MobileOffice empowers the operator to deliver an SMB-focused FMC solution across three levels of convergence; pricing, application and technology.

MobileOffice enables the SMB user with access to their email, instant messaging and groupware functions such as shared calendars and address books from their mobile device, in the familiar and well understood model that BlackBerry has made so popular.

Included in the MobileOffice product is an Adobe Flash-based desktop client, Pronto! which can run on any laptop, netbook, or computer, be it Windows, Mac or Linux. This unifies all of the above features, and adds even more powerful capabilities such as VoIP, conference calling, shared folders, media management, social media and more, into one, intuitive, efficient user experience.

Pre-installing Pronto! on operator-branded wireless-enabled netbooks or laptops enables the operator to eliminate the need for third party software products, thereby reducing the complexity of setup and simultaneously facilitating greater control of the desktop experience.

With this, mobile operators can offer an FMC package that is simple to sell, and use, yet powerful and flexible enough to be truly compelling to the SMB.

Keeping it simple

Excellence is far too often let down by complexity, and this is never more true than in the world of mobile communications.

For the mobile operator to be successful in the battle for SMB customers, the solutions need to be simple enough to be sold through high street stores, being easily and instantly understood by both the sales agent and customer. In this environment, terminology, gobbledygook and TLAs can not be tolerated.

The salesperson needs to be able to convey the benefits, sign up and activate the customer in 10 minutes or less. If this isn't possible, either the sales agent will prefer to sell something else, or the customer becomes confused and loses interest.

Mobile operators, analysts, journalists, high street sales staff and real SMB users all agree that the entry point for the operators should leverage the already well understood BlackBerry business model and product offering.

MobileOffice does just this, enabling BlackBerry style services across a much broader range of business friendly devices. But beyond this, and unlike BlackBerry, MobileOffice puts the operator in control of both the mobile handset and desktop experience, making a mobile plus netbook package both a commercial and operational reality that enables them to compete effectively in the FMC market place with their new competitors, the fixed line and broadband carriers. ■