

INDIAN TELECOM INDUSTRY HAS TO FOCUS ON ADOPTION OF MVAS & HIGHER BANDWIDTH MOBILE DATA SERVICES BY SUBSCRIBERS TO INCREASE THE ARPU

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The Indian telecommunications industry has been one of the fastest-growing telecom markets in the world. As of now, the mobile subscribers in India are around 850 million. This makes India one of the most crowded mobile markets, which led to aggressive consumer tariffs during the last few years. The competition in the telecom industry in India is one of the highest in the world and has led to substantial fall in ARPU. The telecom operators might have to further decline in ARPUs going forward due to continuation of competitive intensity. With a high teledensity in voice services, there is limited opportunity for Telco's to increase revenue by adding new subscribers.

Even adoption of 3G services has been lower than expected – primarily due to high cost of data services, poor quality of services/coverage issue and to some extent low penetration of smartphones. Even though the Internet subscriber base in India has grown significantly over the last few years to a total of 160 million Internet subscribers (13% Internet penetration) but far behind if we compare with China (600mn Internet subscribers/45% internet penetration), USA (300mn Internet subscribers/80% internet penetration) and other countries like Japan, Korea etc. Also the ratio of broadband subscribers to the total number of Internet users in India is very low (15 million broadband subscribers) compare to China, which has more than 150Mn Broadband subscribers.

Indian telecommunication industry has to focus on adoption of MVAS and higher bandwidth mobile data services by subscribers to increase the ARPU.

MVAS has enhanced the utility of mobile phones as a powerful medium to deliver information. 3G/4G services can further push the demand for quick delivery and more innovation which will create huge opportunity for MVAS players enabling them to provide a high volume of

existing services. MVAS has emerged as a great opportunity to increase the ARPU.

The telecom operators have to give focus on stabilizing 3G/4G networks, the infrastructure for high-end mobile applications. As a result, data will evolve as the most potential profit making opportunity for the telecom players and emergence of new MVAS players focusing on regional mobile video service /mobile games & utility based mobile applications. Increased data usage and 3G/4G base will enhance usage of data intensive applications, which will help both Telco's and MVAS provider to increase their revenue.

India is still one of the best markets for consumption of mobile applications content. Astrology, Cricket, Chatting, Music/Video, Gaming applications still plays an important role to retain the customer as well increase in ARPU. But going forward, Telco's (in partnership with MVAS providers) must focus on utility based mobile applications in the area of commerce/banking (mobile money remittance), education, health, machine-to-machine applications that will definitely help to increase in ARPU and use the maximum utilization of high bandwidth network as there is big opportunity available to exploit these services because India is still lacking in infrastructure in the area of banking, education, healthcare etc., particularly in rural areas, which makes the need for mobile based applications.

To achieve this, Telco's have to work with MVAS content partners in partnership mode and must share proper revenue share, which is biggest challenge for MVAS industry today. Major chunk of the revenue goes to operator. Such kind of arrangements does not motivate mobile content aggregators to go for new and innovative services for mobile users. Time has come for operators to rethink on policy of revenue sharing and give proper pie of revenue to content aggregator/developer to look for new and innovative services from time to



time not only to retain the customer but also help in increase in ARPU due to utilization of mobile data services.

Increasing the ARPU is the biggest challenge today for Telco's and that is possible through adoption of MVAS & Higher bandwidth mobile data services by subscribers and for the same need to take various steps:-

- Providing better quality of high bandwidth data services with extensive coverage
- Affordable prices of high bandwidth data services
- Availability of following mobile based utility applications:-
 - > **mPayment**- Money remittance through mobile will play a key role to extend financial services in India as major portion of population still does not have bank account/credit cards.
 - > **mEducation**- Will also play an important role to expand quality of education in India through Interactive Learning Services.
 - > **mHealth**- Has the potential to improve healthcare access and affordability in India.
- Work with MVAS developers in partnership mode & pass the majority of revenue share to the content aggregator, return can be passed to content developer.
- Focus on customized/regional content.
- To educate consumer about the availability of useful MVAS services.