Innovating beyond the edge

Of today's overnight success stories, like Viddy, Yammer, Dropbox how many of them have come from the boardrooms of telecom operators? Together with others including LinkedIn, Twitter, Facebook are revolutionising not just how we work, but how we live and value our lives. Whilst these drive mobile consumption, demand and usage not one of them has been born from the telecoms environment to favour the telecoms business model. Could this ever change?

Scott Stonham from CommuniGate Systems discusses the innovation challenge of telecom operators, and how their future depends on an ability to embrace and nurture external innovation.

The way these innovative companies design and bring their products to market is very different to a telecom carrier. Ideas come from sparks of genius, honed and refined by observing first hand how their ideas could grow and shape people's lives around them. These ideas are nurtured, tested and developed in close collaboration with prospective users, with quick turnarounds between idea and test.

Launched in progressively wider stages, the companies are able to learn rapidly from immediate customer feedback, and are able to adjust the product further before inviting others in to their world.

In the telecom world ideas are generated and churned over in teams, groups and committees, guided by reports, research, managers and consultants - altogether, a much less fertile place for fledgling ideas to thrive.

Simply put, innovation in a carrier is driven by corporate objectives and bonus targets whilst in start-ups it is driven by the passion of an idea.

The culture of the telecom environment as it stands today, is simply not capable of sustaining the type and the level of innovation that is driving today's markets, and today they find themselves playing catch-up, but being slowed down by the necessity of standardisation, interoperability, roaming and many other issues that start-ups just do not need to concern themselves with.

The lowest common denominator is no longer mass market

Just five years ago, this didn't matter as much because the carriers still held a winning hand – closed and fragmented device platforms. This meant that the only hope for mass market adoption of new internet based services relied on the carrier's ability to deliver them across multiple handset types, versions and platforms. This gave them a crucial and lucrative role, allowing them to control and monetise innovation as it entered the marketplace.

However, as the handset market continues to polarise towards open platform smart phones, Android and iOS platforms allow developers to reach mass market easily without the need for operator involvement at all.

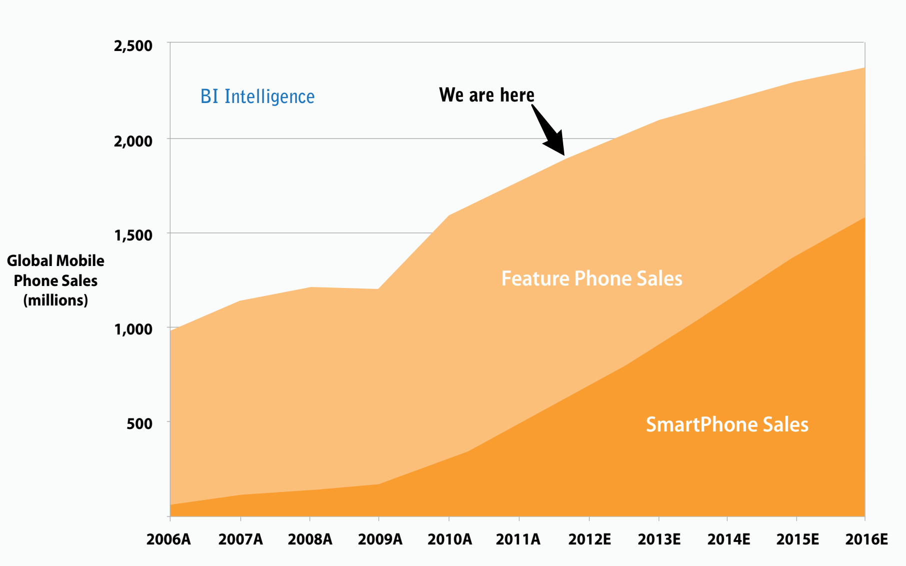
CommuniGate SYSTEMS

Meanwhile in the background complicated and costly initiatives like the GSMA's RCS take years to develop highly sophisticated technology that allows operators to deploy yesterday's services to yesterday's devices.

Innovation beyond the edge

As the market share of smartphones continues to outpace feature phones, carriers must find ways to rapidly deploy and make available bleeding-edge technologies, enabling and supporting developer communities to exploit them in increasingly innovative ways.

Globally the "dumb-phone conversion cycle" is still just getting started



Business Insider: http://www.businessinsider.com/the-future-of-mobile-deck-2012-3

The future of mobile revenues will be in enabling and encouraging innovation beyond the network edge.

Service innovation will be driven by start-ups that do not even know it themselves yet, but they will rely on being able to easily access network and telecom capabilities, to be able to try out ideas, to combine existing technologies in new ways and to be able to do all of this without risk or significant cost.

Facebook today has an edge on the rest of the Internet because it has intimate and unique knowledge of a disproportionate percentage of applications and websites on the planet, allowing them to see trends in user behaviour and application success before anyone else. This is the opportunity for carriers – to encourage more open innovation beyond the edge of their network, to learn the trends and be the network that offers the best environment for tomorrow's services.

viddy: 1 million new users per day

WhatsApp:
Oct 2011: 1 billion messages
Feb 2012: 2 billion messages
7.6 million messages per day in North America

socialcam: 4 million new users in one weekend

Viber:
70 Million Users, 150 Million Calls
And Nearly A Billion Text Messages Per Month

CommuniGate SYSTEMS