

Multi Play Service as B2B2C Business is Fastest and Least Cost Strategy to Reach Millions of Homes and SMBs

Summary

1. Even in this recession, countries are investing in telecom infrastructure as this is considered a big GDP driver. However, most telcos in developing countries are rolling out mobile wireless network predominantly for voice. 2. Cable TV is growing steadily even in developing countries, eg, India has more than 100 million HFC homes. However, 98 % of cable homes still continue to be served analog TV by the Local Cable Operators (LCOs) who usually take the TV feed from MSOs. 3. For enhancing GDP growth, countries need to ensure that basic services like health, education, agri and weather information, governance, quick and cost effective trade, commerce and payment services are available at affordable costs. A multi play service of voice, broad band Internet, two way interactive TV and VoD can be created by combining the strengths of telcos and LCOs/MSOs over which all the GDP driving services would be available to millions of HFC TV homes.

Analysis

Telecom infrastructure is a costly business. **While back bone and metro networks can still be built in quicker time frame, last mile fixed network is a great all round challenge for telcos, particularly in developing countries which have very large telecom cable dry areas.**

Cable TV has been growing very fast in all countries bringing coax cable to homes with the efforts and investment from multiple LCOs/MSOs. *In developing countries, HFC network is predominantly used for analog TV only. Increasingly though, countries have started taking out regulations to switch over to digital TV which is paving the way to carry multi play.*

Telcos are fewer in numbers but very strong and LCOs/MSOs are in very large numbers. *In developed markets, telcos and MSOs compete whereas in developing countries they can not afford to compete. **Telcos have back bone and metro networks and LCOs/MSOs have intra city and last mile networks.** *By themselves, they are good. If combined, they are a power house and can wire up the country with multi play service of voice, broad band Internet, TV, VoD and Fixed Mobile Convergence (FMC) in fastest time, at least cost using same cable. Telcos have to take the lead, steer this B2B2C business and roll out the multi play service. Good MSOs also have the opportunity of becoming Multi Play Virtual Network Operators (MPVNOs) of telcos leading this business.**

The financial numbers of this unique and path breaking revenue sharing B2B2C business model are so attractive that all stake holders, ie, government, telcos, LCOs/MSOs, vendors, device manufacturers, NOC and Managed Services (MS) providers, BSS and BPO service providers get decent ROCE out of it. *The biggest beneficiaries are millions of consumers and citizens of this affordable multi play service enjoying the fruits of all essential GDP driving services*

from the comfort of their home. Thus, this is the fastest and most cost effective way to uplift the economy of the country.

India is the first country which is seeing the operationalizing of such B2B2C business model for multi play after Bharti Airtel ([NSE:EQBHARTIARTL](#)) showed to the world the path breaking deals of Managed Capacity and Managed Services on pay as you go basis for mobile wireless services.

In India, a five years business plan for the telco who rolls out this multi play business adopting B2B2C strategy can get 50 Million homes and generate USD 3 Billion of annual revenue offering only voice, broad band and TV. The telco has a huge up side if two way interactive TV, SMB broad band and FMC services are also included.

The business is EBIDTA positive in year one and cash positive in year two.