

Multi Play Virtual Network Operators (MPVNOs) are getting ready to rapidly increase broadband penetration in India

Summary

1. World over, countries are planning for quick true broad band penetration over future proof, technology agnostic and low cost infrastructure.
2. It is not possible either government or telcos or both to achieve the desired broad band penetration in the country as laid down in the yearly plans.
3. High broad band penetration is key to drive up the GDP growth even by 2 % in some cases.

Analysis

Given the importance of true broad band Internet for rapid growth of economy, countries in both developed and emerging markets need to come out with innovative business models exploiting all available telecom, media and technology infrastructure, well supported by regulations to rapidly roll out the base level multi play services.

In India, many small or mid size companies are preparing to operationalize B2B2B2C business model formed by strategic partnerships between core and edge networks providers (telcos/CMSPs), access networks providers (Local Cable Operators, LCOs) and MPVNOs . *These companies assume the role of MPVNOs as middle level franchisees who sign up partnership deals with telcos/CMSPs and LCOs on one hand as also OSS/BSS/CRM services providers on the other hand to integrate the service delivery and assurance with the networks.*

MPVNOs base level offering of multi play includes the services of voice, broad band Internet, TV, VoD and Fixed Mobile Convergence (FMC). *Over these base level multi play services ride unlimited GDP driving applications and services like e-education, e-tuition, e-health care, e-agri info, e-governance, e-commerce, e-payments, Internet TV etc. Thus, MPVNOs also provide opportunities to third parties to develop innovative alternate revenue generating applications.* *Through the versatile service delivery vehicle of OSS/BSS/CRM and the applications pump, the MPVNOs deliver the same to subscribers to opt for the subscription.*

India has more than 100 million cable TV homes served through the last mile HFC network of more than 60,000 LCOs. Around eight to ten telcos strong back bone and edge networks when interconnected with 60,000 LCOs improved last mile HFC networks, the result is a high capacity high speed single cable digital pipe capable of delivering multi play services to these 100 million cable homes inclusive of analog, digital and IP TV.

There is of course a big challenge of coordination in the realization of this business model. **Eight to ten telcos are preoccupied in the emerging mobile wireless services which would increasingly include 3G, WiMAX, LTE etc in future.** *60,000 LCOs by themselves have their*

own limitations of understanding of core, back bone, edge and OSS/BSS/CRM set up. Thus MPVNOs who are good ISPs or good MSOs foot the bill. They create a B2B2B2C business model on revenue share mode based upon managed capacity, managed services and managed distribution on Pay As You Go (PAYG) arrangements with each partner contributing its core business to the model thereby maintaining the optimum efficiency in the running of the business.

The multi play services will be invariably prepaid allowing online, credit card and voucher or e recharge payment methods.

A rough 5 years business plan envisages 100 million homes penetration through around 20 MPVNOs generating a minimum annual revenue of USD 12 B for voice, broad band Internet and basic TV services only. *The revenue from all other GDP driving services is extra which can be taken to be at least USD 12 B.*

The above business model is a golden opportunity for telcos, ISPs/MSOs, LCOs, IT, ITes, content producers, education institutes, hospitals, government departments, banks, insurance companies, vendors, TSPs, TIs etc to continue their business even in this recession as the capex risk is shared by all stake holders.