What value are mobile operators in an enterprise world focused on cost?

By Rob Bamforth, Principal Analyst, Quocirca Ltd

The cost of mobile telecommunications, especially while roaming, is a major concern for businesses, in particular for large or multinational companies. According to recent Quocirca research roaming and national call costs are the most important issues when these organisations negotiate mobile operator contracts.

And yet from the same research we see that increased spending on mobile is expected and generally planned for, something that has been the case for the three years we have run this research, so we must conclude that businesses still recognise some value or need to invest.

The problem for operators is that while businesses see value in communication services, they are becoming less interested in a strategic relationship with their mobile operator suppliers, with only a quarter now believing this is essential.

This begs the question: are operators becoming simply a bit pipe?

On the face of it a basic bit pipe utility is all anyone needs, after all it's just the virtual piece of string between two empty baked bean cans (or iCans if you're trying to be cool). If it were only about person-to-person calling that might be true, but the reality is that communications are far more complex, and for many business users the mobile phone is no longer simply just a phone.

For many employees, even those with fixed phones on every desk, the mobile is the default mode of communication. It is also the first place a user will pick up their voicemail, despite probably having two other voice inboxes at their office extension and an answering machine at home. Some may also have Skype calling and voicemail, just to add to the confusion. While the mobile call may be the default, it is not the only route and a glance at any business card will generally show around three means to contact the holder.

So which do you pick to get hold of someone? Probably a mobile number, but that might not fit with the businesses needs for managing extensions, call transfers, group pickup or diversion.

The delays or difficulties of getting through to the right person have a cost impact on businesses and cause frustration for the caller. A more unified approach to communications, for example integration into the organisation's PBX, dial plans, and other systems that converge fixed and mobile use, would seem to be worth exploring. It would help make individual employees more productive, add departmental or organisational cohesion and be another opportunity to reduce, or at least to better manage, costs. Our research shows this is certainly an area of interest and activity in many businesses.

Employees, at least most of them, have a home life too, and personal use is increasingly blurring with business. On the one hand, many now take work home and expect to be called out of hours, whilst on the other, management of domestic issues, such as banking and bill payments, have to take place during the day.

We also have broader social networks and, thanks to the internet, these are taking even more of our time and attention, perhaps despite the wishes of many employers. Managing personal and business use of communications is a growing issue for many businesses, and around 40% say this could be a very important part of the services offered by operators.

Mobile applications, starting with mobile email, also add a new dynamic. Over 60% of businesses think that services to help mobilise their existing applications and workforce are very important offerings from a mobile operator.

This does bring in concerns about managing and maintaining security and operational availability, but again this is an area where an operator should be able to add value - either by hosting and managing mobile applications and their

infrastructure or by providing secured connection services.

Taking the lowest cost purchasing route works well for commodity products, where apples are compared with apples and bought by the crate at the best price, or telephony is bought by call minutes.

However, the mobile communications arena has become more complex. It is tightly bound with other IT-related services and demands, and increasingly overlaps with fixed telephony. The decision making process should now not only has to look at direct costs, but at the broader impact including value and the cost of missed opportunities right across the business, just like any other complex IT project.

This is an area where operators could add significant value, but it depends on them stepping up to the mark. It also depends on their customers recognising the broader issues at play as they 'mobilise' their workforce and develop contracts with mobile suppliers - cutting costs is one thing, but it should not be at the expense of value.

For more information on the convergence challenges facing operators and businesses, download Quocirca's recent report "Convergence or confusion?"

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, Dell, T-Mobile, Vodafone, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at
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