



# Managing Complex Partnerships for Optimum Revenue Growth

## The Growing Importance of Partnerships

- > The telecom value chain is rapidly changing. What was once a simple voice call has evolved into a complex and often confusing web of content partner relationships where third parties are marketing or selling their services over the operator's network. While most service providers have long had a solution in place for reconciling interconnect charges for voice calls, most are lacking a way to manage the growing list of complex content, advertising and network partnerships that are arising. All of this content needs to be billed for and settled between the service provider and content provider-revenue share agreements need to be managed and enforced, and complex transactions need to be measured and rated.

Mobile Virtual Network Operators (MVNOs) are also another type of partnership that many service providers need to manage. Other types include network sharing partnerships – where towers and other high cost facilities are shared among several service providers, and even new machine to machine (M2M) partnership agreements are expected to quickly develop added sophistication over the coming years.

With this shift in the value chain comes the need to manage these increasingly complex and numerous relationships. How will service providers attract and keep their most profitable partners? How will interconnect settlements and complex revenue share agreements be managed? Will today's wholesale billing and settlement solutions be able to keep up with these changes? Service providers need to be able to address these concerns in order to manage these new revenue streams and attract profitable partners.

## Content Partners

- > With the flood of new mobile content- from 'apps' to video, mobile TV, digital books, music streaming, social media and mobile broadband, revenue generated from these new services and content has grown to quickly outpace that of voice services. In fact, the five-year growth rate of revenue from mobile internet access subscriptions and content/advertising spending will approach 50% in some nations.<sup>1</sup>

It is clear that the value of content has moved well beyond the ringtones and wallpaper of the past, however back office systems and business models have not kept pace. Most service providers rely on content aggregators to manage the majority of their content partner relationships today. However, both service providers and content providers are realizing that there is added value and revenue potential when they can partner together directly. The financial stakes have grown too high to continue using aggregators as middlemen when there is so much value to be gained from expanding the role of the service provider when it comes to marketing and delivering content. But first, there are a few back-office issues that need to be addressed.

## Partnership Demands

- > Attracting valuable partnerships will become increasingly competitive. While many retail billing challenges have been resolved over the past several years, wholesale billing and settlement has often lagged behind in terms of attention from the service provider. That will need to change as partner relationships grow exponentially and as content is created much more quickly, putting an added strain on what is probably an outdated wholesale billing and settlement solution.

---

<sup>1</sup> Source: Price Waterhouse Cooper, June, 2010.

As demand for content grows, quality of service and service delivery will need to be tracked and monitored more closely by the service provider, as the value of what is traveling across the network increases. Partners want the assurance that their high value content, such as video streaming or mobile TV, is being delivered with a certain level of quality - and only service providers can deliver this level of assurance through detailed service level agreements and accurate reporting.

Service providers also have mountains of valuable customer information on hand that can help advertisers and content providers market their services; everything from demographics to usage history, handset type, payment type and preferences. Although customer privacy issues should be considered, this information, even in aggregate form, is golden to mobile advertisers and content providers.

As service providers begin to take on more of a direct role with their partners in this evolving value chain, they will be tasked with owning the entire wholesale billing and settlement process. Susana Schwartz, an industry analyst and writer, stated *“Operators in the next 12 to 18 months will be dealing with hundreds and even thousands of partners - each of which will be incentivized daily by a growing number of “suits” promising better revenue shares, sophisticated discounting schemes and specialized rating. With each of their partnerships, operators will have to accommodate what can be literally millions of events per settlement cycle.”*

Operators need to ask themselves if they are ready for this challenge:

- Can they accurately bill all of their content partners and have a full view of profitability- even on a call-by-call or event-by-event level?
- Are they able to support complex revenue share agreements and contracts with potentially *thousands* of partners?
- Are their existing systems able to quickly adapt to new types of content, including ones that have not yet been invented?
- Can they support tiered rating and the marketing services that partners want?
- Can they account for every ‘bit and byte’ of content that travels across their network?
- Is their settlement solution automated and able to collect data from any source?

- Will they be able to analyze margins and identify potential areas of revenue leakage?
- Are they able to deliver detailed reports to their partners- at a level of granularity that will support increasingly challenging service level agreements?

## MVNO Partners

- > The MVNO market is another area of growth. With over 600 registered MVNOs at the end of 2010, this group of providers is set to exceed Mobile Network Operators by 2013.<sup>2</sup> Many service providers leverage MVNO partnerships as a source of additional revenue. These growing partnerships also require highly detailed settlement and reporting capabilities, similar to content partners, but often more demanding.

Depending on how the partnership is structured, MVNO's can bill their end user for their services, or the network partner does the billing. Either way, the MVNO is reliant on the network operator to provide information about their end-users' usage activity. And because the MVNO isn't the owner of the network, this relationship requires the operator to provide a high level of transparency on all subscriber activity- with full reporting and visibility to their partners.

From the network service provider's perspective, they require a wholesale billing and settlement solution that is scalable to support multiple MNVO partnerships. They want to be able to easily on-board new partners and collect data from multiple sources. In other words, service providers with MVNO partners need a wholesale billing and settlement solution that will support a 'Smart Network' that is made up of many dynamic parts. And they want to be able to automate as much of this process as possible.

Service providers need to fully equip themselves to bill, rate and reconcile millions of complex partner transactions. They need to put the same focus and investment into their interconnect solution that they have into their retail billing solution if they want to take advantage of these new and evolving revenue opportunities, and remain competitive in today's market.

---

<sup>2</sup> Source: Wireless Intelligence, June, 2010.



## About InBill

- > InBill is part of Redknee's portfolio of monetization solutions, which provides operators with greater visibility into network transactions in order to achieve converged B2B settlement and accurate interconnect billing. InBill helps service providers maximize the value of their network with a comprehensive and cost-effective interconnect, wholesale, MVNO, content, and roaming settlement solution. Based on a decade of proven reliability to resolve and reconcile disputes rapidly, InBill can address multi-party settlement requirements and manage the most complex B2B agreements, resulting in more accurate wholesale billing and better dispute resolution. Additionally, InBill's advanced reporting capabilities help operators confidently make strategic decisions using data they have difficulty finding elsewhere. Through its InBill solution, Redknee is supporting the B2B billing and settlement needs of service providers, including tier 1 operators, in the EMEA, APAC and Americas regions.

# Real-Time Monetization Software



**REDKNEE**  
Looking Beyond

2560 Matheson Blvd. Mississauga  
Ontario - Canada L4W 4Y9  
[www.redknee.com](http://www.redknee.com)