

Mobile Data Traffic Is Exploding—but Who Is Profiting? How Mobile Service Providers Can Monetize Mobile Data

Service Provider FastFacts

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The Cisco Visual Networking Index (VNI) Global Mobile Data Traffic Forecast Update projects a 13-fold increase in global mobile data traffic between 2012 and 2017 – two thirds of it video. To move all that data traffic with speed and quality, mobile network connection speeds will increase sevenfold by 2017.¹ Clearly, mobile data services are becoming increasingly important. The question is, who will capture the revenue associated with all this activity? While mobile service providers (SPs) invest in building and maintaining the infrastructure to carry this burgeoning mobile traffic, over-the-top (OTT) content providers are benefiting from that new capacity, enabled and financed by mobile SPs.

Where are the revenue growth opportunities for service providers in this fast-changing mobile data landscape? Are there opportunities for mobile network operators to partner with OTTs, or to provide services that can extract greater value from the network? To find out more, the Cisco® Internet Business Solutions Group (IBSG) and HEC Paris, a leading academic institution, analyzed market conditions and interviewed global and regional OTT players. We wanted to better understand the current challenges presented by the explosion in mobile data, as well as OTT players' needs for potential value-added services (VAS) provided by mobile SPs.

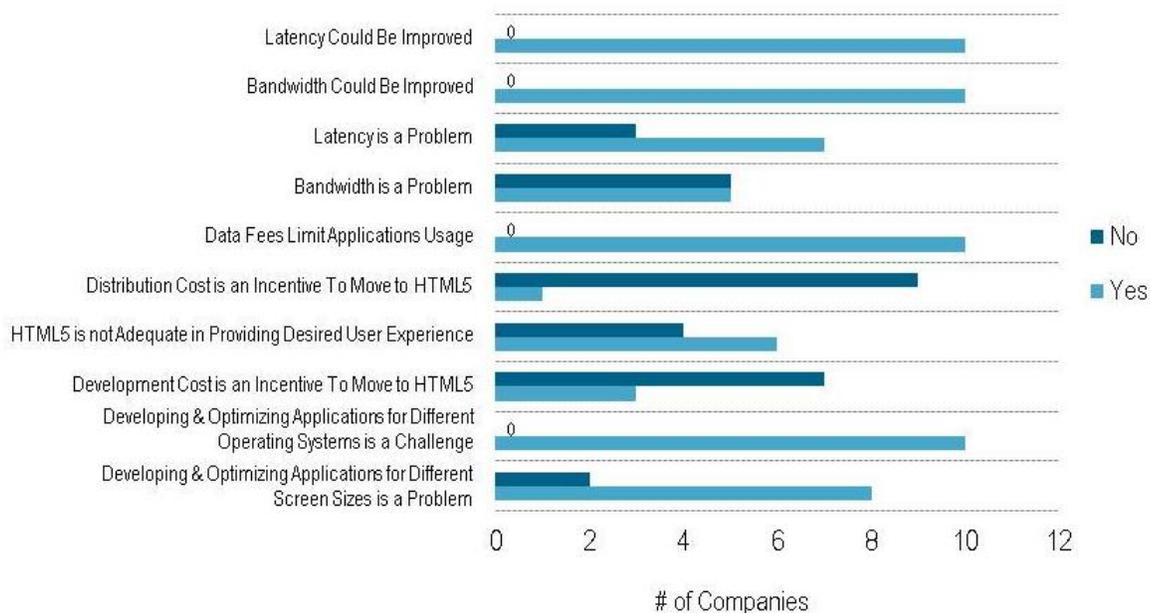
SP Opportunities Can Be Found in OTT Challenges

The research pointed out that for a successful transformation, mobile SPs must rethink their approach to providing mobile data services, becoming more flexible and proactive in partnering with OTT players.

Mobile operators can play a major role in helping content providers deliver a unique experience. To determine their specific needs, we conducted interviews with 10 key content providers, with the objective of identifying current industry practices and challenges (see Figure 1), as well as new VAS opportunities for SPs.

 Cisco Internet Business Solutions Group (IBSG)

Figure 1: Summary of Problems and Practices.



Source: Cisco IBSG and HEC, 2012

Based on feedback from the interviews, we identified several widespread challenges across mobile OTT players:

1. Content providers have significant challenges adapting their applications to different devices in terms of operating systems and screen sizes.
2. Despite the promise of HTML5 working on all devices, neither distribution nor development costs savings push content providers toward the standard. Furthermore, the user experience is perceived as inferior, further discouraging content providers.
3. Mobile data fees are generally perceived as a roadblock to scaling more applications.
4. All content providers would enjoy latency and bandwidth improvements, even if they can easily adapt to changing bandwidth conditions.

Mobile SPs can put several types of VAS into place today to increase market share and revenue, and to differentiate themselves from the competition:

- **Content delivery network services** that address the key issues of bandwidth and latency will be of interest to providers that target video on demand, music, e-commerce, broadcast television, or gaming.
- Content providers are also very interested in **end-user information**, including the type of content consumed, and from which locations. Such information would allow content providers to know their customers better. However, legal compliance over privacy-related questions must be ensured.

- **Providing user-identification** services will enable mobile SPs to help OTT players enhance the customer experience by eliminating the need for a user to log in each time he or she wants to access a mobile web application.

The large content providers we interviewed were mostly focused on quality, speed, cost, and coverage of their mobile network infrastructures to facilitate new content experiences. Smaller players need a reliable partner with whom to develop and test applications under different network conditions and over multiple devices. Mobile SPs must carefully choose the direction in which they would like to expand and become a trusted partner – one who is fast, proactive, flexible, and capable of going “the extra mile” for its clients in this dynamic industry.

To learn more about mobile data monetization opportunities, please download our white paper, “[Mobile Data Explosion: How Mobile Service Providers Can Monetize the Growth in Mobile Data Through Value-Added Services.](#)”

Endnotes

1. Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2012–2017,
http://www.cisco.com/en/US/partner/solutions/collateral/ns341/ns525/ns537/ns705/ns827/white_paper_c11-520862.html

More Information

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