Managing Margins:

How Industry Drivers Are Threatening Operator Cash

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Discussion

- Industry Trends and Drivers
- The xCommerce factor
- Market changes and the Cloud
- Leveraging multiple domains
- The next evolution of Business Optimization

Market Drivers through 2017
Impacting Revenue and Cost Performance

- **Business Optimization and Analytics is forecasted for steady growth in every sector through at least 2017***
  - Risk management shifting from reactive to proactive
  - Growing reliance on analytics to track and predict business performance
  - Increased emphasis on cross-functional use cases that improve user experience and efficiency

- **Significant rise in hosted, cloud-based, and multi-tenant solutions***
  - Simplified user decision enablement will be major driver in next 5 year period

- **By 2017 there will be over 8.4 billion connected mobile devices (113% population penetration)***
  - "Digital Life" and "Digital Everything" terms are dominating the landscape today
  - Mobile devices will drive most of the digital uptake
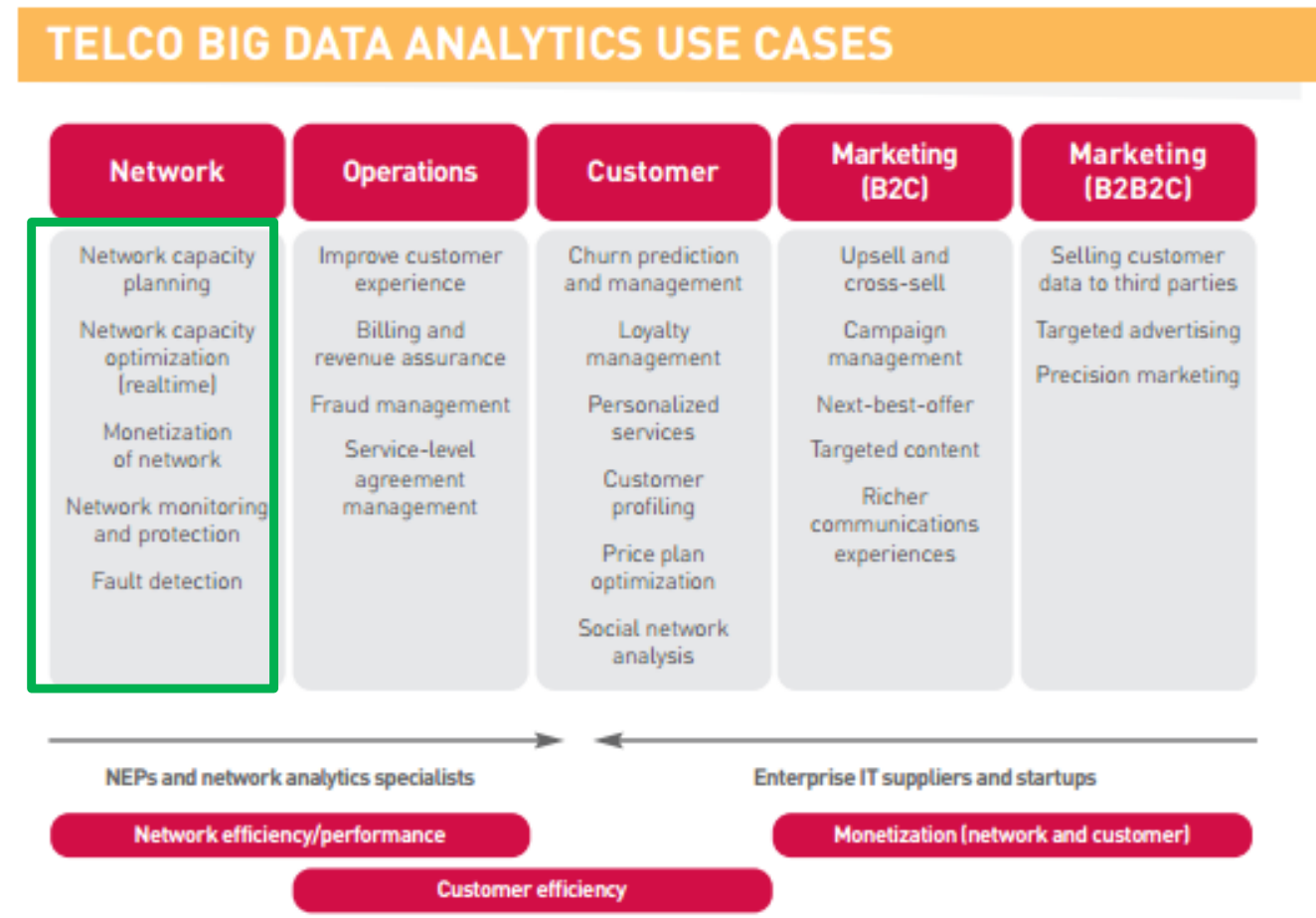 - Assurance support across IOT and e/mCommerce will protect operators' profitability

* Source – Analysys Mason

Growth for Network Analytics will be driven by the following key trends:

- Network decommissioning
  - Rapid migration from legacy private-line and packet services to Ethernet transport and VPN services
  - business VoIP will increase its share of the business voice market from 17 percent this year to more than 40 percent by 2018, according to ATLANTIC-ACM forecast
  - Exiting legacy technologies such as 2G to more efficient technologies such as LTE

- Effective Capex Management
  - Monetization of network
  - Optimize returns from new infrastructure investments
  - Optimize capex spending on legacy infrastructrure

- Network Capacity planning
  - Real time optimization
  - Predicting consumption trends
  - Improvement in customer experience

TELCO BIG DATA ANALYTICS USE CASES

Network	Operations	Customer	Marketing (B2C)	Marketing (B2B2C)
Network capacity planning	Improve customer experience	Churn prediction and management	Upsell and cross-sell	Selling customer data to third parties
Network capacity optimization (realtime)	Billing and revenue assurance	Loyalty management	Campaign management	Targeted advertising
Monetization of network	Fraud management	Personalized services	Next-best-offer	Precision marketing
Network monitoring and protection	Service-level agreement management	Customer profiling	Targeted content	
Fault detection		Price plan optimization	Richer communications experiences	
		Social network analysis		

NEPs and network analytics specialists → ← Enterprise IT suppliers and startups

Network efficiency/performance

Monetization (network and customer)

Customer efficiency

Ovum Telecoms Research Agenda 2014

Some facts to consider:

- mCommerce is now a $25B industry, projected at $31B in next 5 years

- By 2017, 25% of online sales will come from mobile devices

- mCommerce is now $1 of every $10 spent online and growing faster than eCommerce

- Mobile online payments will increase 6x to $117B by 2017, while eWallet transactions will rise 4x to $17B by 2017

- mCommerce is highest in Africa, followed by Asia, then
  North America, Europe, and Latin America

  - This is due largely to the amount of unbanked subscribers in the African market

There are an estimated 1.4B smartphones in the world today, with a growth rate of nearly 44%

TechNavio: "eCommerce will grow at 13.54% between 2013-2018,…the growing risks of online frauds and associated costs could challenge the growth in this market"

Sources: comScore, Forrester, eMarketer, Worldpay, TechNavio

mCommerce (and eCommerce) poses one of the greatest combined Fraud, Revenue, and Cost risks seen to Operators and their Customers in (at least) the last decade

Ensuring revenues for unbanked transactions

Validating partner costs

Protecting from identity theft

Monitoring appropriate payment channels

Understanding network impacts in a multi-access world

Managing multi-channel content delivery agreements

Smaller tier operators are losing margin daily on complex partner relationships

- IP billing, deals and bilateral agreements

- Rapid market changes affecting agreement conditions

Smaller tier operators are the most at risk for revenue losses

- Subscriber and usage management

- Product performance metrics

*The highest incidence of fraud worldwide is in smaller tier operators*

- Bypass, SIM Boxing, Internal, and other frauds

- Inadequate systems and programs to keep pace with daily changes in fraud

Expertise and Process make Cloud Programs successful

- Cloud programs must go beyond simple scalable infrastructure and technology.

- Operators gain little ongoing benefit after the initial capex savings, unless a program is applied

- Expertise in market trends, dynamics, and best practices must remain available to the operator

- A Cloud with domain expertise provides operators a means to maintain the skills without incurring the additional costs in resourcing

EMPOWERING TECHNOLOGY

EXCEPTIONAL PEOPLE

SMART PROCESSES
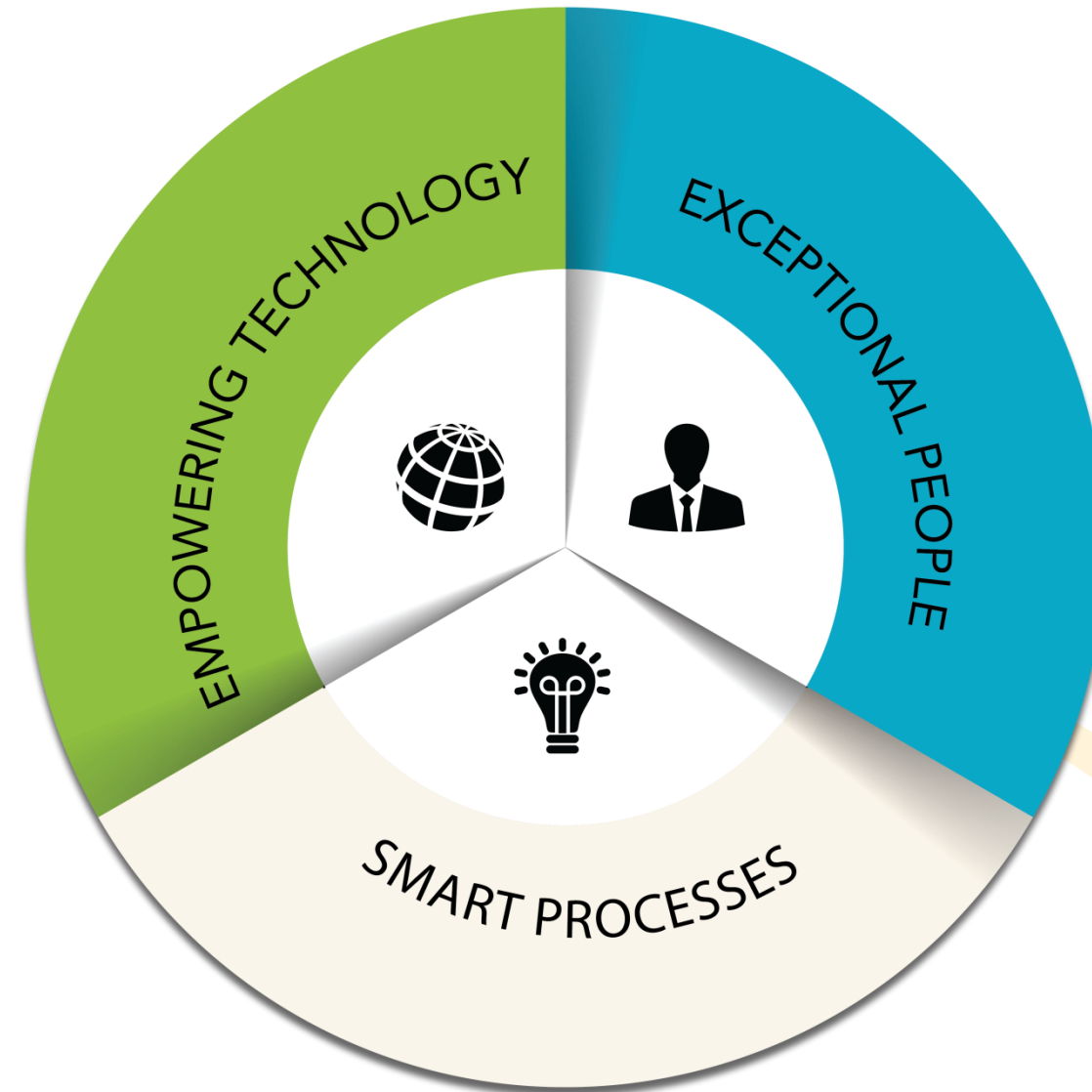
Collapsing 2 or more departments into a single cloud instance

- Cross-department collaboration
- Data sharing
- Common reporting
- Cross-domain resourcing

Combined Capex Savings

- Infrastructure cost savings of 75% *or more* easily achieved
- Ongoing licensing costs may be totally eliminated

Combined Opex Savings

- Direct resource savings can exceed 40%
- Cost to maintain domain competency often reduced by 50% *or more*

- Multiple solutions in single cloud instance, with common, shared data and portal
- Top tier solutions in Settlements, Fraud, Revenue Assurance, and Route Optimization
- Subject matter expertise and proven, stable process controls
- No "limited functionality" models!

Subex Today…

subex
powering the ROC
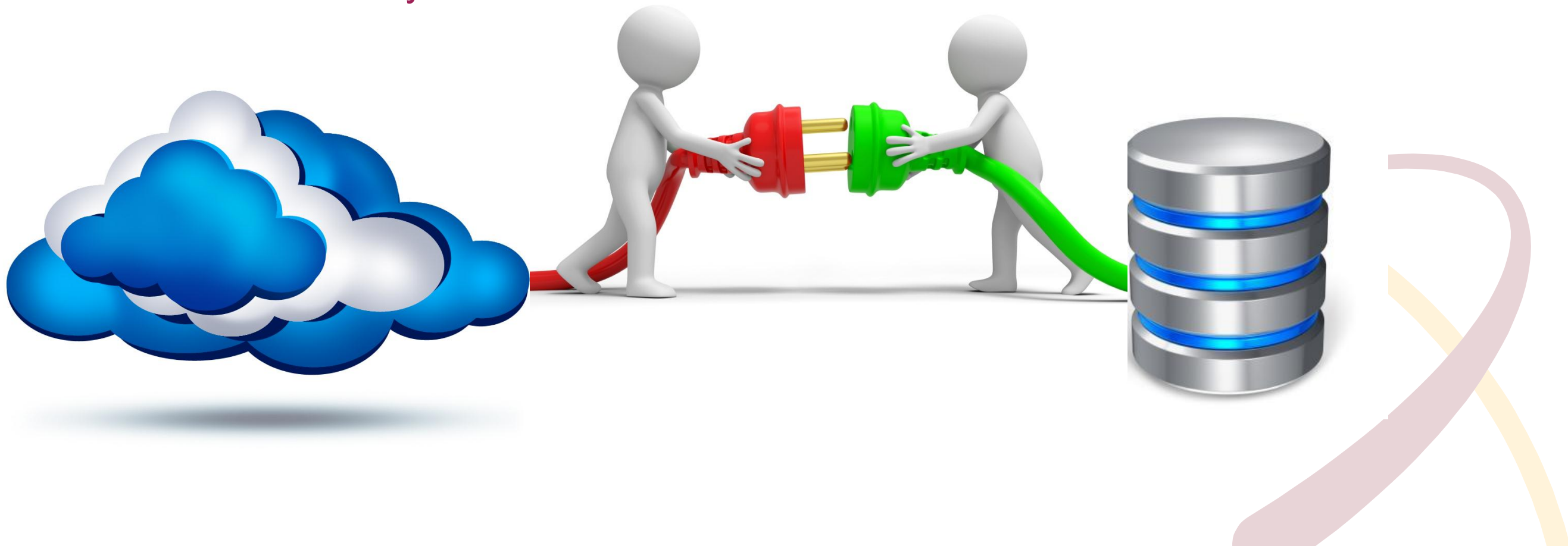
Thought Leadership

- Comprehensive BSS product suite
- Winners of Global Telecom Carriers Award 2013 for Best Product/ Service for ROC Partner Settlement
- Pioneering Asset Assurance
- Market Leader in Financial Assurance 2012, Frost & Sullivan
- Awarded Pipeline Innovation Award 2013 for Big Data & Analytics

Financial Strength

- More than US$ 60M in Revenue
- EBITDA higher than most other BSS vendors in the market

Global Presence

- Development centers in India, US and UK
- Over 200 customers and 300+ installations in over 70 countries
- Customers include 28 of top 50 operators* and 33 of the world's 50 biggest# telecommunications service providers worldwide

- *GTB Carrier Guide, 2011 ; #Forbes' Global 2000 list, 2011

Strong Subexian Base

- Global workforce, with local presence at all locations
- Over 800+ Subexians working together to deliver market leading software products

Thank You

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