

Wireless World: Bundled services market 'makeover'

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A swift makeover in the communications world is under way, as traditional boundaries that once separated wired and wireless services are fast fading away, leading to a creative new era of so-called bundled services, experts tell UPI's Wireless World.

This transformation of the communications industry is primarily a result of the rapid combination of new technologies -- and the evolving, competitive marketplace.

As a result of historic regulation of the telephone industry, traditional boundaries that fragmented consumer services existed long after deregulation, such as fixed-line phone service, wireless-phone service, Internet access and video services. But now, a decade after the last major telecom regulatory reform by the U.S. Congress, both the supply and demand dynamics are shifting.

Experts see a renewed vigor for the adoption of comprehensive communication service bundles. Telecom carriers and cable multiple system operators (MSOs) who can overcome the challenges and deliver more integrated service experience to customers will come out as eventual winners in this fast-paced and dynamic market.

"As both the incumbents and new entrants try to wrap more and more additional services around their core offerings, understanding what are the key challenges in the market and how to address them is critical in this extremely dynamic and competitive market," said Piyush Arora, a

research analyst at the leading IT intelligence firm, Frost & Sullivan.

"The fierce battle between telcos and the cable MSOs is just starting and the migration of telecom services to IP-based networks are opening up new avenues of competition with the likes of eBay, Sony and Yahoo! entering the telecom space."

During the last six months, there has been an array of new deals that have been demonstrating the changes in the market, including the following:

-- Videotron signed an MVNO agreement with Rogers to add mobile wireless to its service bundles in September 2005, showing that the cable MSOs in Canada are preparing to enter the "quadruple play" market of voice, video, data and wireless services.

-- Verizon launched its IPTV (FiOS TV) service in Kellar, Texas, last September, indicating that telecom players are making an aggressive push into the video market. Internet Protocol TV will enable these players to compete in the future with more integrated service bundles.

-- Comcast, Cox, Time Warner Cable and Advance/Newhouse Communications announced the formation of a joint venture with Sprint-Nextel to jointly offer wireless services to their cable customers last October, showing that cable MSOs in the United States are entering the "quadruple play" market.

As a result of this increased competitiveness, companies are consolidating some operations and outsourcing others, like content delivery. Major telcos are hiring application service providers (ASPs) to reduce costs. ASPs provide the same or similar content to a number of clients.

A new research report by the Boston-based research firm Strategy

Analytics entitled "Mobile Media Management: Application Service Providers Step up Growth" shows that demand for content-delivery solutions and managed services is growing outside in the carrier market -- and outside it, too. The newcomers using these services principally are large media brands and niche media-technology players, like an eBay or Yahoo! or Google, experts said.

"Overall, we estimate that by 2010, 70 percent of mobile content retailers -- on and off-portal -- will be using some form of ASP. This results in ASP revenues from mobile content reaching just under \$5.2 billion in 2010, up from \$1 billion in 2006," said Philip Taylor, service director of Strategy Analytics.

An array of vendors such as Alcatel, Ericsson and Nokia, and smaller solutions providers such as Motricity, End2End and Jamster, are also involved in direct selling to consumers -- avoiding the telecom carriers and major brands altogether.

"The acquisitions of End2End and Qpass, by Mach and Amdocs respectively, illustrate the strategic value which content delivery ASP solutions offer. We anticipate continuing consolidation in this sub-sector," said David Kerr, vice president of the global wireless practice at Strategy Analytics.

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