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A TECH MAHINDRA COMPANY

HOW DATA MONETIZATION COULD REVOLUTIONIZE THE TELECOM LANDSCAPE

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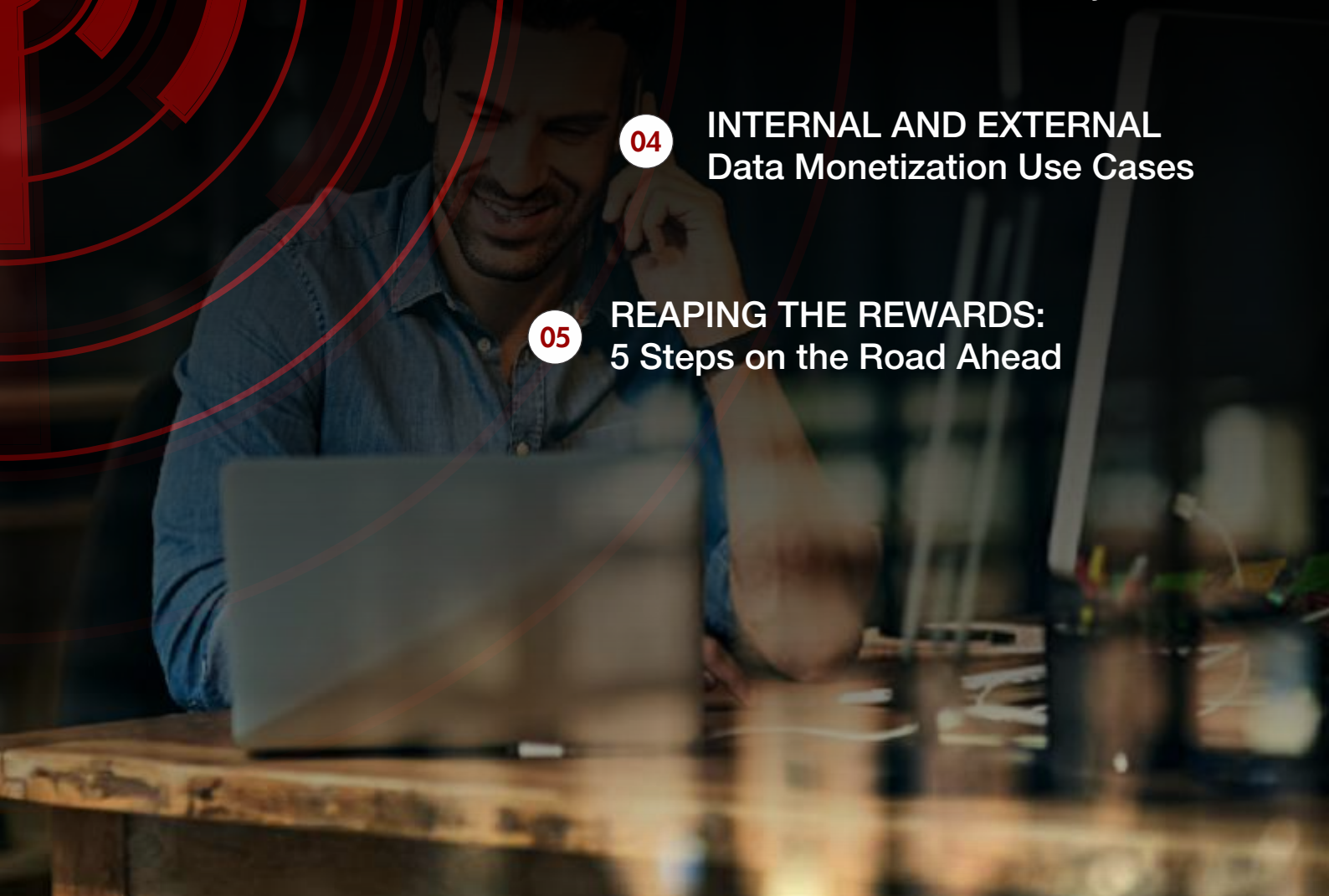


01

Data Monetization and What it means for Telcos

Data is frequently said to be the new oil, but are operators mining it effectively?

Research suggests that telecom revenues from traditional voice will decline by 45% within 2024[1], as more and more OTT mVoIP players enter the market. Right now, operators are making a definitive push towards data services, but these are extremely competitively priced. As a result, data services alone would struggle to offset the revenue losses caused by the massive 45% dip in the next four years. What operators need to do, therefore, is monetize the massive data trac flowing through their networks (thanks to competitive pricing) and find opportunities for revenue generation.

The imminent rise of 5G networks multiplies the possibilities for data monetization. As of March 2020, 5G was live in 24 markets globally, and it is predicted to comprise 20% of global connections by 2025. This will enable the rapid exchange of data, helping operators to amass large big data repositories that are rich with actionable and monetizable insights[2].

An intelligent data monetization framework will open up promising use cases, both internally and externally. Looking at the external market specifically, telco data can be used in a variety of sectors spanning retail, finance, advertising, transportation, and public services. From location-based ad targeting through push notifications to entire cities that are planned based on telecom dynamic consumer information, the possibilities of data monetization are virtually endless.

However, to effectively leverage these use cases, operators must combine scalability with customer-specific personalization. Currently, telcos focus on offering use cases at a mass scale, with limited personalization. There aren't many readily available platforms or service providers to aid monetization, and leading to bespoke, in-house built solutions that may be suboptimal / unsustainable. This lack of internal capabilities is a key challenge, as we discuss later on.

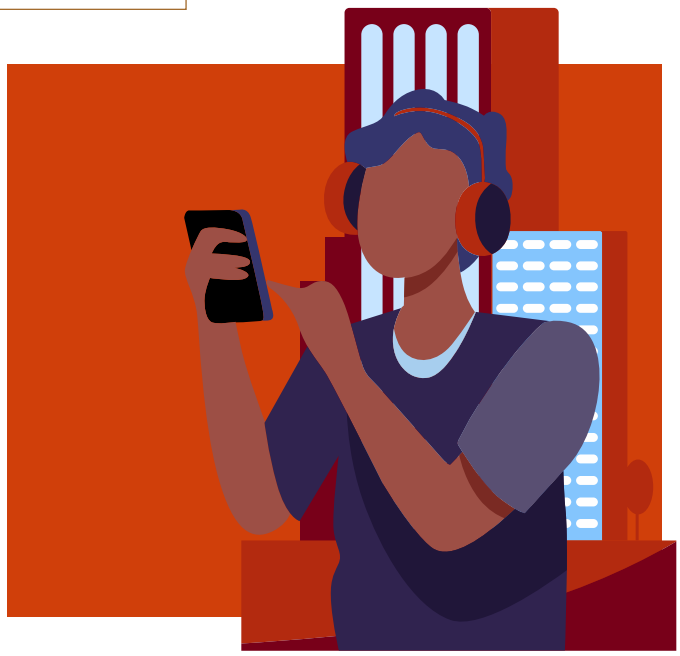
[1]https://www.telecomlead.com/telecom-servies/voice-revnue-to-drop-45-to-208-billion-by-2024-93567
[2]https://techcrunch.com/2020/03/05/5g-is-now-live-in-24-markets-gsma-predicts-itll-be-20-of-global-connections-by-2025-and-eyes-a-big-tech-break-up/

02

DRIVERS THAT POWER THE DATA REVOLUTION IN TELECOM

2.3 ZB

per year will be the annual global IT traffic by 2020; however, operator revenues aren't expected to show a similar growth trajectory[3]. To bridge this growing divergence between data volumes and revenue generation, operators must embrace "the commodification of data" and position themselves as digital service providers to a wide range of sectors.



[3]From the input document

61%

of consumers worldwide are aware of ad-blocking options to remove traditional, intrusive ads from their browsing experiences[6]. 42% would even pay to use these options. Accurate, enriched datasets collected via telecom channels could enable smarter targeting, placing ads in a more engaging and non-intrusive way.

30%

of a typical telecom customer's billing period sees the consumption of the entire allocated data for that cycle[4]. This is due to the rise of data-heavy applications like gaming and OTT video, as well as cloud-based work apps. The data generated can be converted into monetizable insights via advanced analytics.

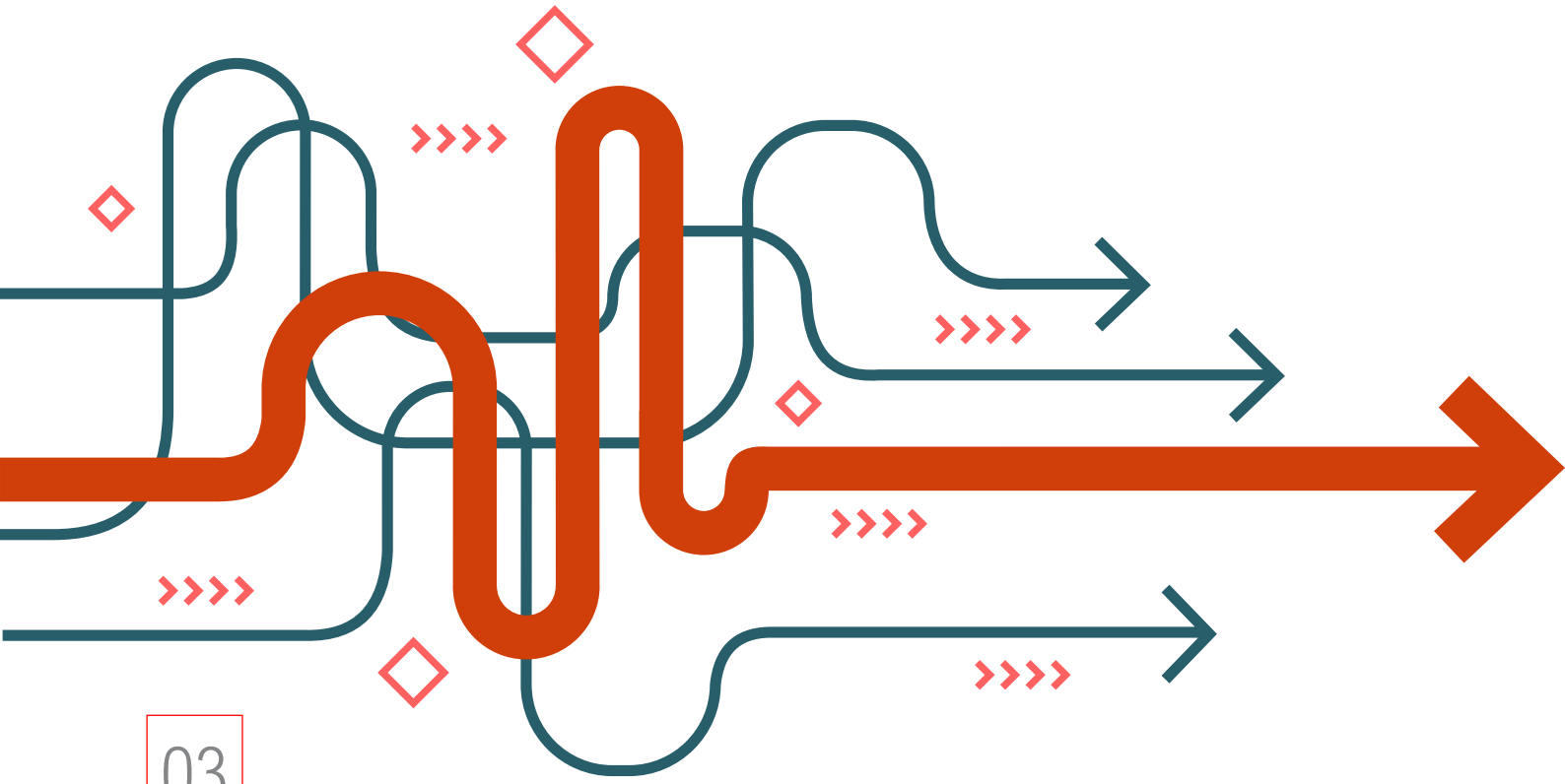
$4.75Bn

is the estimated value of the global data monetization market by 2026[7]. While this includes players in healthcare, retail, banking, manufacturing, and communication, customer data makes up more than one-third of the total value. Telecom (one of the top 3 industries in data monetization) can gain significantly from their share of the pie.

$80 Bn

in value awaits operators in the mobile advertising market[5]. Sponsored data can help operators cash in on this opportunity, competing with the likes of Facebook and Google who have built their market positioning and product portfolio based primarily on data collection and monetization.

[4]From the input document
[5]From the input document
[6]From the input document
[7]https://www.reportsanddata.com/report-detail/data-monetization-market



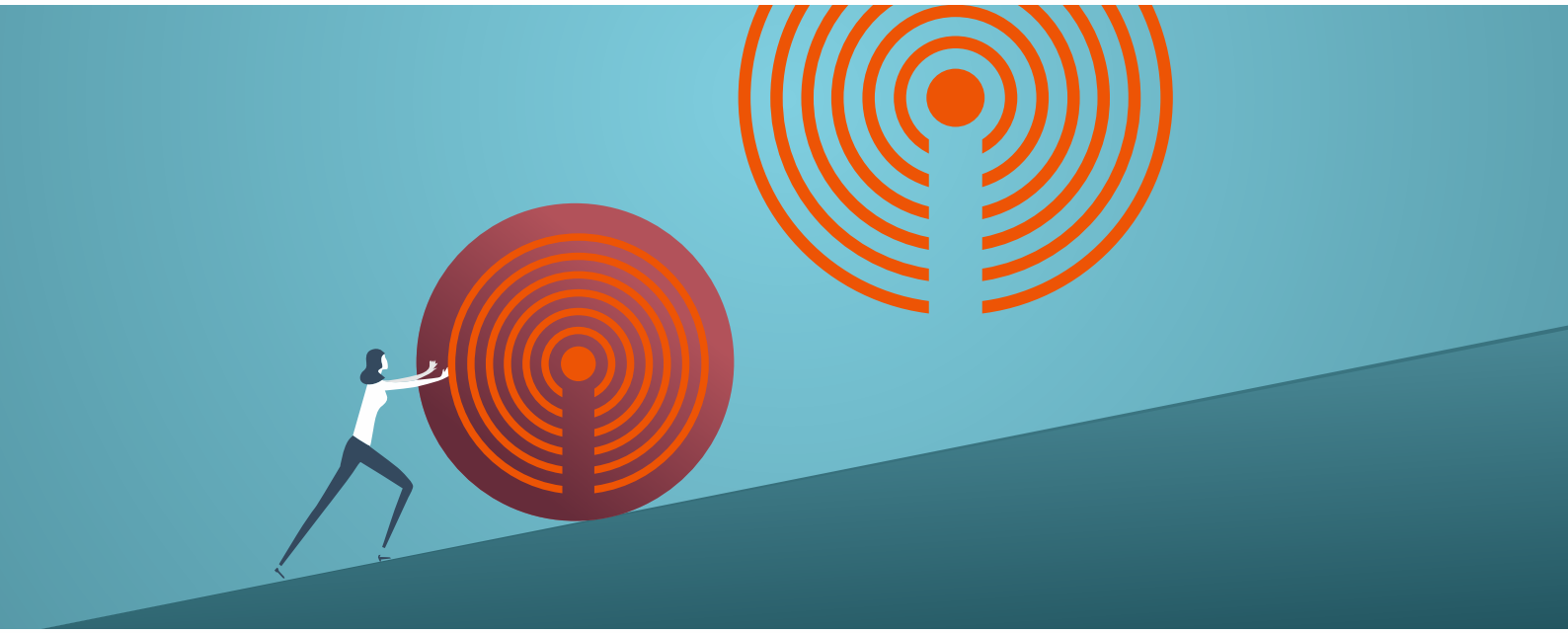
03

CHALLENGES IN REACHING THE DATA MONETIZATION OBJECTIVES

Despite the rapid rise in data consumption, operators have been slow to monetize its real potential. Business models pivoted around data monetization have been sporadic. For example, in January of 2019, US telecom giant, AT&T, said that it would monetize subscriber data for an ad targeting use case in partnership with WarnerMedia . In the same month, Verizon's CEO publicly stated that the company's media unit would have to find additional revenue generation opportunities without utilizing data from Verizon's wireless and wireline subscribers. Scenarios like these indicate that the data monetization landscape is far from reaching maturity, and operators continue to struggle to find viable business models even with so many customers opting-in to data sharing. Some of the key challenges holding back operators from fast-tracking their data monetization strategies include:

Difficulty in identifying data “hot zones”

Operators typically collect a massive volume of information when customers opt into the data-sharing economy. This ranges from usage patterns and screen time to locational data, product preferences, and even healthcare information. Enterprises must be aware of these various categories and how they align with internal and external monetization use cases. But this requires the breaking down of silos in telecom, and working towards a shared vision of transformation.



The lack of sophisticated analytics for converting data into insights

A lot of the information collected by operators is in the form of big data. This needs to be properly cleansed, structured and analyzed to reveal monetizable action points. The lack of requisite analytics technology could prevent operators from drilling down into their data repositories. On the other hand, even basic data classification on demographic parameters like age or gender could prove incredibly valuable for retail, advertising, etc.

[8]https://www.adexchanger.com/digital-tv/att-first-party-data-floods-into-turners-linear-and-digital-inventory/
[9]https://www.adexchanger.com/digital-tv/att-first-party-data-floods-into-turners-linear-and-digital-inventory/

Incomplete access to relevant and reliable data

A truly monetizable data set must oer a 360-degree picture of the customer profile. For instance, it isn't just enough to have a customer's login email address – this must be complemented with insights on their content preferences, login hours, connected device ecosystem, etc. to generate a holistic understanding. Operators often struggle to arrive at the appropriate strategies to source and aggregate this data.

Inadequate internal capabilities and absence of data democratization

Operators may not have sucient data science capabilities in-house to conduct advanced analysis and build sophisticated analytical models. This can be addressed via data democratization, where easy to use tools allow business users to explore the available data sets, pass through queries, and obtain insights. Apart from building up internal data analytics teams, operators must look at self-service capabilities to accelerate and simplify data exploration.

To overcome these challenges,operators must entirely overhaul their existing data monetization approaches, and usher in business models that pivot around the inherent value of data. Beyond trying to optimally price data products so that the market value of data increases, operators should treat data like "the new oil" and deliver digital services to a wide cross-section of industries, unlocking their intrinsic potential

04

INTERNAL AND EXTERNAL DATA MONETIZATON USE CASES

05

REAPING THE REWARDS
5 STEPS ON THE ROAD AHEAD

The potential for data monetization in the telecom sector is incredible.

Currently, the Telecom Data as a Service (TDaaS) segment is expected to reach $79 billion, in total value by the end of 2020. Yet, revenues from data are falling grossly behind – data revenue grew by just 3X times between 2008 and 2013, while the capex per revenue grew by a massive 40X ties in the same period[10]. Eective monetization of data could bridge this dissonance, taking telcos to new heights of profitability. We expect the following five trends on the way forward:

Transformation hinged on Omnichannel exchange

Omnichannel exchange -Traditionally, enterprises deployed SMS or email to engage customers – this is now opening up to new forms of communication like push messaging, chatbots, and other IP-based channels. This will bring in fresh customer data sets.

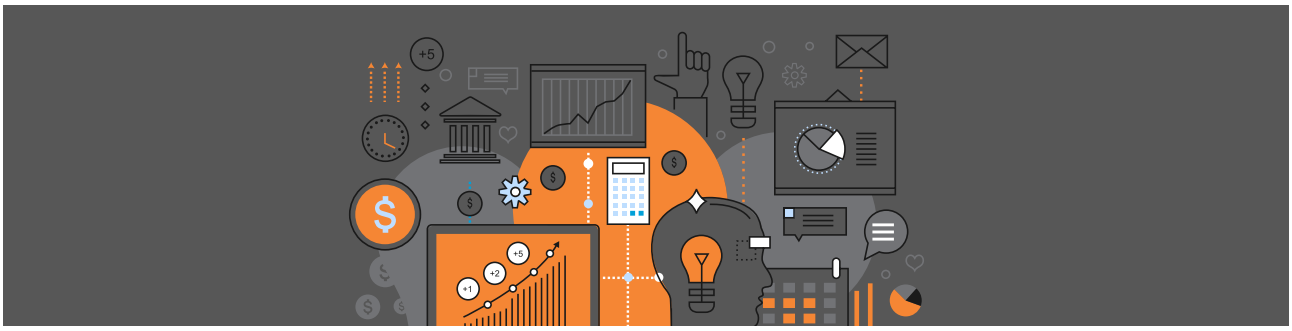
Data rewards to encourage opt-in

Mobile media data rewards could incentivize consumption, data generation, and ad-blocker removal. Once consumers are given the option of viewing free media in exchange for ad-sponsored content, the level of engagement with ads will rise.

[10]https://inform.tmforum.org/features-and-analysis/2016/04/making-good-money-from-data/

Zero rating and sponsored data to boost adoption

Zero-rating implies the unlimited use of certain applications/media libraries that are bundled into a data plan. Sponsored data, unlike zero rating, is sponsored by a third-party provider but performs the same function for the customer. This will help operators overcome one of the key challenges to data monetization: incomplete access. Another party shares the customer's cost burden, while the operation gains ground in terms of adoption and engagement.



Sponsored data gaining ground

Expedia is already using sponsored data to reduce friction in the mobile engagement levels among frequent travelers. It could also impact online retail sales, incentivizing purchases via free browsing.

A consortium of ecosystem players catalyzing the industry

Leading operators and technology providers are coming together to reduce the barriers to entry for data monetization. This will drive common standards, which allow media firms, ad agencies, and other stakeholders to leverage sponsored data on a CSP's network. One such consortium is the Interconnecting business with sponsored data Catalyst by TM Forum[11]. free browsing.

At Comviva, we are committed to unlocking new pathways and opening up fresh possibilities for innovation in the communication sector. Particularly with the traditional revenue sources like voice and data trac drying up, we believe that it is time to monetize the rapidly exploding data potential in the market today. Combined with advanced analytics and bleeding-edge technology like artificial intelligence (AI), this could help sustain and scale operators' businesses in a digital world.

[11]https://inform.tmforum.org/catalyst/2018/03/catalyst-realize-sponsored-data-promise/

About Comviva

Comviva is the global leader of mobility solutions and a part of the $21 billion Mahindra Group. With customer centricity, innovation and ethical corporate governance at its core, the company's offerings are broadly divided into three categories-Financial Solutions, Digital Systems and Growth Marketing. Its extensive portfolio of solutions spans digital financial services, customer value management, messaging and broadband solution and digital lifestyle services. The company strives to enable service providers to enhance customer experience, resolve real, on-ground challenges and leverage technology to transform the lives of customers. Comviva's solutions are deployed by over 130 mobile service providers and financial institutions in over 95 countries and enrich the lives of over two billion people to deliver a better future.

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