

Three Lessons to Learn from Tech Companies

In this article, the author explores how innovation and the leveraging of emerging technologies are allowing large technology players to enter and compete in the global telecommunications market, and focuses on the ramifications for operators in the Middle East. Although this article is market and industry specific, it provides a powerful case study for pricers in multiple industries regarding utilizing innovation to gain market and profit shares. Aleksander Jarosz is a Manager in Simon-Kucher's global telecommunications practice in Dubai. He can be reached at aleksander.jarosz@simon-kucher.com.

Today mobile carriers have a common fear: the “dumb pipe.” Despite a somewhat more favorable market situation in the Middle East, OTTs (over-the-top) are also increasingly popular and customers prefer to use the WhatsApps and Skypes out there.

Recently, fuel has been added to the fire from a surprising source: the big tech companies Apple and Google. First, Apple announced the introduction of the Apple SIM in October 2014, which puts carriers in direct competition with each other on the screen. Second, Google announced that it's joining the market of

mobile virtual network operators with its Project Fi.

With the aim of improving customers' overall experience, Project Fi merges LTE and Wi-Fi networks, automatically choosing the strongest network. It carries voice fully over IP, allowing voice calls with merely an internet connection. Project Fi also completely takes over network access management – a feature that is crucial for a positive user experience, but that many telecoms have not yet implemented. Instead, it needs the technology and advertising company Google to lead the way.

Should Google's move worry carriers in the Middle East? Not necessarily. For one, Google Fi is so far available only in the United States. Also, Google doesn't intend to transform operators into dumb pipes. At the recent Mobile World Congress in Barcelona, Sundar Pichai, Google's Senior Vice President of Products, said that the company “was preparing to experiment with a mobile network, but that it did not intend to disrupt the wireless industry” (see www.reuters.com, April 22, 2015).

In the Middle East carriers have traditionally been swift at adapting new technologies, wanting to have the best and fastest products. But it's not only about network speed. Carriers need to learn three lessons from Google's smart move into their market:

Innovate with what you have

Google is bringing a fresh perspective to the market by intelligently combining existing technologies with a new user experience. **Key take-away: Push your organization to innovate with what you have instead of relying on external technology.** This will never be a sustainable USP.

User experience is key

Google Fi allows customers to use any screen to take calls, pro-actively solving the problem of misplaced handsets, and automatically ensures coverage by merging two networks and using off-loading onto Wi-Fi and VoIP. These small improvements add to the one true game changer: a great user experience. **Key take-away: Try harder to make the user your stakeholder.** After all, they are the ones who matter the most.

Communication is paramount

Operators in the Middle East often still rely on very technical portfolio communication. Google shows a different approach: it clearly communicates value instead of prices and technical features. It uses customer language and emotions to relate its message to customer experiences. **Key take-away: Communication matters.** Customers don't care for megabytes and megabits, but for movie download times and real-life experiences. Win over customers the way they are!

There is still a long way for Google to go before Project Fi becomes a mass market proposition in the U.S. and other countries. In the future, however, the multinational giant could up the game. Telecoms do not need to re-invent the wheel: smartly copying successful marketing approaches will already do. Yet, experience is necessary to know what works best where and why.

It's indispensable to have deep knowledge of best practices, especially from outside the telecommunications industry, of their success factors and pitfalls. This is much tougher than simply upgrading the network. Better carriers will start factoring that in now and move beyond established patterns – before others start fishing in their waters.