

How Mobile Virtual Network Operators (MVNO's) are Disrupting the U.S. Enterprise Wireless Market



Acceptance
Becoming
Widespread

July 2019

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\$12+ Billion in Experience

**The Power of Great
Advice.**

White Paper Series

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What is an MVNO?

A mobile virtual network operator (MVNO) or virtual network operator, is a wireless communications service provider that does not own the wireless network infrastructure or FCC spectrum licenses over which it provides services to its customers. An MVNO enters into a business agreement with a mobile network operator to obtain bulk access to network services at wholesale rates, then sets retail prices independently. An MVNO may use its own customer service, billing support systems, marketing, and sales personnel, or it could employ the services of a mobile virtual network enabler which typically adds robust value-added services and technologies not typically available to the wireless carrier (MNO).

Some of the larger and well known MVNO's primarily serving retail/personal markets:



History of the MVNO

Mobile Virtual Network Operators were originally started in Europe's highly-fractured wireless market in the 1990's. With the advent of better technologies (2G Networks plus), frequencies and available spectrums as well as a more relaxed regulatory environment sped their growth. Primarily focused in targeted consumer markets, even the MNO's (Mobile Network Operators) who owned the wireless network infrastructures saw the niche branding opportunities as many launched their own MVNO subsidiaries to serve specific markets. The proliferation of the European models soon made their way to the United States and by 2008 had reached 15.6 million subscribers and over 40 MNVO's. Over the last several years, MVNO's have made significant strides into the B2B enterprise markets and have become a disruptive market force.

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The Types of MVNO's

MVNO's can be identified by the degree of technology, customer care and financial responsibility they overlay on top of the MNO's (AT&T, Verizon Wireless, Sprint, T-Mobile, etc).

Branded Reseller

Also known as a "skinny MVNO", many times a white-label solution wherein the MVNO may or may not operate their own customer service, marketing or sales organizations.

Service Provider

Also known as a "light MVNO", similar to the branded reseller but the ability to set their own pricing/tariffs independently from the MNO offerings.

Enhanced Service Provider

Also known as a "thick MVNO", these types of MVNO's have more infrastructure, branding and they will typically add data and SIM applications. It is not unusual for them to use multiple MNO's and pool usage between them.

"Full" MVNO

Full MVNO's have all the elements of the Enhanced Service Provider MVNO, including many of the technologies as the network operators themselves but they do not own towers, network or spectrum licenses. Essentially they only use the MNO's for transport of the signals.

23
Million

Wireless Subscribers in U.S. are on MVNO's according to the FCC (2018)

4

National Carriers

Have Ownership Stakes in MVNO's **Boost** (Sprint), **Cricket** (AT&T) & **MetroPCS** (T-Mobile)

The MVNO Advantages for Enterprise Customers



Mobile Virtual Network Operators have made serious inroads into the Enterprise market, chiefly through traditional telecom aggregators who are experienced in the wholesale environments of the larger telecom wireless providers (MNO's).

Key Advantages & Differentiators that have made this gain in market share possible include:

34%+
Average Savings

As Compared to Traditional Enterprise Wireless*

- **Ubiquitous Presence:** Full MVNO's serving the enterprise markets are typically providing access to all major wireless networks on one invoice.
- **Single Dashboard:** No "swivel chair" effect for typical enterprise environment that have two-plus primary wireless carriers.
- **Significant Cost-Reduction:** A function of data and text pooling across MNO platforms for the enterprise and customized rate plans that are not available in the direct enterprise retail arena.
- **Mobile Device Management:** No cost add-on with a layered approach to MDM, reduces expense and need for third-party MDM platform.
- **Customized Billing:** Raw data feeds from the Mobile Network Operators allow much more robust customized billing options than the traditional MNO.
- **Value Added Services:** MVNO's typically provide a feature-rich menu of added value, which may include spend management, Inventory management, device logistics management, repair/replacement, fleet asset management and monthly rate plan optimization services.
- **Latest Devices & Technology:** A disadvantage early in the MVNO history, now MVNO's are large enough to cut their own deals with Apple & Samsung, etc. and are no longer a version or two behind offering the latest trend in devices.

The MVNO Advantages for Enterprise Customers, Part 2



Continued...

Key Advantages & Differentiators that have made this gain in market share possible include:

\$18B

MVNO Market 2017

MVNO B2B Market Size- Per Grand View
Research

- **Support:** Superior customer service experiences to traditional MNO's, the MVNO's typically outpace in enterprise customer service experience for the end user.
- **Adaptability to BYOB:** MVNO's are able to provide more hybrid BYOB solutions to enterprise clients than anytime in recent history.
- **Mobile Security & Policy Compliance:** Comparable to the MNO's security protocols, MVNO's offer robust data loss prevention with the added feature of more flexibility on enterprise wireless policy enforcement.
- **IoT Single SIM:** Connect devices covering 600+ vendors in over 150 countries worldwide with a single SIM and avoid international roaming costs, with safer connections using geo fencing.
- **Emergent Technologies:** Increasing use of emerging technologies such as M2M, cloud, LTE, 5G and mobile computing increase opportunities for MVNO's.

\$32B

MVNO Market 2025

MVNO B2B Market Size- Per Grand View
Research

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MVNO Cautions



Mobile Virtual Network Operators are not created equal. Enterprises should focus procurement efforts with those MVNO's described as "Full" MVNO's only. Retail-user MVNO's as represented on page three are not considered a good fit for the enterprise and whose marketing efforts are geared to the single-user. Any realistic approach to replacing a direct MNO enterprise relationship with a full MVNO should place a high priority in identifying the MVNO players who have excelled and have functioning enterprise-level customers with thousands of diverse devices, regions and usage patterns. Significant consideration of any MVNO should include adequate case study examples and detailed customer reference checks that include discussions on ramp and conversion processes from the MNO.

Additional Cautionary Items:

- **Not All MNO Conversions are Seamless:** Most full MVNO's will be able to seamlessly convert a MNO device to MVNO as a simple billing change, however there are distinct differences between U.S.-based MNO's. AT&T for example is the least disruptive MNO when making this conversion, typically do not require a SIM change or a new device and with no interruption to existing AT&T devices.
- **MNO Master Contract Liability:** Most MNO conversions to MVNO do not include contract penalties and are surprisingly amenable to conversion to MVNO.
- **Individual Device Early Termination Penalties:** A majority of integrations to MVNO are made as individual devices near their contract term. Because most enterprise device costs are subsidized, an MVNO conversion could be migrated as devices come out of term, however many MVNO's will offer credits or buyouts of those early termination fees based on the size and scope of the opportunity.
- **CapX Considerations:** Since most enterprises are no longer purchasing the most current devices for the vast majority of their users, device costs have been reduced significantly by policy changes that restrict users to one to two versions behind the latest devices. MVNO's were at a disadvantage on CapX equipment costs, unable to subsidize at the rate of the MNO's however with several of the large MVNO's inking their own deals with Apple and Samsung this has become less of a concern. Additionally, full MVNO's have become financially savvy in structuring deals for enterprise clients that absorbs any CapX considerations that historically had been an impediment for the enterprises that subscribe to the latest devices as they become available.
- **Coverage Limitations:** If the majority of enterprise devices are in regions wherein the underlying MNO has the preponderance of coverage and requires a more complex conversion and/or changeout of devices or SIM cards, the MVNO advantage may be reduced or neutralized.

Teligistics recommends the following actions for Enterprises with over 1,000 wireless devices

- **Include Major MVNO's to Regular Procurement Cycles:** "Full" MVNO's operating B2B for large enterprise clients should be a part of any wireless procurement exercises.
- **Timing:** Enterprises should not wait until wireless vendor contract expiration date. A feature of MVNO is the ability to absorb/takeover existing contracts (depending on the wireless provider).
- **Due Diligence:** Schedule annual demo's and/or product/service summaries with recommended MVNO's as part of your regular technology trend reviews.
- **Wireless Vendor Account Teams:** **Do not** rely on your current wireless vendor account teams for recommendations on MVNO's or their capabilities. They will have an inherent bias to keep your account status quo.
- **Contact Teligistics:** We are heavily involved in the procurement of corporate enterprise wireless agreements on a daily basis. We can direct you to the major MVNO providers and shorten the distance and learning curve for potential MVNO candidates for your wireless environment as well as consult on the advantages and disadvantages our vast experience provides.

About Teligistics: Founded in 1997, Teligistics is the world's leading expert on Telecom and IT contracts and sourcing. Fortune 500 companies rely on Teligistics' 22 years of experience in sourcing over \$12 Billion of "Best in Class" contracts for our clients. Teligistics' proprietary eProcurement tool, Telibid has won numerous global innovation awards for condensing the timeframe and simplifying the process for large telecom/IT related procurement projects. Teligistics also pioneered the TEM (telecom expense management) industry, developing TEAM (Telecom Expense & Asset Management) expense management tool and is considered "Platinum Level" provider of TEM services. Teligistics manages thousands of corporate wireless devices through its EMM+ platform that also provides Tier 1 level helpdesk support to corporate wireless users. For more information contact Tanner Roberts, Business Development Executive at 281-602-3132 or info@teligistics.com

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