



## Policy management drops its gatekeeper role to become an extra sales tool

Ever since it first emerged around 2003, policy management has been associated with service control, writes George Malim. Carriers have used it to control data traffic on mobile broadband networks. Now, however, the technology is also being recognised as a means by which operators can generate new revenues.



Dr Alastair Hanlon, Convergys: Opportunity to maximise revenues and loyalty

There has been extensive coverage over recent years in **VanillaPlus** of the policy management market and, with the recent news about data usage caps being instituted in the mobile broadband market, much of the focus has been on the control elements of the technology. Whether that involved limiting bandwidth consumption, parents setting usage constraints for children or enterprise employees, or simply blocking users when they ran out credit, policy has, until 2009/2010, been seen as a protective measure rather than a means by which users can receive a better, more personalised service.



Bob Hendriks, Acision: Consumers unaware of the effects of video on the network

In the last 12 months, and in particular in the second quarter this year, we've run a series of articles showing how policy is now being deployed to give subscribers a better view of their usage, the option to pay for packages that they want to use, and from the carrier perspective, monetisation of the previously 'unmonetisable'.

### Clear rewards

It is a shift that, driven from the vendors into the carriers, is now starting to gain momentum as the rewards are becoming clearly identifiable. "For many service providers up to now, data policy management has been restricted to traffic shaping. This typically treats all subscribers in the same way, sharing the available resource based on the type of traffic and related technical factors," says David Chambers, Solution

Marketing Manager for **Amdocs'** OSS Division.

That approach is now widening into revenue generative strategy as Susie Kim Riley, Chief Marketing Officer at **Tekelec**, explains. (See also Talking Heads interview, page 11). "Bandwidth control is only one part of the value to service providers to solve an immediate problem," she says. "While the savings can be dramatic, service providers' long-term opportunity is new revenue-generating services. Service providers can use policy to create a series of tiered service offerings and add-ons to target certain customer segments."

For David Sharpley, Senior Vice President at **Bridgewater Systems**, the shift is now in evidence at carriers. "Strategy has shifted from simple bandwidth management to the development of more innovative services with a variety of use cases for policy management," he says. "In reality, we see more than 50 use cases that operators are either exploring or implementing right now.

The mobile broadband market is inevitably at the heart of that shift, says Mike Huffman, Senior Marketing Manager at **Comverse**. "The user base is different to what service providers are used to – they're impatient and willing to do customer self-care, for example. With (the rise of) policy management, there's a realisation that it needs to be much more than just a network operations tool." ►

Negative effect on users  
 Humera Malik, Director of Global Marketing at **Redknee** echoes that view but also points out that traditional control-based approaches to policy management have had a negative affect on users' experiences. "At the best case scenario, operators reduced abuse but lowered the overall customer experience due to the lack of notification or user options to upgrade with one-time or additional packages."

"At the other end of the spectrum, using policy to control usage has been counterproductive to the goal of reducing costs because of the poor quality of experience, resulting in increased customer complaints," she says.

The end of flat rate or 'all-you-can-eat' mobile data tariffs has provided an incentive for operators to act now. The imperative is to work out new models that consumers will understand and be attracted to.

That's a big job, as Bob Hendriks, Product Marketing Manager, Mobile Broadband, **Acision**, explains: "The mobile broadband business model has finally collapsed under the burden of unsustainable cost levels and crippling quality of service issues," he says. "Currently, everyone from consumers to businesses receive the same service offer and quality of service levels, but the consumer is largely unaware of the effects video and data-heavy applications are having on the network and is in no way incentivised to alter their behaviour."

Enabling, not just preventing  
 It's important not to see policy management solely as a preventative measure, but as an enabling technology. "Policy management won't contribute to the death of flat rate/all you can eat data, but it will help operators as the future direction of the entire BSS subsystem is affected," says Dr Alastair Hanlon, Global Director of Telecommunications at **Convergys**. "It should be seen as an opportunity to maximise revenues while preserving customer loyalty."

For Inbal Ben Ami, Product Marketing Manager, Mobile Internet HUB at Comverse, the data quota is the only differentiator an operator currently has, so policy has to go way beyond simply enabling that. "It limits the operator because it limits the user experience," she explains. "One model doesn't fit all the segments and limits operators' ability to charge a premium."

Moshe Peterfreund, Director of Marketing at **FTS**, harks back to the need to make clear, relevant offers to users. "As long as operator offerings continue to be based on the amount of gigabytes per month it will be hard to move away from these models," he says.

"What service providers should do is to offer packages based on the service or application used, rather than on bandwidth allocation. Policy management tools can certainly play an important role here," Peterfreund adds, "by being able to offer QoS management tools, the provider will be able to offer subscribers packages such as 'YouTube subscription', or 'online gaming subscription', or 'regular surfing and email subscription'."


#### Link value to cost

Guy Hilton, Product Marketing Manager for Amdocs Revenue Management division, sees it as a case of clearly attaching value to cost in customers' minds. "Those service providers who can combine perceived value and cost-effective use of resources will be able to make the most of their network investments," he says. "Both good capacity planning tools and real-time policy management enforcement will be essential to achieve this goal."

A spate of new models and propositions are emerging as a consequence. Offering off-peak data at a discounted rate is an obvious simple service. Riley at Tekelec cites her experience with customer, Vodafone Hungary: "**Vodafone Hungary** offers an unlimited broadband service with no over-usage charges but controls the network impact by using bandwidth controls for very heavy users during peak hours."

Huffman at Comverse sees that type of deployment bringing new customers and new revenues to mobile data providers. "You're looking to shift usage that can be optional or discretionary to an off-peak time so you reduce congestion. But the other thing you're trying to do is capture those who won't use the service at peak rate."

Making use of spare capacity  
 Hendriks sees similar value resulting from policy management for those that want to burst bandwidth in support of specific applications. "Policy management has the ability to manage real-time service offerings such as mobile broadband turbo boost for watching data heavy content, or the ability to purchase one hour for \$1 at times when the network has available capacity," he says.

Those approaches underpin the true value of policy management in the post flat-rate era. It's not so much the gatekeeper of the network as the sales floor. "Policy is the brains of a network, especially for 3G and LTE networks that must make many more real-time decisions to maintain network performance and adapt the network to the subscriber," confirms Riley. "It's becoming impossible to maintain the quality of service and quality of experience subscribers expect without policy's involvement." 



Guy Hilton, Amdocs : Combine perceived value and cost-effective use of resources



Suzie Kim Riley, Tekelec: Add-ons to target customer segments



Inbal Ben Ami, Comverse: One model doesn't fit all segments

"Providers will be able to offer packages such as a 'YouTube subscription'."

**- Moshe Peterfreund, FTS**