

Orange UK Expands Mobile Content Offerings and Competitive Advantage with New Platform for Revenue and Partner Management



Orange UK
London, England
www.orange.co.uk

Industry:

Communications

Annual Revenue:

More than \$1.001 billion

Employees:

More than 10,000

Oracle Products & Services:

Oracle Communication Billing and Revenue Management

Key Benefits:

- Created a single platform to manage third-party content billing
- Enabled pricing flexibility and multiple content package options to attract customers
- Achieved project ROI within six months
- Doubled revenues from value-added services
- Gained the ability to roll out new content offerings in as little as 48 hours

Orange launched in the United Kingdom in 1994 and has been at the forefront of mobile innovation. Orange UK's network is one of the United Kingdom's largest digital networks, providing coverage to approximately 99.4% of the country's population, based on its own estimates. In 2000, Orange UK was awarded one of the five U.K. Universal Mobile Telecommunications System (UMTS) licenses, opening up the opportunity to grow the company's suite of high-speed data and content services.

As with many mobile operators, Orange was experiencing a reduction in voice revenue as new entrants and competition drove down the price of voice services. By 2002, voice had become a commodity for most U.K operators, and Orange was looking for a way to differentiate itself in the market. In parallel, non-voice services were slowly becoming a growing part of revenue.

Most operators see mobile entertainment and content services as the key differentiator going forward. Orange UK's goal is to achieve up to 25% of revenue from non-voice services by 2007. This shift in service focus creates a new, more dynamic environment for Orange UK to create, roll out, charge, and bill for Value Added Services (VAS).

Orange UK selected Oracle Communication Billing and Revenue Management (previously named Portal Software) as a convergent platform to rate and settle its VAS portfolio. The Oracle platform enables Orange UK to introduce an array of new content services to both pre- and post-paid subscribers. Its portal manages the settlement relationships between Orange UK and the third-party content value chain—from content creators to aggregators and providers.

Battling the Voice Commodity

The new mobile environment calls for the ability to swiftly respond to competitive offerings. The inability to match a competitor's service offerings or pricing can lead to a major impact on churn and customer satisfaction. Timeliness is a critical component of effectively competing for market share and differentiating mobile content services. The mobile phone is increasingly competing with both the home computer and the TV for mindshare, especially in today's world in which home video, news footage, and information are instantly pushed out through multiple media and news outlets.

Orange UK also needed a way to create and manage new partnerships rapidly. Part of the Orange UK strategy was to offer both on- and off-portal content, opening up their subscribers to a broad array of content and entertainment services. This enables Orange UK to offer more appealing types of content across its customer segments. However, it also creates the requirement to manage the complex relationships and settlements with content creators, owners, aggregators, and providers.

Event and Value-based Pricing Success

Orange UK deployed Oracle Communication Billing and Revenue Management to gain a single platform for revenue and partner management. The solution's portal provided the robust and flexible capabilities that enabled Orange UK to add 1 million subscribers within the first six months of the service, add 3.3 million VAS transactions, and increase the average margin of content services.

Data pricing must be simple and intuitive to facilitate subscriber adoption and increase satisfaction. Many operators initially were charging for data services based on network consumption. This approach confused consumers and hindered the use of technology advancements, such as data compression. While compression benefits the subscriber and the operator from a network management perspective (reducing traffic and increasing delivery speeds), it is not in the operator's best interest financially because it reduces transaction costs.

By charging for the value (or timeliness) of the content, this hindrance is removed since the subscriber is willing to pay for the perceived service value. The service cost then remains steady despite the network impact.

Oracle Communication Billing and Revenue Management provides the flexible pricing and charging catalog that Orange UK required to support value-based pricing, and also create bundles, promotions, and cross product discounts to encourage service sampling and subscription. For example, Orange UK subscribers can buy ring-tones of their favorite pop artist. Or they can buy a bundle of services that includes a ring-tone, wallpaper, and video clip of that artist.

Accelerating Time to Market

With Oracle Communication Billing and Revenue Management in place, Orange UK can now achieve the necessary “replace and replenish” product life cycles that the mobile content marketplace demands. With the solution's portal, the company reduces product rollouts to a matter of weeks. Oracle Communication Billing and Revenue Management also facilitates pricing synchronization across all platforms and channels. When needed, it has even provided the ability to compress the rollout time to a single day. Such was the case with a “Lord of the Rings” promotion that needed to go out quickly to respond to a competitor’s offering. Using Oracle Communication Billing and Revenue Management, Orange UK launched this promotion in less than 24 hours, and subsequently generated considerable revenue from British Academy of Film and Television Awards related content during the period. This ability to consistently achieve rapid time to market has given Orange UK an important competitive edge.

Automating Partner Management

Orange UK currently manages more than 70 partners and plans to enlist thousands of content partners. Oracle Communication Billing and Revenue Management provides the partner management and settlement functionality that Orange UK requires to manage all partner revenue relationships automatically and accurately rate, track, and remit partner settlement amounts based on multiple business models, including revenue share, sponsorship, and advertising.

With Orange UK, services are intuitively based on the value of the content, so the provider also needs to account for network costs that are not passed through to the subscriber.

Orange UK has multiple methods, via the third-party relationships, to recover bearer costs. The third-party pricing and settlement agreement depends on many factors, including content type versus the network consumption. Because of these factors, Orange UK leverages Oracle Communication Billing and Revenue Management to support multiple types of pricing and remittance scenarios for the same partner.

Orange UK has been able to meet the challenges of the new mobile marketplace head on and launch a highly successful portfolio of value added services. With the implementation of the portal as a strategic charging platform in under six months, Orange was able to execute their strategy, which includes event-based charging, including advice of charge; single-party and multiple-party revenue sharing; real-time spending limit control; a converged solution supporting pre-pay/post-pay subscribers and services; and more flexible revenue share arrangements, pricing, and discount models.

Why Oracle?

Orange UK looked to Oracle Communication Billing and Revenue Management to help it manage extremely rapid content product life cycles. According to one study, 85% of content products have a very short shelf life: usually not more than one to two weeks. Because many content services are not likely to generate much revenue, a low-cost process is required to develop and introduce new content very quickly to establish a rapid “replace and replenish” life cycle.

As content offerings are churned out, they will continually cycle new products until Orange UK launches one that strikes a chord with a customer segment and becomes a big revenue generator.

This new environment also calls for the ability to respond swiftly to competitive offerings. The inability to match a competitor’s service offerings or pricing can negatively impact churn and customer satisfaction.

Implementation Process

As Orange UK grows its mobile content business, it will continue to leverage Oracle Communication Billing and Revenue Management as a convergent platform on which to manage the revenues of its content services and third-party relationships. Orange UK is also rolling over a variety of other services.

MobiTV, for example, initially introduced as a free service, is transitioning to a subscription model. This service will be the first of its kind in the whole of Europe.

Orange UK's music service is expanding with a focus on providing a range of mobile services that allow customers to download music tracks and albums directly into their phones. The music can be stored on the phone, creating an alternative to other types of mobile music devices. Additionally, an Orange Group initiative will offer global content through the Mobile Data Services Platform (MDSP).

Orange UK is one of the United Kingdom's largest mobile communications service providers, with 13.3 million subscribers and a market share of nearly 30%.