

# THE FAST MODE

## When It Comes to Mobile Video - It Is Survival of the Fittest

 John Giere

There is a litany of management books that describe business in terms of the Darwinian evolutionary theory - survival of the fittest. And the mobile industry today epitomizes this maxim. Our vibrant landscape has been continually evolving and right now mobile video is the apex predator. Carriers that effectively manage, monetize and maximize their mobile video skills can climb to the top of the food chain – and even dislodge established rivals.




*Image Credit: Openwave Mobility*

Want to see this in action? One of America's well-established operators, Verizon, is joining the unlimited-data bandwagon. In the past the operator had shunned unlimited plans. Why the change of heart? T-Mobile USA. Just two years ago John Legere, the CEO of T-Mobile announced the launch of Binge On at a glitzy Un-Carrier X event. That bold forward-looking move set in motion a chain of events that would allow T-Mobile, a challenger brand, to leap-frog its established rivals. Legere was one of a handful of visionary operator CEOs who recognized the disruptive power of mobile video at the onset.

### *The mobile video diet*

The growth of mobile video streaming traffic is staggering. Video is not a vertical "option". It is instead a horizontal necessity that is today entrenched in almost every facet of mobile, embedded with OTT content that is being devoured by subscribers who have an insatiable appetite for it. Take your pick from these stats which reinforce why mobile video will determine who survives in the mobile operator jungle:

 50% of current mobile network data traffic is video. By 2020 it will be over 70%

 Video traffic will grow 8-fold by 2022 and will be 75% of overall network traffic

 Video "busy hours" is now 6 hours a day on average and overall video traffic is growing at 56% annually

Just as Binge On helped T-Mobile secure new subscribers and boost profits in the US, half-way across the world, new entrant Reliance Jio in India achieved a record 100M new subscribers in a record 6 months' thanks in large part to a range of innovative mobile data offers. Network providers now recognize the role of mobile data and value the consumer attraction to mobile video.

### *A tale of two operators*

The lesson and painful consequences of inaction, are evident in the US.

T-Mobile's success is the poster child for how a breakthrough video strategy can lead to a breakthrough competitive position. The company went from being #4 in subscriber numbers to #3 in under 8 months – now fast closing on #2. According to Bloomberg, the operator attracted nearly 970,000 subscribers because of zero-rated plans. Phenomenal. The ultimate validation of mobile video can be found in their share price which has nearly doubled in the last 18 months since the launch of Binge On. A few years ago, Sprint considered acquiring T-Mobile. Now there's talk of T-Mobile acquiring Sprint! Talk about a reversal of fortune!

Unfortunately for Verizon, the story and the outcome to date is quite different. They held fast to their traditional competitive differentiator of network superiority. Of course that message had been successful for years, but the market has evolved. The company was trading at \$49 eighteen months ago and today it is trading about the same \$49 level. This is the tale of two companies and the criticality of making video a competitive differentiator has no better proof point than this real life example.

*Moral of the story?*

Longevity and success is about survival of the fittest and evolving to meet the changing market conditions. It is important to continually innovate and evolve with the industry.

The mobile video landscape provides a timely reminder that carriers who are leaders in a market should never rest on their laurels. Stay stagnant and you could miss the next market inflection point and the business consequences could be dire. Are you fit to survive the mobile operator jungle? If so, ask yourself: do you have a video strategy that is driving your profitable growth and is at the center of new customer offerings and brand identity? If you can't manage this growth efficiently and find a way to monetize it more effectively, then you could be in in trouble. Act now and avoid being the antelope!



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