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A Value perspective on Business Models for Wireless Network Services

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ARBIT
Applied Research in Business and IT

Aim

- Focus on defining existing business models for wireless network operators and derive possible scenarios of new business models for wireless network services.
- Use an end user-centric approach where the value aspect from an end user point of view is the key target of future business models

Identified network operator business models in Finland:

Case 1. Conventional cellular mobile network operator business model
Case 2. @450 mobile network operator business model
Case 3. Conventional WLAN operator business model
Case 4. Community shared WLAN

The identified business models from a consumer value perspective

Business Models				
Consumer Value	Conventional GSM / 3G cellular MNO	@ 450 MNO	Conventional WLAN operator	Community shared WLAN
Economic	– Unfavourable pricing setting – Lack of pricing transparency + More friendly pricing methods are being introduced	+ Consumer friendly pricing method	+ In public networks free	+ Free access as sharing user + User can make money – Maintenance of own WLAN
Technical	– Broadband access only in urban areas + International access through roaming agreements with international operators	+ 90% national network coverage – May require extra equipments to get broadband access in periphal regions – Only national coverage	– Limited coverage of one or a few hot spots + Usually very high speed and reliable data access	– Limited coverage of shared hot spots + International network

* – Value hindrances, + Value drivers

Future fragmented distribution business model including a new actor, the inter-connector or aggregator:

According to Korhonen (2008) an aggregator should act as glue between network operators and wireless / virtual service providers by providing roaming and routing services.

The proposal would fragment the market, from primarily network operators doing all business models to primarily distribution business models with specialized actors involved.

This change in distribution structure has been evident in the distribution of physical products for some time (see e.g. Oswald and Boulton, 1995 and Gadde, 1996).

A future fragmented distribution model including all the leading wireless technologies may indeed require new regulations.