The Road to Full Convergence

Strategic Directions

May 2008

© FMCA

In conjunction with: DETECON
The Authors
The FMCA, Priority Programme #1, in conjunction with Detecon Consulting

The Fixed-Mobile Convergence Alliance (FMCA) is a global, non-profit organisation focused on driving the communications industry to provide today’s and tomorrow’s customers with high-quality, seamless and easy to use products and services.

Representing a global base of over 750 million customers the FMCA’s goal is to work in partnership to simplify customers experiences by focussing on making underlying technologies and services all work well together.

Note from the FMCA Chairman:

“The world of dramatic technological change and market convergence the best way to succeed is to collaborate and seek new horizons from insights and learning from each other

– No one has all the answers!”

Steve Andrews

For more information please visit: www.thefmca.com

The FMCA Thought Leadership Core Team

directed by

Frank Seifert Swisscom
and Lars Theobaldt Detecon Consulting

Steve Andrews BT
Piet de Ceulener Belgacom
Alan Denby Optus
Rodrigo Donazzolo BT
Armin Fischer Detecon Consulting
David Gordon Intel
Paul Inglesby Telkom South Africa
Andrea Lagana Telecom Italia
Dr. Volker Rieger Detecon Consulting
Carlos Watanabe Brasil Telecom
Dr. Felix Wunderer Deutsche Telekom

© 2008
# Table of Contents

1. Thought Leadership on the Road to Full Convergence  
   2

2. Full Convergence starts in 2008  
   3

3. The Value of Convergence for the Customer  
   4
   3.1 The consumer  
   4
   3.2 The business  
   4
   3.3 The “business” becomes the “consumer”  
   5
   3.4 The FMCA Customer Convergence Charter  
   5

4. Our Lessons from the Field  
   6
   4.1 Bridging: a single service from multiple devices  
   6
   4.2 Uniting: multiple services from one device  
   7
   4.3 Key Learnings within the FMCA Convergence Framework  
   7

5. The Roads to Success  
   10
   5.1 The industry opportunities of Full Convergence  
   10
   5.2 Strategic guidelines  
   10
   5.3 The two key success factors for the way ahead  
   11

6. The Boardroom Agenda  
   13

7. The Role of the FMCA  
   13
We are entering a new phase of convergence: an arena of multiple devices and rich services across multiple networks. This, the first FMCA Thought Leadership Paper, is a statement of:

- where we are – the lessons from our collective FMC experience;
- the directions for convergence – where the opportunities lie; and
- the strategies for realising these opportunities.

Our thinking and analysis have been derived from the collective views and comments of FMCA members surveyed\(^1\) over the past six months. We expect a breakthrough for convergence in 2008.

This year the borders between markets are blurring, resulting in new business opportunities and competitive challenges. The enablers for Digital Convergence are in place – digital IP networks, digital wireless devices and digital media. Customers are beginning to value convergence as it enables them to easily bring together their communications, information, entertainment media, and transactions. For example, you can take your personal social networks with you, e.g. OGO (=On the GO) from Swisscom, a dedicated mobile device for instant messaging, that delivers a PC-like experience. Or, you can bring together communications, media (games), and information from different service providers anywhere on several devices with e.g. the Sony PSP device with BT’s ‘Go Messenger’ client software. For the customer full convergence is now far broader than the combination of Fixed-Mobile or IT/Telecoms. Despite some good examples, in many cases the customer still has to integrate devices, networks and services – this “do it yourself convergence” is far too common today.

The industry opportunities of full convergence

In order to be the preferred partner for the customers, the industry must now focus on converged customer-centric solutions, not just products. Key drivers for a convergence strategy are:

- Access to new adjacent markets
- Reduced churn - avoiding commoditisation

Fixed-Mobile Convergence to date has followed two paths:
1. Bridging – services on multiple devices
2. Uniting – multiple services on one device

Firstly, simple bridging has so far seen the most success - by offering services at the edge of the convergence framework. Those focusing on marketing and customer care (e.g. single bill, online bill) and on tariffs (bundled or integrated) have met with almost universal success across FMCA members. Secondly, in the uniting space the consolidated services approach (one infrastructure totally replaces another) has until now had most success.

This includes offerings such as home zone services, IPTV, and voice and Internet access on cable networks. More complex services in the central portion of the FMCA Convergence Framework – an analytical approach proposed in this paper – will provide longer term opportunities that can offer sustained growth and reduced churn through customer loyalty. By offering converged services and converged devices, service providers will be able to address the key customer trends. The result of this work asserts that the themes of broadband everywhere and simplicity reign as key customer trends. With Web 2.0 personal social networks becoming a key means of multimedia communication in core user groups, interworking between networks and services will be key to build user communities across multiple networks.

Strategic guidelines for the roads to success

There is no single path to success for all convergence players. It depends on your starting point. The routes to “full convergence” require the selection of the appropriate combination of bridging and unifying services according to the current and potential capabilities of the provider and the maturity of its particular marketplace.

As members of a Board in the ICT Industry, generating shareholder value on the road to full convergence correlates with generating recognised and effective value to the customer, which means that your agenda is to provide and demonstrate value for the customer and ensure that you have a convergence ready organisation. Furthermore, communicating the value of your convergence strategy externally and internally is key to success.

The FMCA occupies a focal industry position as the combined voice of convergence customers and wishes to help you implement your boardroom agenda for the road to full convergence.

\(^1\) Survey conducted amongst 70% of the represented carriers, global vendor affiliates, as well as a series of interviews with 15 Top Executives from the FMCA member companies. The history of over 400 FMC products and services has been analysed. A team of 13 senior managers and consultants have worked on this 6 months program.
2 Full Convergence starts in 2008

The future of full convergence begins in 2008 as market and service boundaries blur and expand. The scope of FMC will expand beyond today’s technical convergence to play out the future in a much larger arena including converged data & broadband services, software and Internet services, media and entertainment, content and advertising, as well as device manufacturing.

The market is forecast to expand beyond the current US$ 1.5 trillion market for basic fixed and mobile voice to US$ 3.7 trillion. (See Figure 1). Our key goal must be to identify the key opportunities and competitive challenges for capturing parts of the new US$2.2 trillion revenues. There are two key questions:

1. How can we tap into these opportunities?; and
2. Are we in shape to deliver these opportunities?

Our survey demonstrates that many of the existing FMC services have provided sufficient value to customers for converged offerings. As the industry moves into a new phase, a short term focus on creating improved service experiences that respond to customers’ needs is required. These services must reduce complexity with services that bridge multiple devices to allow customers to always be connected. In the long term, providers must meet the customers’ need to be always in touch with a wide range of integrated devices that unite all of their services. Interconnect is crucial to create economies of scale for providing services over mixed infrastructures.

The immediate opportunities are compelling – and will enable convergent operators to win new revenue streams and to reduce churn. We can divide the factors for winning in this new phase into two categories: ensuring that we provide real customer value, i.e. be most relevant to the customers, and get in shape for convergence, i.e. ensure the right technological and organisational capabilities.

Figure 1: Industry Convergence

Signals from the Industry

- BT and Sony partner to bring text messaging, voice and video calls to the PSP gaming console
- Telecom operators (e.g. Telecom Italia, Deutsche Telekom, Optus) are offering successful TV services over fixed or mobile
- Swisscom’s OGO brings Instant Messaging Mobile
- Intel commits to embedding personal computing technology into mobile devices for true mobile Internet
- Microsoft seeks a significant share of the advertising market
- CBS is launching its mobile LBS® service (‘Loopt’)
- Apple has introduced the much-hyped iPhone
- Google is introducing its mobile platform, Android
- Nokia is taking over Navtech

2 LBS: location-based services

“Convergence is at the heart of BT’s strategy and extends our addressable UK market to over £30Bn rather than a fixed market of circa £12Bn and presents an even greater ICT opportunity for Global Corporations. Our consumer and business customers really value help in bringing together their services – This is already resulting in more business and longer lasting relationships as we are much more relevant to their lifestyles and business goals.”

Steve Andrews,
BT Group, Chief of Mobility & Convergence

© FMCA / In conjunction with Detecon International GmbH
3 The Value of Convergence for the Customer

A team of marketing specialists from different carriers and vendors collected 50 trends each for consumers and business customers. The key question was: in addition to baseline requirements (e.g. price reduction), what are the key trends from a customer perspective? We created a short list, which was then subject to a FMCA member survey. In the following sections, we share the top level results.

3.1 The consumer
For the mainstream consumer today, the key short-term requirements are simplicity and consistent mobility in the home or on the move. Consumers who take up innovative convergent capabilities and services will generate great value. Particularly for the younger consumers, expectations of “mobility” are driven by their “networked lifestyle”. Access to everything everywhere will be the norm. We see two requirements:

- to access a diversity of services from a single device – any time, anywhere, and
- to access the same services from a range of devices.

The consumer’s constant need to be “in touch” combined with constant entertainment “snacking” – spontaneous media consumption – make access to nomadic wireless broadband mandatory. During the past ten years, the young have become “network capable”. They are more sophisticated, smarter and very demanding in their use of and expectations of the web. Their access and communication needs are continually developing - from parties to cyber dating, from window shopping to web browsing, class reunions to internet communities. Traditional Personal Social Networks are becoming Digital Social Networks as they are enhanced and accelerated by IP.

Mobile devices lie at the heart of this transition. They have become the most ‘fixed’ device with the closest proximity and relationship to the user. Over the next 2-3 years, “integration of devices and federation of user identities” will increase this person-device-service coupling. For the consumer living in the pervasive networked world, the differences between the market players and access technologies (fixed or mobile) must be invisible. There is a significant 3-4 year trend towards “convergence” playing an important role in meeting expectations for an “independent life” - allowing the consumer to stay healthy and attractive in an increasingly individualistic and aging society.

3.2 The business
For enterprise customers we see a balance of requirements: consistent mobility at or away from the desk, productivity, and cost effectiveness. We find that business has a greater sense of urgency than consumers. Their speed of adoption of trends appears to be faster than that of the consumer - most high impact trends are deemed to be short term.

Mobile collaboration – the ability to conduct “networked” business when away from the desk - is high priority. Business users, like the consumer, are nomadic and expect instant access everywhere. The pressure for increased productivity...
demand instant access to, and the management of, rapidly expanding real-time information. Companies will concentrate on security, minimising risks, and compliance to business rules. This will require increasing provider spending on network and information security. Business will harness “convergence” to resolve the pressure which constrain or grow their business. The survey also noted the globalisation trend will take the slowest speed of adoption. As their customers become more demanding and see close-to-zero switching costs, all enterprises will need to deliver the best customer experiences in the game...from service and products innovation, operational effectiveness and efficiencies, to excellent reactive and real-time customer services.

3.3 The “business” becomes the “consumer”

Businesses are already exploring the digital consumer space. They are seeking to create a “presence” in social networks. Businesses are already exploring the digital consumer space.

3.4 The FMCA Customer Convergence Charter

Most FMC providers are still in a supply-driven world. Competition has concentrated on access technologies and basic service capabilities. Players must now compete in an open market place. The old demarcation lines are dissolving.

As convergence intensifies, customers are increasingly faced with insufficiently compatible service offerings (another standard – yet another incompatibility). Individual and business customers are involuntarily placed in the role of an ‘integrator’ of convergence. Our challenge is to resolve these issues to ensure excellent customer experience and to identify how to provide real value to customers. We must meet their needs and act beyond their expectations. These are the roots of our opportunities! The primary customer requirement is that providers combine their communication, information, media, and transaction needs on any of their devices with a consistent service experience and ease of use, anywhere. This is the basis of the FMCA’s “Customer Convergence Charter”.

Figure 3: Trends in the Business Market

The FMCA’s “Customer Convergence Charter”

“Convergence” means:

- Bringing together my communications, information, media, and transactions from any of my service providers, on any of my devices,
- with a consistent service experience, in a cost effective way in order to manage and engage in my personal, social and business life anywhere!

Source: Survey among FMCA member companies
4 Our Lessons from the Field

Practical experience of our membership can direct our understanding of the critical success and failure factors for convergence. As a major step in providing thought leadership, the FMCA has undertaken an in-depth analysis of members’ market and service experiences. 14 operators and 3 vendors gave us input on over 400 distinct offerings. Our goal was to understand the patterns of FMC market activities and to determine analytical frameworks in order to identify the strategic routes to success.

The FMCA Convergence Framework (see Figure 7) was our analytical starting point. We have considered:

• the role of the user
• and separate domains comprising of
  – user devices
  – products & services
  – marketing, tariffs & customer care and
  – the network.

We have identified two core FMC service types:
1. Bridging: a single service can be accessed from multiple devices, and
2. Uniting: multiple services can be accessed from one device.

4.1 Bridging: a single service from multiple devices

Bridging services create a converged user experience independent of the devices used:

1. Converging marketing, tariffs and customer care: a key entry point for FMC customers and providers providing simplicity for the user. Examples include bundles (n-play), online billing, and self-service VAS portals.
2. Converging “value-added” services - making a specific service available on multiple devices across different networks. Examples include integrated voice mail, access to home and office databases and integrated contact directories.
3. Interworking – service interoperability and roaming for multiple users across different networks. Examples include unified messaging, video calls and remote camera monitoring.

Figure 5: Bridging Services

<table>
<thead>
<tr>
<th>Bridging Services</th>
<th>Converged Marketing, Tariffs, Customer Care</th>
<th>Converged Services</th>
<th>Interworking</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bundles (N-Play)</td>
<td>Integrated VoiceMail</td>
<td>Unified Messaging</td>
</tr>
<tr>
<td></td>
<td>Online Bill</td>
<td>Access home/office storage</td>
<td>Video Calls Mobile/PC</td>
</tr>
<tr>
<td></td>
<td>Self Service VAS Portal</td>
<td>Integrated Contacts (phone #’s)</td>
<td>Remote Camera Monitoring</td>
</tr>
</tbody>
</table>
4.2 Uniting: multiple services from one device

Uniting services creates a converged user experience on individual devices. This can be achieved by either combining several services onto the devices or by making converged services available through multiple networks. At the extreme end, multiple services can be consolidated onto one network (infrastructure integration).

Uniting services include:
1. **converged devices/separate infrastructures** - several services from multiple networks are available to the device. Examples include “one phone” offerings (GSM/ Wifi, GSM/Bluetooth) and mobile television (DVB-H and DMB).
2. **converged devices/converged services** – the same services are available to the device through different networks, enabled on technologies like UMA, Femtocell, or Dual Connect Router (VPN).
3. **consolidated services** – multiple services are consolidated onto one network. Examples include home zone offerings (FMS), IPTV and cable telephony, online music and games, and home gateways.

4.3 Key Learnings within the FMCA Convergence Framework

We have identified the success factors for current offerings in meeting customer needs and where additional efforts are required for success. The FMCA Convergence Framework combines the dimensions of device and service integration to indicate how bridging and uniting services grow to full convergence.

Our analysis of over 300 bridging services indicates that current market success is strongly correlated with the depth of infrastructure integration.

By mapping the results of our survey onto the framework we can draw conclusions on the market success or failure of FMC services.

4.3.1. Simple bridging is a good entry point, but interworking will gain in importance

Bridging services represent about 75% of current market offerings. Marketing and tariffs (bundled or integrated) as well as customer care (e.g. single or online billing, single point of contact) have had almost universal success across all surveyed FMCA members. They are easily understood and perceived to be of value by the customer. They are a valuable entry point for customers and operators.

Despite their success, we do not consider these “simple” bridging services to be an effective long-term competitive differentiator. They will become standard as markets and competition mature. Bridging services have a short term attractiveness to business customers seeking to provide access to central information from diverse devices.

“Taking one’s PC in the pocket or purse is a clear case of ultimate convergence: in our age of extreme mobility, there is no need to settle outdoors for less than the full internet and multimedia experience of the indoors. Today’s low power PC architecture and the vast investments both in fixed and in broadband wireless will make this a reality.”

David Gordon, Director of Service Provider Technologies (Intel)
Converged services aimed at simplifying communications (e.g. integrated contacts and integrated messaging) have met with mixed success. Lack of perceived value to customer, cost and usability are the main barriers.

The most successful services have been “plug and play”, where the customers can “do it themselves”. The FMCA’s view is that despite the small number of successes, these will become an important and necessary portfolio element for creating additional revenues and customer retention in the near future.

We also believe that interworking, interoperability and roaming are critical to the long term growth of converged services.

4.3.2 Convergence of broadcast and on-demand TV drives uniting services

In the uniting space converged infrastructures have generally met with more success than converged devices. Examples include the substitution of fixed voice minutes by mobile voice and IPTV for broadcast and cable TV.

The potential of uniting services will be driven by Internet services and the convergence of broadcast and on-demand television with existing infrastructures (fixed, mobile). This integration into the mobile domain has progressed slowly due to technical capabilities – the limited availability of acceptable speeds for mobile or wireless broadband – and combined high prices.
In business, the converged devices approach has met with some success but also some difficulties:

1. converged devices are complex – this is the main failing of converged services connecting multiple networks and services with one device.
2. complexity results in fewer device choices and higher device costs limiting customer choice and market potential.
3. price arbitrage between access methods has been a focus for converged device offerings. This will be short lived as it can be easily countered.

Device integration must now go beyond access and the network to focus on the service and application layers. Remote device management requires more attention and needs optimisation. It is fundamental to delivering ease of use and improved customer support worthy of a price premium.

No single technology is best suited to all environments. 3G/HSDPA or WiMAX cannot take over the home, and ADSL cannot take over the outdoors. The interconnection of access networks is the key to success in the uniting space. Customers want a reliable and seamless experience when moving across the various network domains.

Operators need to weave a seamless factory of access networks. They will then be ready for what the FMCA believes to be the real convergence opportunity: providing the experience of living in a border-free constantly connected world.

Figure 8: Survey of current convergence offerings of FMCA members

The pie charts illustrate the number of service types - each consisting of a number of market offerings - that have either been universally successful, universally unsuccessful in all markets, or where existing results do not yet show a clear trend.
5 The Roads to Success

5.1 The industry opportunities of Full Convergence

In order to be the preferred partner for the customers, we must now focus on converged customer-centric solutions, not just products.

Key drivers for a convergence strategy are;

• Access to new adjacent markets revenues
• Reduced churn – avoiding commoditisation

Taking into consideration the FMCA Convergence Framework to date, the market has followed two paths;

• At one edge of the framework, simple bridging has had almost universal success across FMCA members experience
• At the other edge, in the uniting space, the consolidated services approach, in which one infrastructure totally replaces another, was until now most successful.

More complex services in the central area of the FMCA Convergence framework will provide longer term opportunity that can offer sustained growth and reduced churn through customer loyalty – while leveraging previous investments in infrastructure. By offering converged services and converged devices, service providers will be able to address the key customer trends of „broadband everywhere” and simplicity. The already mentioned Swisscom OGO or the BT/Sony partnership are examples on how to embrace the Web 2.0 personal social networks, becoming a key means of multimedia communication in core user groups. Interworking between networks and services will be central to building up user communities across multiple networks.

Overall, helping the customer on their road to full convergence by taking away the hassle of being a ”do it yourself” integrator is the next big opportunity.

5.2 Strategic guidelines

There is no single path to success for all convergence players. Depending on their current positioning, skills and capabilities, infrastructures and platforms, and market environment each service provider must develop an individual route to full convergence. The FMCA Convergence Framework serves to illustrate the opportunities and key success factors for each player.

In the early FMC years, the low-hanging fruits at the edges of the Convergence Framework were the bases for success. These centred on marketing, tariffs and customer care requiring little or no technical integration, as well as on tightly integrated uniting services.

Over the next two years, there will be new compelling opportunities to generate incremental revenue streams and reduce churn.

Figure 9: The Key Opportunities

<table>
<thead>
<tr>
<th>Key success factors for full convergence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Converged Devices only</strong></td>
</tr>
<tr>
<td>• reduce complexity of devices</td>
</tr>
<tr>
<td>• increase availability and choice</td>
</tr>
<tr>
<td>• be careful with price arbitrage</td>
</tr>
<tr>
<td><strong>Conv. Devices + Services</strong></td>
</tr>
<tr>
<td>• ensure sufficient service provider control over device</td>
</tr>
<tr>
<td>• focus on seamless pre-integrated user experience</td>
</tr>
<tr>
<td><strong>Consolidated Services</strong></td>
</tr>
<tr>
<td>• entertainment and media moving onto single broadband infrastructures</td>
</tr>
<tr>
<td>• nascent market offers many opportunities</td>
</tr>
</tbody>
</table>

Uniting

Marketing, Tariff, Cust. Care

• need to be easy to understand
• can offer good value for customer
• good starting point for convergence offerings

Converged Services

• support multiple user experiences
• leverage converged production platforms (SDP, OSS/BSS) and interconnected access networks

Interworking

• the strategic opportunity for the industry as a whole
• build user communities across multiple networks

† : success today, low hanging fruit

Getting through the uniting space

Increasing service integration
As we enter the “full convergence” phase, opportunities and challenges will be found in service and device convergence. Flexible combinations of devices, networks and services will dominate to provide flexible, supply-side integration.

The opportunities lie in the supply-side integration that furnish:
- a flexible set of offerings with a consistent service experience
- easy and seamless connection to a range of services
- a choice of devices
  - with the prerequisite that:
  - pre-integrated services across various devices (screens), and
  - easy-to-use access networks, that are relevant to the customer.

The achievement of full device convergence is an important opportunity for operators who have strong expertise and leverage in device technologies. Integrating new applications capabilities and technologies, such as mobile TV, into existing user equipment will drive the creation of increasingly rich convergence bundles. This will create growth based, amongst others, on advanced converged devices and is why we (the industry) need to provide a mobile internet device not only with “multi-comms”, but also with the “openness” of the solution stack (standard OS, drivers, application enablers).

There is a strong need to work together to derive “economies of scale” for these type of devices.

A uniting strategy requires that the provider has sufficient influence on the customer device so that the user interface can be managed by providing remote management, and straightforward device upgrades that ensure the seamless user experience.

Within a bridging strategy, interconnection of access networks is important if customers are to have a reliable experience when moving across the various network domains. It requires significant effort but generally gives the operator more influence and control.

5.3 The two key success factors for the way ahead

The “FMCA Customer Convergence Charter” centres on the value of convergence from a customer perspective. However, to demonstrate real value to customers it is essential to achieve a deep understanding of their needs and translate solutions into tangible benefits. Providers must get in shape to deliver convergence both with their technical capabilities, and equally by ensuring a corporate mindset and culture for success.

5.3.1 Demonstrate value for the customer

Shareholder value is generated by increasing profitability through increased market share and ARPU. This requires that the provider effectively delivers recognised value to the customer.

The consumer identifies closely with those devices and services “contained within their Digital Social Networks”. The access methods and the networks must be invisible and adaptive (time, place, location, identity). This requires that device integration is pushed beyond access and the network into the service layers. Remote device management is expected to play an important role in the management of user/device-specific and generic FMC services, freeing the end user from its forced role of an integrator and breaking the “glass ceiling” of new service adoption.

The “lifestyle” interpretation echoes the “retail space” with an emphasis on branding – creating a compelling image with current and potential customers – and on a deep understanding of highly-segmented customer behaviour and requirements. We must remember that many seeking to capture consumer space are coming from “outside” the industry with a strong customer/lifestyle focus.

Such companies may be future partners or competitors but, whatever, they will cause FMC providers to switch from product-driven thinking to enabling user-defined services.

“Companies that master the software and can propagate it into all devices might win the game because they can integrate a coherent customer experience everywhere. This is a tough challenge for operators”

Christian Petit,
Head of Residential Customers (Swisscom)
Business customers have a greater sense of urgency for adopting convergence than the consumer. Currently, the key business opportunities may be more specific than those for the consumer.

Instead of focusing on capturing the full business network space, the emphasis must be on providing relevant services and devices that can:

1. augment rather than disrupt the existing ICT and business infrastructures, and
2. provide easy access to, and effective management of, existing ICT information.

There is an important and growing business customer group – that of the "SoHo" - the individual business professional working from home and acting both as a consumer and a business. Such individuals can be highly receptive to "full FMC" solutions as they can be communications and information intense and, as a result, they have a high demand for convergence and are technology capable.

5.3.2 Make sure that you have a convergence-ready organisation

The key FMC strategies centre on understanding the customer value and determining and acting on the degree of convergence required to provide the relevant combination of bridging and uniting services.

Marketing strategies will centre on

1. offensive convergent moves: cross-selling to win more of the customer wallet; and
2. defensive convergent moves: ring-fencing customers with bundles, and increasingly integrated products.

requiring:

• segmentation and modularity – the ability to develop profitable converged services for smaller customer segments (e.g. families, SMEs, SoHos, specific communities/affinity groups). Modularity will be essential to ensure that services can be tailored to specific user requirements profitably.

• branding – to the experiences of consumer electronics, media and internet companies, the masters of strong branding. This new branding differs significantly from that derived from the “telecommunication product and service” mindset;

• partnerships – identifying, establishing and sustaining relationships with those partners who can contribute to delivering the required consistent and competitive customer experience;

Of course, the basics of usability, transparency, value, and relevance must be right or success will continue to be limited by the weakest capability. Customer (and technical) support must be fast, effective and context driven. The ability to "bring it all together" in line with customer expectations will remain a key differentiator.

Also, ensuring your business has the relevant corporate mindset, is critical. This is a challenge equal to, if not greater than, determining the appropriate technology platforms. It is more than simply an exercise in "change management". It requires the creation of a converged mindset, with everyone dedicated to acquiring and retaining customers across the organisation.

Since the beginning of this century, the paradigm shift from "vertical silos" towards “horizontally layered organisations" (e.g. SalesCo-ServCo-NetCo) endorses the creation of this mindset and seems to be a key prerequisite for success.
6 The Boardroom Agenda

For board members in the ICT Industry, the focal point on the road to full convergence is shareholder value. This is generated by recognised and effective value to the customer. Accordingly we see the following points on the agenda:

1. Demonstrate value for the customer

   Create a deep understanding of your customers’ needs on their road to full convergence
   - Research the drivers in your customers’ business or lives – and involve your executives
   - Create a customer-focused definition of convergence: Make sure your organisation shares a common understanding
   - Set out the priorities for your customers’ needs and align with your business capabilities.

   Focus on services that can maximise success in your market - based upon the recommendations and learning from the convergence framework, Find the right strategic partners
   - to deliver the convergence experience
   - to enhance your market position

2. Make sure you have a convergence-ready organisation

   Structure of your company: Transform into an organisation that is customer focused and not technology focused
   - Change Management Process: From old telco-oriented mindset to new converged mindset
   - Position in the value chain: Being able to take on different positions in the value chain according to service / customer requirements
   - Cost optimisation: Identify cost optimisation opportunities from converged network/IT architecture and converged multi-skilled teams

3. Communicate the value of your convergence strategy both externally and internally

   Demonstrate the economic value of the convergence strategy: Larger market, customer satisfaction, reduced churn
   - Demonstrate your convergence strategy is at the heart of your overall company strategy

7 The Role of the FMCA

Our mission on the road to full convergence is to drive the delivery of the FMCA Customer Convergence Charter. The FMCA has a focal position as the combined voice of convergence customers and the industry as a whole.

We will concentrate on the following Action Lines in order to

1. Define critical customer requirements to enable successful convergence services and strongly represent these to industry through documented requirements definitions.
2. Share our members learnings on there roads to full convergence – what has worked and what hasn’t?
3. Demonstrate the economic value added of convergent business and partnership models
4. Share best practice to support members’ transformation programmes. (e.g. change mindsets and corporate cultures to speed up organisational agility and leadership)
5. Develop business models and trials to support interoperability and roaming of convergent services between service providers
6. Help the FMCA membership to deliver the charter
   - engage and influence other industry bodies/customer-focused organisations and vendors
     - include all relevant players from the “full convergence” value chain
       - create a platform for partnering between members
       - achieve interworking of converged services across service provider platforms
6. Assist our member’s CEOs in the implementation of their boardroom convergence agenda

The FMCA will encourage and support its existing and new members in the achievement of these goals to create a truly convergent value proposition greater than the sum of its parts.

The Project Team acknowledges the valuable the contributions from:

Alexander Brock (Rogers Wireless), Mariya Dushyko (BT), David Verschoor (KPN), Gabrielle Giner (BT),
Miles Sheridan (Eircom), Jörg Berthold (Deutsche Telekom), Sybille Schaller (NEC), Emma Dixon (FMCA),
Andy Haworth (FMCA), Su Xiaoming (China Telecom), Glenn Estates (TDC), Dante Nardelli Junior (Brasil Telecom),
Luis Henrique Coni de Castro Lima (Brasil Telecom), Fatima Dqaichi (Belgacom), Georges Schlegel (Swisscom)
Membership of the FMCA

Our worldwide membership represents the organisations that are thought leaders in Convergence and deeply involved in the implementation of Convergence technologies and services.

As a global organisation, we are working together to provide today’s and tomorrow’s Convergence customers with high-quality, seamless and easy to use products and services.

Through our members’ collaborative work, we are ensuring that devices, access points, applications and underlying networks interoperate to deliver the best user experience possible.

Joining the FMCA provides the industry and its members with:
- Customer-driven product and service requirements.
- Harmonisation of FMCA Operator-Vendor roadmaps and visions.
- Reduce the time it takes for new services to hit the market.
- Knowledge sharing at technical and market levels.

If you are interested in joining the FMCA please contact:
Emma Dixon
emma.dixon@thefmca.com
or
Andrew Haworth
FMCA Managing Director
andrew.haworth@thefmca.com

In conjunction with: Detecon Consulting