



MVNO Region Portrait Series

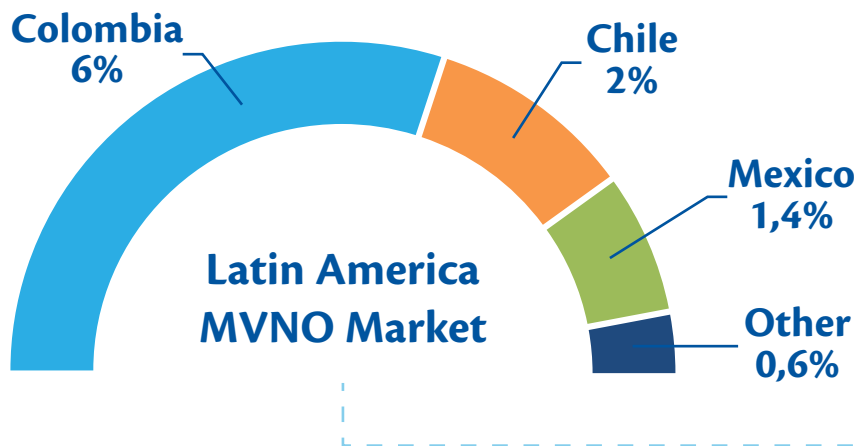
Latin America

Latin American telecom market rekindles interest in the MVNO business model.

While the virtual network operator business model was making headlines in other regions of the world such as Europe and US, in Latin America it has been an ankle buster or just a small wave for the last decade. At a global level, the MVNO market continues to grow, reaching a record number of 250 million mobile users from 70 different markets¹.

When looking at market shares and who dominates the mobile landscape in Latin America, there are four to five major mobile operator players that lead the way in each region. Ahead of the pack are large network providers, nonetheless MVNOs are now joining the fight for new subscribers.

The Colombian market leads with 3,7 million MVNO subscriptions or 6% market penetration, followed by Chile with 2% and Mexico with 1,4%². Even though the market is dominated by giants, the Mexican MVNO market managed to reach 1,6 million mobile subscribers at the beginning of 2018³.



¹ Sonia Agnese, senior analyst at OVUM
² El Economista, May 2017
³ Instituto federal de telecomunicaciones, IFT, March 2018

Rocky growth for the Latin American MVNOs

Seeking to boost competition and bring mobile prices down, the communications regulators have been gradually eliminating access barriers for virtual operators, facilitating easy access to local mobile networks and even allowing MVNOs to establish wholesale agreements with more than one network operator.

One project worth mentioning that comes to help MVNOs gain more coverage, is the wholesale Red Compartida shared network, launched in March 2018 and covering 32.2% of the Mexican population⁴. Designed to reach 92% of the region by 2024, end-users get access to 4.5G speeds.

Despite the favorable conditions, there are shared opinions on what caused the low growth. According to Davi Fraga, CMO of Brazilian MVNE Surf Telecom, there are cases where MVNOs are seen as competitors to large network operators instead of being a new channel to generate new streams of revenues and increase their customer park at a lower price. He also mentions that there are not enough enablers on the market to help establish new virtual businesses.

MVNOs, ready to adapt to trends and their client base?

To become commercially successful and win the hearts of mobile users, local MVNOs are challenged to put into effect bold strategies

that acquire and retain subscribers. In a market like Latin America, plagued by high costs and with a customer preference for a prepaid plan, MVNOs can make a difference by offering new services that can add extra value and best engage with their customers. One of the successful go-to market strategies for MVNOs proved to be going beyond voice and data connectivity and offering value added services.

⁴ BN Americas, March 2018

Increased mobile data traffic per user and 4G adoption

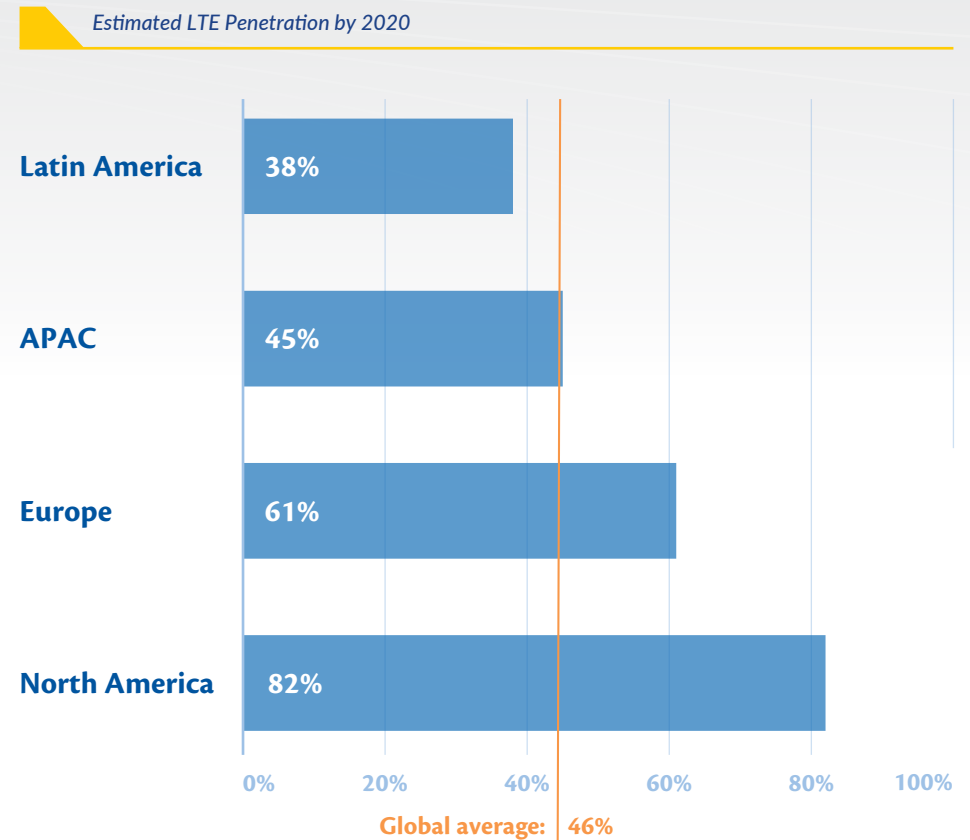
The mobile market in Latin America is set to register 50% more mobile internet users by the end of the decade, with strong growth expected in Brazil, Colombia, Mexico and Peru.

The rise in mobile data usage is fueled by consumers' always-on lifestyle. If at the end of 2016 the average per smartphone user was 1,6 GigaBytes / month, by 2022 there will be a sixfold increase. Hence, the virtual operators present in the market seek to offer data-centric service packages, as up to 90% of their revenue comes from mobile data usage, according to the biggest MVNO in Mexico. Part of this chain reaction is also the migration from 2G or 3G network capabilities to the use of 4G mobile broadband with LTE penetration exceeding 20% at the end of 2016⁵. By 2020, the 4G usage will be on the verge of reaching the global average, hitting 38%. When it comes to 5G penetration, 2million subscriptions are expected in Latin America⁶.

Maximizing 4G service adoption among MVNO customers

Within the forecasted 4G adoption numbers, it's up to the MVNOs efforts to gain a large share of 4G subscriptions. They need to get aggressive in ensuring a warm reception from their subscriber park.

This can be achieved by promoting larger data plans, new 4G related value-added services and LTE capable handsets.



⁵ 5G Americas, May 2017

⁶ Ericsson Mobility Report 2017

Smartphones, 75% of mobile subscriptions by 2022

The shift to digital services sustains the accelerated smartphone adoption in the Latin American market. For some mobile users, smartphones are the singular way to access the Internet.

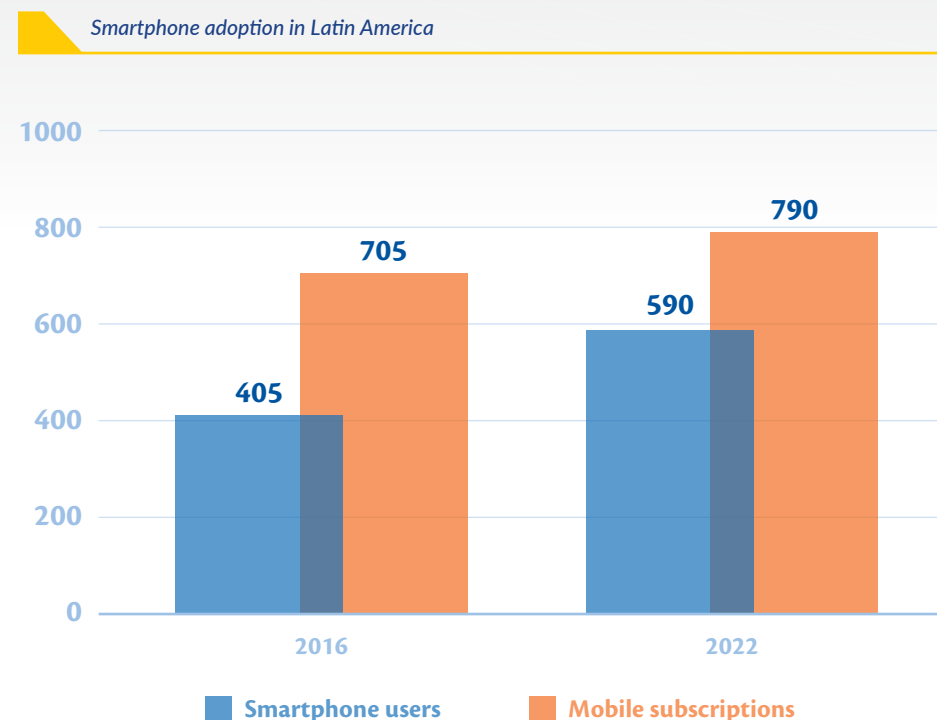
For the time being, smartphones account for 57% of the market with 405 million subscriptions. Almost 60% out of these devices are low-end handsets. This is mainly influenced by the economic downturn experienced in the market, with increased inflation levels and currency devaluation. On the Mexican market, the average spending on smartphones reached \$150 a minor increase of 9.1% compared to 2016⁷.

Smart device manufacturers are having a hard time differentiating in the Latin American mobile market, as smartphones are being commoditized and there is fierce price competition from Asian brands in particular. Nonetheless, smartphone subscriptions are set to grow year on year with 6% until 2022, registering a total number of 590million⁸.

Onboarding and supporting the endless number of device models

Embracing the Bring-your-own-device (BYOD) model leads to great profitability for MVNOs, but comes at a cost. When joining

their network, virtual operators are required to support each new subscriber's handset with the right APN settings, based on each device-specific configuration capability. Once having onboarded their customers, MVNOs need to be able to provide support to these devices. This turns into one of the major challenges for any MVNO without device visibility and the right intelligence solutions.



⁷ BNamericas, February 2017

⁸ Ericsson mobility report: November 2016

LATAM stepping up the fight against phone piracy

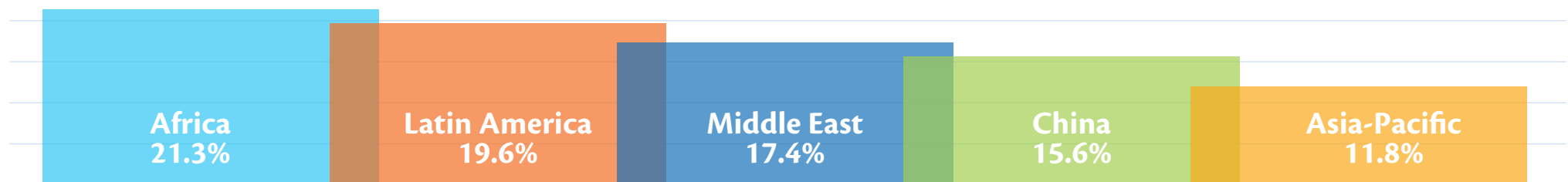
Grey mobile devices have been present on the Latin American market. Authorities, together with device manufacturers and mobile operators, are taking substantial efforts to combat the use of such handsets. Handsets that present an invalid, duplicate, zero or cloned International Mobile Equipment Identity (IMEIs) as are replicas smuggled in as genuine devices, are considered grey terminals.

These counterfeit phones present a high risk for the end-user's health and for the environment, as they are not in line with quality standards and have no safety checks performed on them before

being distributed on the market. At a global level, counterfeit devices represent an estimated 15-20% in term of sold units, generating \$9 billion in revenue, 86% of them originating from China⁹. Latin America comes in second place at a global level with 19,6%.

According to mobile authorities, mobile operators must block these devices and inform customers of using such devices. This can be a challenge for MVNOs, as they need to track unlicensed phones by checking the device IMEI. Starting in May 2017, in certain markets such as Brazil, service providers should give a 75-day notice to their end-users, before blocking their device on the network¹⁰. Besides the ability to block this type of devices, MVNOs have to perform awareness campaigns.

Share of grey devices



⁹ Combating Counterfeit Using Conformance and Interoperability Solutions: International Telecommunications Union: June 2016

¹⁰ Anatel: May 2017

Excellent customer service becomes imperative

Customer satisfaction indexes typically rank the lowest for the telecom industry and operators always seek to come with new initiatives to correct this. But when regulators are notified and new standards are issued to improve customer service, telcos find themselves in a hard place to find quick solutions.

One meaningful example features Costa Rican telecoms and how they have 6 months starting with the beginning of this year, to transform their customer service business. According to the local telecoms regulator, Sutel, Costa Rican mobile subscribers will no longer have to wait more than a minute on line when reaching out to their service provider's customer care centre. After an avalanche of customer testimonies gathered in a national customer satisfaction survey, it appears that 71,4% subscribers who called their provider's care service waited up to 10 minutes for a response, whereas 13% claimed between 11-20 minutes and finally, 5,2% had to stay on hold for 20-30 minutes¹¹. Unfortunately, the situation is valid for most mobile operators in Latin America.

Shift to online customer self-care

Virtual operators' customer service practices are also in the spotlight and challenged to build efficient customer service processes. MVNOs are starting to see the need for an online self-help solution

for their subscribers to reduce workload on their Customer Care centres, and one that covers all the new device models being launched on the market. As a result, they reduce considerably their support costs.

¹¹ Perception study of the quality of telecommunication services for 2016, SUTEL, January 2017

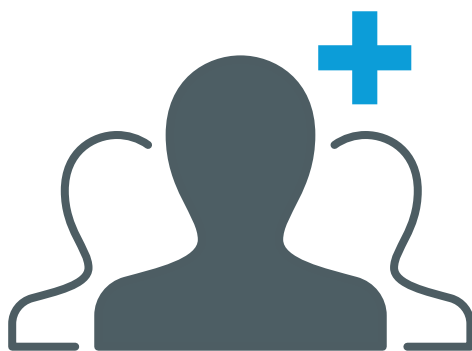
MVNOs best gear up with market leading solutions for fast MVNO revenue uptake and ultimate end-user experience

LATAM MVNOs face major challenges and need to gear up with the right solutions to succeed within the market. No matter the type of the virtual operator, be it a light or a full MVNO, a cable

company or a bank entering this market, they all aim to drive down costs and maximize profitability whilst delivering the best customer experience.

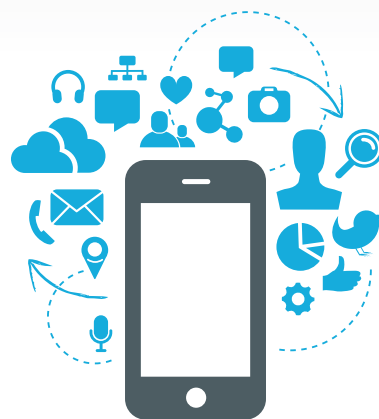
Enhouse Tweakker MVNO Cloud provides a comprehensive framework for any newcomer and established MVNO connectivity, online customer care and customer engagement automation solutions.

Enhouse Tweakker MVNO Cloud



APN Setup

Effective OTA and manual APN provisioning for a smooth customer onboarding



Device Guides

The ultimate MVNO device knowledge base for best customer service



Engagement Automation

Context-aware customer engagement for uplifting ARPU and mitigate churn

Brazil's Surf Telecom Deploys Enghouse Tweakker Device Intelligence Solutions to Deliver Market-Leading Customer Support

First Latin America's 5G-ready operator, Brazil's MVNE/MVNA Surf Telecom presents possibly the world's most technically advanced network, targeting 250 million potential subscribers.

Getting huge numbers of subscribers onboard with mobile data from the moment they join the network is fundamental to the operator. If end-users are left to configure their handset by themselves, this leads to endless calls to customer care, frustration and potential churn.

Complete cloud APN setup solution slashes Surf's support costs by up to 20%

In just a few seconds, the Enghouse Tweakker MVNO Cloud onboards each new subscriber entering Surf Telecom's network, slashing operator's support costs by up to 20%, and generating new revenues faster than previously experienced or imagined.

Enghouse Tweakker self-care and customer care interfaces complement the automatic onboarding process, leading to an impeccable customer care and onboarding experience. As localized content is vital for greater resonance and improved engagement, the whole process must be straightforward. Tweakker's APN Setup solution caters for South America's audience, providing support for all local brands in all of the region's local languages.



*Our strategy is to deliver the **ultimate customer onboarding and care experience.***

Davi Fraga, CEO, Surf Telecom

Latin American telecom market rekindles interest in the MVNO business model, with more MVNOs joining the fight for new subscribers.

In a market dominated by giant mobile network operators, plagued by high costs and with a customer preference for prepaid plans, LATAM MVNOs see great challenges in stripping market share from established players, while keeping down their operational costs.

Gear up with Enghouse Tweakker MVNO Cloud to turn your MVNO into a profitable and sustainable business.

Contact us today

networksinfo@enghouse.com

Attending MVNOs Latin America?

Book a meeting with our MVNO experts at www.tweakker.com/events/mvnos-latam/



Trusted by over 100 MVNOs, Enghouse Networks Tweakker is the market leader in MVNO APN Setup, online customer care and self-care, and customer engagement automation solutions.

With Tweakker MVNO Cloud, MVNOs will increase customer lifetime value through ultimate operational efficiency, rapid revenue uptake, and an ability to differentiate their brand through best-of-breed customer service.

[Learn more at tweakker.com](http://www.tweakker.com)

Enghouse Networks solutions portfolio enables next generation telecommunication service providers to drive sustainable growth in today's competitive marketplaces across the globe.

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