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Bitdefender



GROWING CONSUMER ARPUS: WHERE SHOULD TELCOS PLACE THEIR BETS?

Webinar: Questions and answers

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Growing consumer ARPUs: where should telcos place their bets?

This document outlines the questions and answers received from the STL Partners and Bitdefender webinar, '**Growing consumer ARPUs: where should telcos place their bets?**' which was hosted on Monday 13th May.

You can watch the recording of the session, and also access the slides, using the [link here](#). We have included the following timestamps for the webinar recording:

- **01:45** for the introduction to our presenters and panellists
 - **Razvan Todor**, VP Product Management, Bitdefender
 - **Darius Singh**, Director, Consulting, STL Partners
 - **Tom Quinn**, Consultant, STL Partners
- **02:27** for STL's presentation on "How can telcos drive consumer revenues?"
- **32:24** for Bitdefender's presentation on "How can telcos drive new revenues through cybersecurity?"
- **54:17** for Q&A session

If you have any questions not addressed in the webinar or this Q&A document, or want to hear more about our research findings or from our speakers, please contact:

- **Tom Quinn, thomas.quinn@stlpartners.com**
- **Darius Singh, darius.singh@stlpartners.com**
- **Razvan Todor, rtodor@bitdefender.com**

Webinar questions and answers

The below questions were received from the webinar audience during the live session. The first section includes the live poll followed by questions and answers asked during the webinar and the second section includes questions that were not covered on the webinar.

Live questions and answers

Q: Why is the telco well-positioned to offer cybersecurity services? Why are they not integrated into Microsoft Azure, Google Phones etc.? Should they not just be a part of the network?

Thomas Quinn, STL Partners: We have seen in our interview program and our research that broadband providers are looking towards more holistic offerings, especially in the home. Realistically, security has to be at the heart of that to build brand credibility and trust. Most consumers are aware of the increasing types of threats that they're facing but they do want simplicity. This is something that Razvan has mentioned, and that we have also seen in our research. What that means is that when it comes to telcos offering it as part of a bundle rather than as add-on services, telcos can be quite a useful interface for the consumer when it comes to offering combined bundles such as the cyber secure, smart home proposition. It takes away the complexity for the consumer having to combine their subscriptions where maybe other players wouldn't be able to offer that kind of comprehensive solution for consumers.

Razvan Todor, Bitdefender: Yes, exactly. It's also because if you are tied to any other provider, you mentioned Microsoft, Apple etc., they are just a piece of what the user is experiencing online, whereas the telco is at the center of that. So, it is quite natural to look to the telco for protection online.

Q: Should telcos be looking to build those capabilities themselves, taking the skills that they have on the network side and managing cybersecurity and data privacy on that and bringing that into consumer products, or are their partnership models? And what should they be looking to from partners in terms of building up this cybersecurity portfolio as part of their premium packages?

Razvan Todor, Bitdefender: I think a partnership is essential here. There are many reasons for that. One is that a cybersecurity name that's recognized on the market will bring value to the product. You also want one that's always looking into the future – this is key when selecting a cybersecurity partner. It's not only that they have the right portfolio now, but that they will keep evolving their portfolio so that six months, one year, or two years from now, their portfolio will still be relevant on the market. Also, another thing that we saw is that the journey doesn't end when the product is launched. So, you will need a partner that's with you long-term and understands how the product is selling, how the product is performing on the market, how we can better communicate the benefits, how we should configure our fears and so on. A telco should be looking for a serious partner that is there for the long ride, not just to launch the product.

Q. If we put cybersecurity aside and we focus on the smart home as a proposition, which may include cyber security, what might be the best model to offer those products to customers? Should telcos partner with providers? Should they be developing their own products? Should they just be offering the security layer around smart home, with the devices or the apps being elsewhere? When we talk about smart home, what really is the service or the offering from the telco, what are they providing, and what might be the impact on ARPU? So, is the telco just a security provider in the smart home or should they be doing other things?

Thomas Quinn, STL Partners: Within telcos, a theme that we've seen across a number of additional services is telcos wanting to move up the value layer to access more of the total value proposition. We have seen examples of telcos developing in-house propositions as well as partnering with other players to develop a kind of combined offering in smart home cybersecurity. So they are both definitely viable approaches. I think it depends on internal capabilities, as well as willingness to venture out into new revenue opportunities but perhaps slightly more uncertain ground for telcos.

Darius Singh, STL Partners: I think it also ties in with what Tom presented on the correlation of these different offerings. There's a clear connection between smart home and protection, and protection of the house and smart home security itself, but also with smart home and entertainment. Those are both areas where the telco could play and create this more cohesive package. What didn't work about smart home before, which was getting into 'smart lifestyle', telcos are re-orientating towards closer adjacencies by 'securing the home' and saying, we'll build out from security and cybersecurity.

Post-webinar questions and answers

Q: To what extent can the telco core security layer not simply be extended to consumers as a managed services (like Nokia MSS) ? In this context is there a viable route to market for pure players like Bitdefender?

Razvan Todor, Bitdefender: Bitdefender's strategy as a global cybersecurity provider has always been to focus on establishing durable partnerships with telcos. In some cases, simply providing a cybersecurity solution may suffice, but in most cases, developing a relationship is far more efficient for both us and our partners. One of the reasons for this is that it allows us to provide the best technical solution possible - we offer both branded and white-labelled solutions, as well as customized solutions - and it allows us to support our partners during integration and the post-launch period. Furthermore, because cybersecurity is such a dynamic environment, it allows for the constant addition of new products and services to the telco's portfolio.

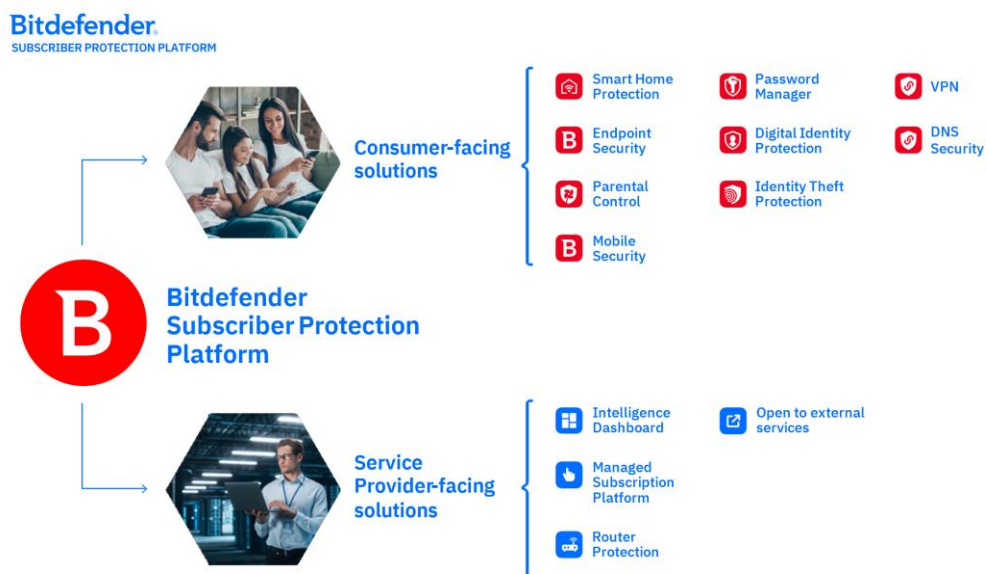
Q: Aside from cybersecurity in connection to smart homes - what would be the best model to offer smart home products to customers? and Do you have any examples of telcos being commercially successful with smart home?

Tom Quinn, STL Partners: Smart home is a rapidly maturing market, with a number of offerings from specialist and hyperscale players. We haven't seen much evidence of telcos developing a smart home proposition without a partnership in the space.

Sky have developed the **Sky Protect** portfolio, which is a home insurance offering supported by smart tech (including video doorbell, indoor cameras, motion and leak sensors). Their partnership with insurer Zurich is one of the more comprehensive smart home propositions on the market. Elisa continues to see success offering a range of household IoT devices, such as surveillance cameras and smart lighting. KPN partnered with e-commerce platform Tink, to sell IoT devices through a **smart home store**. We have also seen T-Mobile operating in the application layer by offering **MagentaZuhause**, which offers controls for smart home devices throughout the home. It would be challenging for most telco players to offer an e2e smart home proposition without these partnerships; but we anticipate that the opportunity for telcos will continue to develop.

Q: When it comes to bundling within a telco service, complexity is a big challenge. How can this be simplified to enable smooth rollout?

Razvan Todor, Bitdefender: Below is an overview of the Bitdefender subscriber protection platform, that shows our view of the security ecosystem and what we can offer service providers:



Source: [Bitdefender website](#)

Q: Looking forward, how will smart home propositions develop in the future?

Tom Quinn, STL Partners: There are a few key considerations for telcos seeking to understand how their market will develop in the future. For example, European and North American markets are further along their 5G journey, enabling telcos to offer different types of services to consumers in 3G & 4G environments. Market competition is equally important; telcos that are able to occupy an incumbent role will be more likely to derive revenue from its consumer base as opposed to telcos in highly competitive, saturated markets. We believe 5G maturity & market commoditisation to be the most important factors in evaluating the consumer opportunity for the telco in various markets.

That said, we have seen the smart home market orientate towards smart security, a trend that is likely to continue. Telcos that are able to market propositions that can 'secure the home' through insurance, smart home and cybersecurity will see the largest opportunity in the consumer market. **Sky Protect** demonstrates this move to securing the home and, throughout our telco interview programme, we have seen growing demand for cybersecurity products that can provide router and device protection.

Get in touch:

If you have any questions intended for Bitdefender or would like to learn more about their solutions, please contact:

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