

The more things change, the more they stay the same...

It's no secret that, willingly or not, telecommunications operators are increasingly realizing that they are becoming retailers. These days, they're engaged in the business of selling goods originally supplied by either large producers (aka content providers) or intermediary distributors (aka content aggregators).

So it should come as no surprise that, as with retailers of hard goods, revenue leakage should be a key concern. Shopkeepers worry about spoilage. Operators worry about systemic leakage. In their case, the fruit goes off when BSS and OSS systems don't properly integrate! And hard goods retailers particularly worry about theft.

So should and, indeed, so do operators. When an individual finds mechanisms to download his favorite film for free at the same time that operators are attempting to sell it then let's not beat about the bush; theft it is. Trouble is, in such a case the "thief" is also a value customer, - using his or her Broadband or 3G access to download the file from illegal sources. Which could be an even bigger problem than it seems, if you argue that the operator is complicit?

It is worthwhile noting how hard retailers work to effectively address theft. The more obvious mechanisms have been cameras and electronic tagging. But in the world of content - both the thief and the goods he steals are "invisible". This creates a unique challenge.

In retail, the Point of Sale has always been a key theft prevention opportunity and mechanism. Stolen goods have to pass by the cashier first - not a 100% effective barrier but sufficient to prevent all but the most determined of shop lifters. Telecommunications providers have an analogy in real time charging systems that don't allow consumption without payment.

Still, to take a page from hard retailers, half of preventing theft is a matter of making it more convenient not to steal in the first place. In essence, to do this retailers take a lesson from economists. Each consumer makes a cost/benefit determination: do the savings from stealing outweigh the risk and moral discomfort of stealing? In other words if it is easier to buy than to steal - buying will win out.

How do hard retailers make it easier to buy?

1. By making sure prices and promotions reflect local conditions
2. By being careful to avoid hidden costs that make consumers nervous
3. By minimizing the time spent in checkout
4. By allowing some customers to remain anonymous with self-check out

Operators must start thinking in the same way. If the process of buying and paying for content is sufficiently convenient, buying will win out. Given the choice - most people don't feel comfortable stealing it. The job of billing software is to enable operators to create innovative buying and paying models that maximize this convenience. The default model may be the standard "detect - guide - rate - invoice - pay", but as we are seeing in e-commerce, often times it will not be enough.



As a result, billing vendors and billing operations must step out of the box and see their job as much more than “detect – guide – rate – invoice – pay”. We must lead, not lag, in creating innovative business models; models that are convenient, open, time efficient and at a minimum better than file sharing (aka stealing.) If this happens, the content industries inclination to draconian over reactions will be headed off at the pass.

This article was contributed by Doug Zone, chief technology officer of MetraTech

