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Lycamobile lays out MVNA vision



Lycamobile CEO Milind Kangle talks to Mobile about the company's MVNA deal with O2 and its plans to grow its subscriber base to 20 million

After entering the market five years ago, Lycamobile has acquired six million mobile subscribers and is aiming for 20 million by 2012.

Following a successful transition from the fixed-line world to mobile, the company has now entered a new era, launching an MVNA service in collaboration with O2.

As an MVNA, Lycamobile will help companies launch their own MVNOs, building further on its already strong position in the MVNO market.

Lycamobile CEO Milind Kangle says his vision has evolved over the last five years.

He explains: 'Over the last five years we have gone around investing in our capability. We have been investing in our core assets and technology and we have made over £120m in investment.'

It is that investment which led to the new partnership between O2 and Lycamobile, which sees the company offering its technology to other brands to launch their own MVNOs.

The MVNO has a global vision of what it wants to achieve and sees the UK as just one market where it will be offering the MVNA service.

'The UK is just another market and we will be offering this solution to any MNO that will see a good fit with it,' says Kangle.

The benefit for companies working with Lycamobile, Kangle explains, is that the business has 'economy of scale'. An MVNO's success is often based on basic principles such as a good distribution and having a good customer database, says Kangle.

Technology

Lycamobile has the technology to enable a quick, easy and cheap launch of an MVNO. But it also offers customers the ability to distribute their products easily through an established network of companies and partners, he adds.

He says: 'The solution we are offering is a strategic biller, so that our cost structure is minimal and time to market is reduced, which means that customers can react quickly to an extremely competitive landscape.'

'That is one of the main advantages of going through Lycamobile - customers are able to react quickly rather than having to work through a big organisation structure. It is a better cost model and we have a very flexible infrastructure to create excellence within the business.'

Kangle is adamant that the operational side of launching an MVNO is just as important as the idea and the product.

'There have been MVNO failures and clearly selecting the right partner is vital, and with the economies of scale Lycamobile has, we can offer an extremely competitive price.'

Despite having a clear view of the benefits Lycamobile can offer interested partners, Kangle does not have a set idea about what type of businesses the company will be targeting to launch their own MVNOs.

He says: 'We have not looked at any specific segment to target. We are looking to compliment our MNO partners who will look at sizeable deals they can manage themselves. We will look at small to medium size MVNOs with subscribers of 50,000 to 100,000.'

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However, Kangle does cite Londis and Costcutter as examples of brands that might benefit from having their own MVNO due to their significant customer bases and as a way of driving loyalty.

Companies interested in launching an MVNO will have to make a significant investment, despite MVNAs such as Lycamobile reducing the cost. Kangle explains that 50,000 subscribers is an optimum number to make it worth their while.

Kangle believes that the UK is at a point where smaller MVNOs can now emerge. He says: 'There is always room for innovation in marketing and new business models.'

Kangle also points to other countries in Europe such as Germany and Holland where MVNOs account for 20% to 25% of the market.

Over the past year, MVNAs have started to make their presence felt in the market, with all the major operators having an 'aggregator' partnership. O2 is now working with Lycamobile and Manx Telecom while Orange works with Transatel, Three with X-Mobility and Vodafone has announced partnerships with Cognatel and Teleena.

Kangle believes that operators were previously opposed to the idea of having MVNOs on their network due to the fiercely competitive nature of the UK market.

Revenue

However, as operators begin to see the MVNO market as another form of revenue, it would appear that they are more open to the opportunities available through MVNOs and Lycamobile is capitalising on this change in mindset.

Within a few days of announcing the MVNA arrangement with O2, Lycamobile had already poached Nomi Mobile, another ethnic MVNO, from Three.

Kangle does not seem phased by direct competition using Lycamobile's technology and resources. He says: 'The analogy is Sainsbury's buying from Weetabix and doing its own white label product.'

And although Kangle is well aware of the competitiveness of the market, he is confident that Lycamobile can continue to grow.

Looking at the company's track record, Kangle's target of 20 million subscribers may be challenging, but it's by no means impossible.

Byline



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