

Tiered Pricing: Gain New Subscribers and Optimize Bandwidth Usage



Introduction

Mobile broadband operators have encouraged customer adoption with flat-rate mobile data plans, but they are now struggling to find new mobile data revenues. Ironically, flat-rate plans are contributing to substitution of operator services by over-the-top (OTT) application providers, further affecting the operator revenue model. Operators can increase the monetization of their networks by offering tiered-pricing mobile data plans at varying bandwidth rates and fair usage quotas. Tiered Pricing plans can also differ by the length of the subscriber contract and whether the subscriber connects to the mobile broadband network through a smartphone, laptop, tablet, or other device. These plans give subscribers a “pay for what you need” option at the data usage level, thereby increasing the total available market for the operator.

What Is The Opportunity?

Achieve new revenues by offering subscribers a choice of mobile data usage plans at different bandwidth rate levels and fair usage quotas.

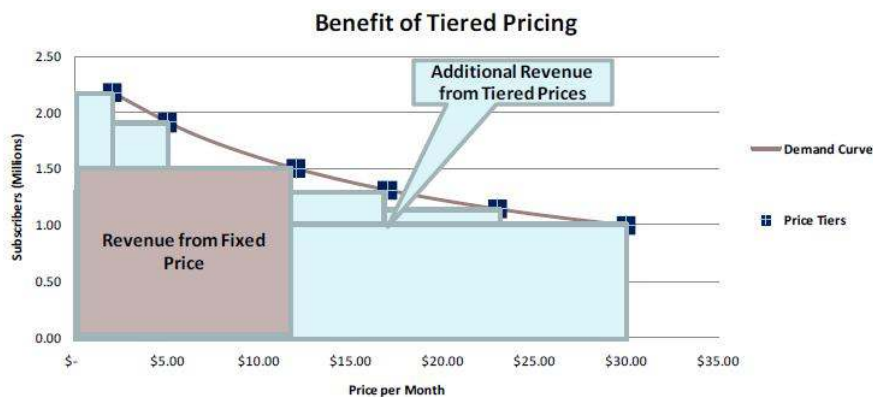
What Are The Challenges?

- Offering mobile data plans with bandwidth speed and fair usage combinations that are easily understood by users
- Allowing users to dynamically change speed tiers and usage quotas as their needs change
- Providing the flexibility of volume or time-based quota overuse management, including usage restriction or downgrading at the cumulative, application, or data flow level to maintain subscriber satisfaction and retention

How Will This Impact My Business?

- Increases average revenue per user (ARPU) through more granular market segmentation. A business case developed by Cisco projects that an operator with 1.5 million mobile data subscribers would grow to 2.2 million subscribers, increase revenue by US\$22.9 million per month, and realize an ARPU increase of US\$6.85 per month. See Figure 1.
- Attracts a wider range of subscribers by offering the best plans for their desired usage
- Provides up-sell opportunities to higher-priced tiers that have added benefits; for example, a “Gold” plan might offer more favorable service permissions once quotas are reached

Figure 1. Business Case for an Integrated Policy and Charging Control Solution in the Multimedia Core.
Network Strategy Partners, January 2010



What Do I Need?

- **Cisco® ASR 5000 Multimedia Core Platform:** Purpose-built mobile multimedia core platform that delivers the performance and intelligence required by today's mobile networks.
- **Cisco In-Line Services:** Intelligent functions integrated into the Cisco ASR 5000 and implemented in the bearer traffic, eliminating the need for external lower-reliability network elements while simplifying the network through integrated services. Tiered Pricing uses several In-Line Services functions, such as Application Detection and Control, Enhanced Charging Service, and policy enforcement.
- **Cisco Mobility Unified Reporting System:** Solution providing comprehensive statistical analysis and trending of network attributes and subscriber sessions through tight integration with the deep packet inspection (DPI) capabilities of the Cisco ASR 5000. This solution helps operators optimize network performance, target new services, and plan infrastructure investments.
- **Cisco Policy and Charging Control (PCC):** Standards-based, highly scalable solution for operators to efficiently optimize network resources across subscribers and services while providing significant revenue opportunities by allowing the deployment of new personalized services.

Why Cisco?

Cisco IP Next Generation Network (IP NGN) offers a comprehensive end-to-end IP solution encompassing Radio Access Network (RAN) backhaul, IP edge and aggregation, Evolved Packet Core (EPC), IP core, and data center, optimized for the mobile data surge, while providing an intelligent common IP core across all access types. Cisco's access-independent, IP-based Mobile Internet solutions are key drivers of operator differentiation, new revenues, network optimization, and profitability.

In addition, Cisco Services has the experience, tools, and best practices to help operators reduce time to market in deploying mobile network solutions.

Get Started Today

To find out how Cisco can help you gain new revenues by offering new and differentiated personalized mobile broadband services, contact your Cisco representative or visit www.cisco.com/go/mobile.



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