

Transformation into Smart Business

HP's Joint Go-To-Market proposal for service providers

The service provider's dilemma

Communications service providers are witnessing a transformation of their business. Revenue from data traffic is growing much faster than from traditional voice and text messaging. In the short term, this is good news because service providers make greater profits from the increased data traffic. In the long term, however, profits will be squeezed as data has lower margins than traditional voice and text messaging.

The growth in network data traffic is explosive: currently more than 70 percent per annum. This means that network operators will need to double the capacity of their networks within one year and a half just to keep pace. They are being forced to invest in major, expensive, infrastructure upgrades.

Arguably, however, communications service providers are not benefiting greatly from these investments. Network operators' unlimited data plans present serious challenges for service providers. For example, they do not benefit greatly from the revenue generated by "application stores" as most of it goes straight to over-the-top providers. The consequence is that service providers' profit margins are declining.

JGTM: a strategic joint initiative between service providers and HP to develop new revenue streams

Joint Go-to-Market is all about strategic partnerships

Joint Go-to-Market (JGTM) is a strategic partnership between communications service providers and IT companies such as HP. A JGTM is about creating differentiated service offerings that grow the revenue bases and profit margins of both partners.

The focus of a JGTM is not on simply selling products; it's on creating solutions that drive profit margin growth. One party alone cannot develop and sell these diverse and complex services: they require the specialist knowledge and variety of expertise that comes from a strategic partnership.

JGTM initiatives allow service providers to:

- Diversify their service portfolios as they move up the Information and Communications Technology (ICT) value chain
- Create new services that are less risky and faster to market
- Address the problem of revenue from service and application markets leaking from Walled Gardens to over-the-top providers

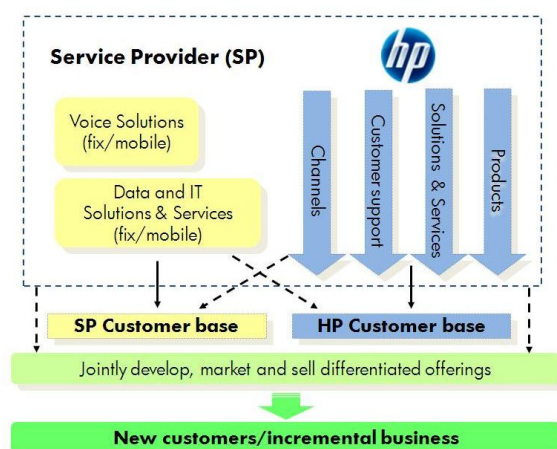


Figure 1: The JGTM approach

The SMB market is the sweet spot

The Small and Midsize Business (SMB) market is the sweet spot of the JGTM opportunity. SMBs have the same communication and IT needs as enterprises, but more limited resources. Yet SMBs desperately want to take advantage of the latest technologies as they know they help them compete with enterprises.

The latest available research suggests that the best opportunities exist with smaller SMB businesses of less than a hundred employees. This segment is potentially three times the size of the mid-sized SMB segment.

The same research also indicates that these smaller SMBs have a significant need for business applications such as primary video collaborations, virtualization, data backup, and business intelligence. Teleworker requirements must also be addressed.





Analysis of this market's business potential shows that many opportunities exist to significantly increase average revenue per user (ARPU).

For service providers, creating managed services for their SMB customers is an interesting emerging market. However, complexity, cost, and time-to-market concerns mean that they will struggle to build these services in-house.

Service providers can seize these opportunities by entering into a JGTM with HP, a company whose own success in the SMB market is built on ease of integration with world-class service and support.

JGTM governance

So how do service providers make the best JGTM business choices? How do they avoid overstretching themselves with too many solutions while ensuring successful service deployment and uptake?

HP has developed "Discovery and Validation" as part of its overall governance process. This approach involves participation in discovery workshops, in which the service provider and HP:

- Develop the necessary business case
- Discuss commercial issues such as sales coverage and branding
- Design a business plan to be reviewed and agreed upon by both parties

Based on these elements, development of the solution begins and it goes to market.

Critical to this process is monitoring the success of the relationship. Many such relationships will be necessarily transitory, as they are tied to timelines.

Other relationships, however, will be renewed on a regular basis over time in response to changes in requirements, customer needs, and the market.

HP CME Solution Center's team and facilities

The HP Communications, Media, and Entertainment (CME) Solution Centers located in France, China, and the United States are secure, real-world, working laboratories. They now offer JGTM workshops and solutions.

The Solution Centers' resources are available to customers and partners to help them test and validate JGTM solutions before their official release, reducing the time-to-market.

Service providers are always welcome to participate in JGTM activities by visiting HP CME Solution Centers, where HP technical experts and consultants are on hand to resolve business problems and investigate needs.

Key components of an HP JGTM

Pan-HP solutions, full lifecycle

Cloud services, e-health solutions, retail solutions, rich media solutions, HD video collaboration, ePrint, managed IT, virtual desktop, home management, product bundles

For more information

To read more about the HP CME Solution Center, visit www.hpintelco.net



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The HP CME Solution Centers provide complete telecom infrastructures for demonstrating the Communications, Media, and Entertainment Solution Portfolio to HP customers and partners. The centers are located in the three regions: Grenoble, France for EMEA; Plano, Texas, USA for Americas; and Shanghai, China for APJ. These unrivalled technical facilities offer our customers and partners the unique opportunity to evaluate new services in real-world environments, test new technologies, and select the solutions most likely to succeed.

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