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23rd April 2003

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**Debt management could be problem area for 3G, study**

23/04/2003

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There are likely to be significant debt problems as a result of 3G, confirms a study by **Secor** Consulting Limited, an independent telecoms management consultancy, Global Communications Industry Credit and Debt Management Survey. 100 per cent of the respondents from wireless operators believe that debt is likely to rise with the introduction of 3G.

The survey, conducted amongst finance directors and heads of credit management from leading communications companies around the world, identified seven key problem areas for debt management as a result of 3G services that were ranked in order of significance as pricing complexities, billing errors, disagreements with service/content providers, billing delay, high customer usage resulting in large bills, lack of real time data, and network coverage problems.

3G will offer a multiplicity of tariffs and rates for services and a much wider variety of products. As such it is no surprise that pricing complexities and billing errors are cited by the survey as the two most inevitable problems facing the success and profitability of 3G. Complex discounting structures that will, in some cases, work retrospectively as well as a multitude of third party information from internet service providers, retailers and subsidy/advertising revenue associates will complicate the billing process with direct impact on revenue.

"In short there is real danger that when the cake of revenue is sliced up, the sum of the parts may amount to more than the operator collects!" explains Richard Brown, senior principal consultant at **SECOR**.

The instantaneous nature of 3G technology and the services it enables will almost certainly create an expectation amongst customers for real time account information to be available, say the researchers. This in turn will mean that billing systems must be much faster than they are currently, but operators must ensure that the control and management of debt does not suffer as a result. The room for error, with retrospective and multiple re-rating of the same calls, will undoubtedly be an issue.

"Coverage problems will also prove a significant challenge for accurate and effective billing and account management. For example, if networks for 3G services open with coverage of major cities only, then customers will lose the service as they travel beyond those areas of coverage. The disputes with service/content providers over payment and the customer service implications could be horrendous," concludes Brown.

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[Leigh Phillips](#) Leigh Phillips is an assistant editor of Europemedia.net. He has just completed his Bachelor of Arts in History from the University of Victoria, Canada, where he was the opinions editor at the Martlet, the campus newspaper, and worked for a number of years as a political organizer for the Canadian Federation of Students. He is also an independent film maker who has produced a number of short and long-form documentaries about Canadian politics.

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