



3G debt warning from SECOR

SECOR Consulting, an independent management consultancy providing specialist advice to the communications industry, claimed that there are likely to be significant debt problems as a result of 3G following the completion of its *Global Communications Industry Credit and Debt Management Survey*.

Not surprisingly, 100% of the respondents from wireless operators believed that debt is likely to rise with the introduction of 3G but the survey further identified seven key problem areas for debt management as a result of 3G services. These, ranked in order of significance, were:

- Pricing complexities
- Billing errors
- Disagreements with service/content providers
- Billing delay
- High customer usage resulting in large bills
- Lack of real time data
- Network coverage problems.

It is also no surprise that pricing complexities and billing errors are cited by the survey as the two most pressing 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," explained Richard Brown, senior principal consultant at SECOR.

"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," continued Brown.

He concluded, "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."