

Industrializing Developer Onboarding and Application Approval Process

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Network providers (NPs) are working to enable application and content providers (ACPs) building and launching new applications on their networks. By automating their developer and application onboarding processes, network providers are able to support demand for niche applications that were previously uneconomical. This article explores the case for standardizing ACP programs and the associated strategic and financial benefits.

Introduction

Network providers are creating new revenue opportunities by expanding their role in the Web value chain. Many are evolving their application and content provider collaboration programs and placing greater emphasis on bringing 3rd party applications to their customers. Orange, Telefonica O2, AT&T, Verizon, and others are just a few examples of NPs having launched application stores and/or developer programs.

By exposing network provider capabilities and information, facilitating new business models, and improving application delivery, network providers are now enabling ACPs to launch new applications rapidly; resulting in new revenue for the network provider and increased value chain relevancy. While there are initial startup costs for automating an ACP collaboration program, these are offset by lower overall supporting costs and reduced time-to-market when compared to more traditional or manual processes.

Industrializing the Process

To facilitate these new, scalable ACP collaboration programs that meet their financial and strategic objectives, network providers are starting to "industrialize" their developer onboarding and application approval processes. Industrializing processes means evolving from one-off support of individual applications to standardized and efficient processes for enabling multiple (even infinite) applications. Through

industrialized processes, network providers can more effectively support their own internal application development, plus harness the innovative potential of the broader mobile and Web developer community. Network providers with an industrialized developer onboarding and application approval process are:

- Standardizing partner approval by limiting partner qualification requirements and streamlining partner management.
- Reducing barriers to application submission by offering pre-tested app templates, limiting application testing to technical performance and basic decency and eliminating consideration of commercial prospects for each application
- Joining other network providers and industry groups to leverage standards-based platforms for application testing and certification.

Strategic Benefits of Industrialization

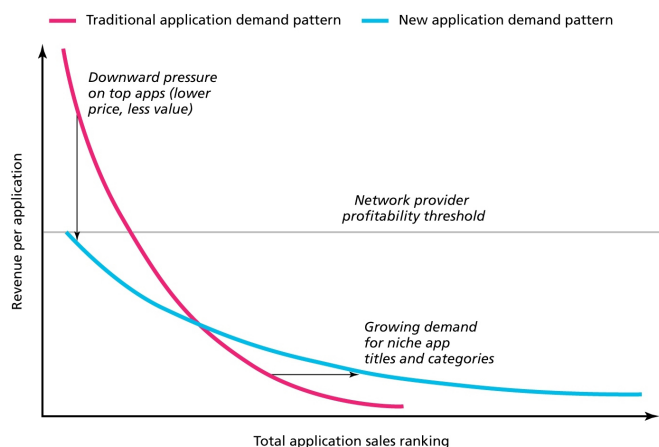
The advantages of industrialized processes are multiple. The approach allows for faster time-to-market, reduced cost, more nimble competitive responsiveness, better servicing of customer needs, and improved economics in supporting niche applications. Opening networks to trusted ACPs, as a result of industrialization, results in improved service innovation and differentiation.

Given the large number of niche applications, industrializing is crucial to addressing the varied application needs of today's diverse and highly segmented subscribers while simultaneously maintaining a low cost enablement model. Without industrialization, network providers can only support a fraction of the demand for applications.

As demonstrated in Figure 1, application demand patterns are changing. There is considerable downward pressure on the top downloaded applications to a threshold level below

network provider profitability. Meanwhile, demand is growing for new, niche application titles and categories. Network providers are beginning to lower their profitability threshold by pursuing industrialized onboarding processes. Not industrializing may lead network providers down a path of weaker positioning, higher churn and lower revenues in the future.

Figure 1. Application demand patterns



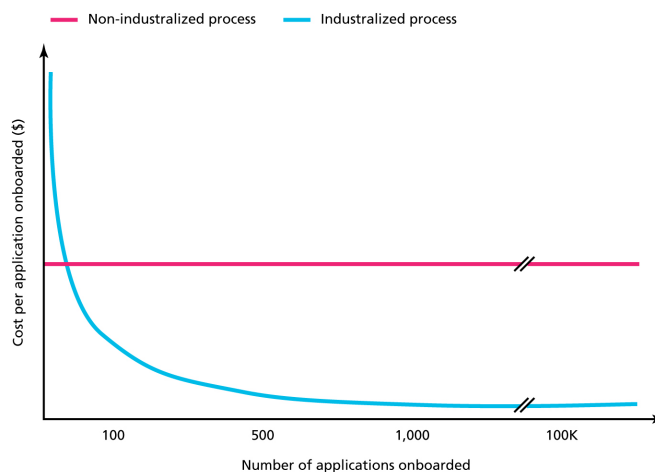
The Costs and Financial Benefits

Network providers need to focus on keeping a low cost base when serving niche applications by improving, standardizing, and automating processes. Supporting the business case for ACP collaboration, industrializing enables network providers to approach zero marginal cost per new application onboarded.

Based on Alcatel-Lucent's experience with network provider ACP initiatives, as demonstrated in the next chart, industrialized processes improve economies of scale with each new application onboarded. Meanwhile, non-industrialized initiatives maintain relatively flat, and ultimately higher, costs per application onboarded, and they are likely to be more error-prone.

In light of these benefits, network providers are rethinking how to support ACP engagement programs with resources and processes tailored to these new challenges. To achieve the economics that industrialization makes possible, network providers such as Orange in France are investing up-front in systems and process that onboard, govern and support large numbers of ACPs quickly and effectively. For example, most successful application store support systems now include developer and application approval workflow engines, which automate a significant number of onboarding functions.

Figure 2. Costs to onboard applications



Source: Alcatel-Lucent Business Models

Based on Alcatel-Lucent modeling, the financial benefits of industrialized processes include:¹

- *High number of applications onboarded per year:* Potentially infinite vs. dozens under non-industrialized programs
- *High number of applications onboarded per staff:* ~2,500 applications per year
- *Low cost per application onboarded:* <\$50 per application onboarded
- *Improved time-to-market with shortening of application approval time:* Improvement from 9+ months to as low as 2 weeks
- *Improved device certification:* <2 months for each new 3rd party device onboarded.

Conclusion

To meet demand for new services and applications, network providers are enabling application and content developers (ACPs) to create innovative services rapidly. These initiatives require network providers to rethink how best to strategically align their organizations, systems, and processes with the requirements of industrialization.

The new industrialized approach must consider the costs of a standardized and automated ACP collaboration program with both the financial benefits as well as the suitability to internal strategic considerations. While industrializing may require some increased startup costs, these will be offset by lower recurring costs to support the program and potentially increased revenue from speed to market.

¹ Expected financial benefits based on ALU primary research and business models