

Giving Wireless a Second Chance

By Natasha Royer Coons

DESPITE THE CONTINUED EVOLUTION

of the cellular networks and technologies, increasing bandwidth fueled by an explosion of wireless applications and the almost ubiquitous usage of smart devices in the business world, telecom agents have not been compelled to embrace the wireless sale — not even knowing they are leaving money on the table, or risking opening the door to a direct wireless carrier rep (who incidentally may also have wireline products) or ignoring customer appeals to take this “messy” portion of the business under their stewardship. Not even then.

Fast forward to 2010 — the situation is largely unchanged.

Why have so few wireline agents begun successfully selling wireless? There are many reasons for the lackluster adoption of wireless by the wireline agent channel.

First, there is the learning curve to become an expert in wireless, which has different products, services and equipment. Plus it’s fast-paced. Wireless plans and equipment change rapidly month to month, quarter to quarter; the equipment alone has a shelf life of three to six months before the next hot device comes along. This is not inherently appealing to a wireline agent used to building networks with relatively stable product options available from a multitude of carriers.

Second, early mobile carrier partner programs were immature and highly regulated with few master agencies allowed to distribute services of sought-after brands like Verizon Wireless or AT&T. The initial programs typically did not have extensive rules of engagement or robust support structures in comparison to what the legacy wireline carriers had developed for their channels. In addition, there were no policies preventing an agent’s account from being taken by the carrier’s direct sales team because it was considered to be “protected.” Sprint Nextel Corp. has been the most channel-friendly wireless carrier for many years. A majority of wireless agencies exclusively sold Sprint because there was not enough incentive to try to sell other carriers.

Third, and most importantly, wireless is simply not a profitable sale — at least not like wireline sales, which typically are commissioned under a residual revenue model vs. the one-time spiff per activation common in wireless. This means that you have to keep hunting and filling the funnel to keep revenue flowing, which feels like a quota, month after month.

Is there an alternative to the traditional business-to-business wireless channel model? There are several new entrants in this space that are creating new types of revenue streams for agents who want to sell wireless but don’t want to lose the annuity they have built.

Wireless WANs, which I wrote about in the March 2007 issue of PHONE+, have become an increasingly viable type of network to replace or supplement lower

bandwidth network opportunities due to the proliferation of 3G and the advent of 4G from Clearwire Corp. The key is to look out for programs that provide a lucrative residual-based compensation model. Players in the space range from startups to seasoned market leaders targeting emerging markets.

Time Warner Cable Business Class, a Clearwire partner along with Sprint and Comcast Corp., appears to be on the verge of putting together a 4G solution for agents that might follow a wireline compensation model. The company declined to comment on the specifics for this article.

New Edge Networks Inc. pitches wireless services as an access alternative for managed network services. The bundle includes a Cisco router with a HWIC card and is available for full installation and managed support. New Edge architected this network by putting in the equivalent of network-to-network interfaces (NNIs) with the cellular provider’s backbone. After the packet is delivered from the cell tower, it then enters New Edge’s backbone and becomes part of a private network. This product is available as a primary solution for sites and also as a backup solution for wireline. The payout is residual based on the MRC.

There is also a new breed of wireless service providers. They are offering pure-play wireless alternatives to the market. A new set of mobile virtual network operators (MVNOs) are emerging that purchase wholesale wireless data or wireless voice from the mobile operators and create their own service offerings and bill the client. One GSM-based MVNO that’s still in stealth mode is gearing for launch that includes an agency model for voice and data wireless plans.

Another alternative player is satellite aggregator for the channel, Broad Sky Networks. CEO Mike Mudd said the model is to aggregate CDMA technologies in data buckets and deliver a wireless solution that is plug-and-play. The compensation is residual-based. Broad Sky typically works with master agents to make its solutions available to subagents.

The one recurring theme among these alternative wireless players is that most are creating residual-based compensation plans. Combined with fair rules of engagement and robust support for the channel, these new entrants could signal a fresh start for wireline agents in the wireless market. +



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