



# **Openness and Cooperation: Achieving a Win-Win for Telco and OTT**

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**Summary**

# Diversified OTT models



# Impact of OTT on Telco

- ❑ Impact on Telco's traditional core business (cannibalizing voice and SMS)
- ❑ Impact on mobile network (occupying more signaling resources)
- ❑ Impact on mobile data traffic (driving the exponentially growth of traffic)

OTT: exponentially growth

Telco: data traffic to grow  
while voice/SMS to decline



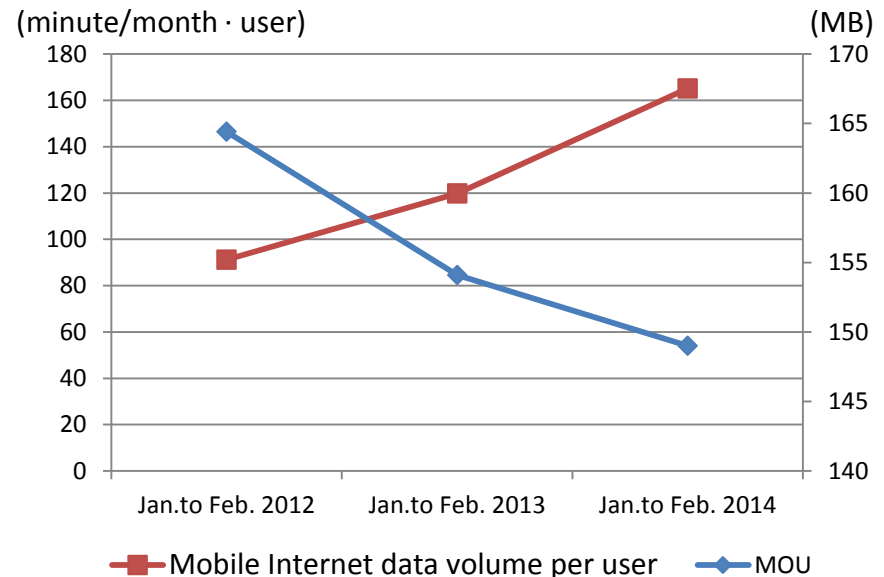
April 2014, WeChat  
subscribers : >600 million  
active users: 400 million



April 2014, Line  
Subscribers: >400 million



2012, Skype voice and  
video increased by 44% and  
reached 167 billion minutes



(Source: MIIT)

# Smart operation of mobile data traffic : cooperation with OTT providers

Directional  
traffic for  
certain  
OTTs  
(charging  
subscriber)

Wo + Music



...

Wo + Video



...

Backward  
charging  
traffic  
(charging  
OTT)

Wo + E-Commerce



...

Co-brand  
Cards

Wo + WeChat



...

Telco's  
App Store  
Platform

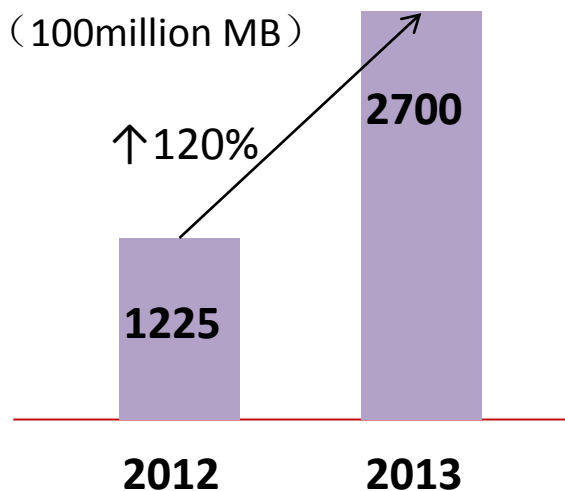
Wo + APP



...

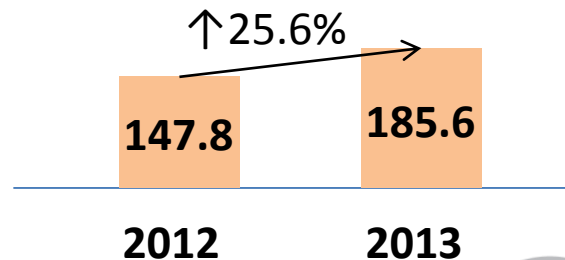
## Mobile data traffic of China Unicom

(100million MB)



## 3G mobile traffic/month/user

(MB)



# “微信沃卡” WeChat Wo Card: cooperation of China Unicom and Tencent

China Unicom and Tencent jointly unveiled the **WeChat Wo Card** in 2013, a designated 3G SIM plan to provide discounted prices for WeChat traffic and give users certain exclusive privileges in using WeChat.

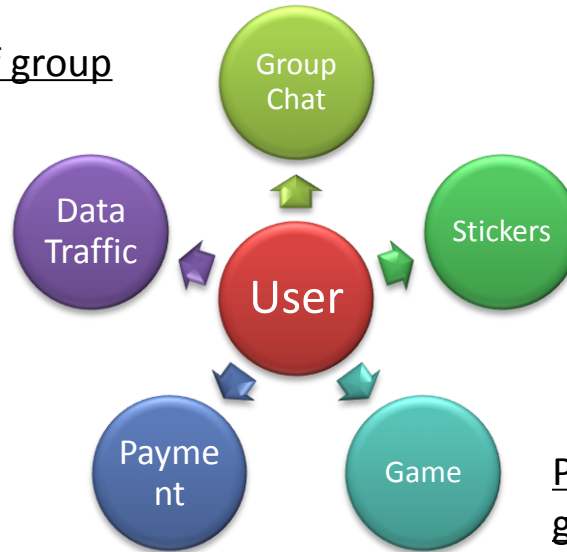


Increased the number of group chat members to 150

Discount for WeChat data traffic



Discount for China Unicom prepaid mobile services



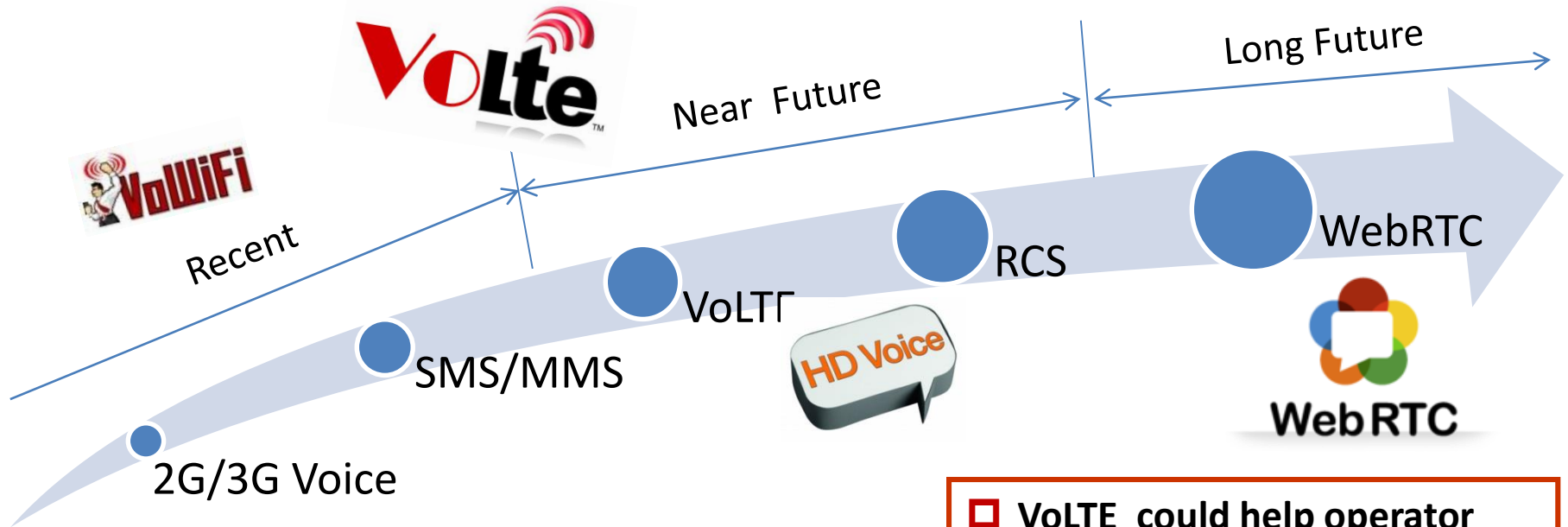
Exclusive WeChat stickers for free



Preferential price for WeChat gaming and on-line shopping

- ❑ CU Guangdong: unveiled on 8 Aug 2013, 1million cards soled in 1 month
- ❑ CU Guangxi: unveiled on 20 Feb 2014, 20,000 cards sold in the 1th day
- ❑ CU Jiangsu: unveiled on 11 Jan 2014, 100,000 cards sold in 8 days
- ❑ .....

# MNO's IP communication services



- ❑ To avoid the fate of pure “pipe” provider, operator needs its own IP communication services to strengthen competitiveness
  - Rich and converged communications: VoLTE, RCS
  - Interoperability of IP communication services
  - Leveraging new technologies to reduce the cost of basic communications
  - Open API of basic communication capabilities

- ❑ VoLTE could help operator reduce cost and improve user experience
  - HD Voice: better voice experience, faster call setup, voice call continuity for 2/3/4G
  - More innovative services could be achieved based on VoLTE and RCS capabilities

# Challenges for IP communication services

❑ IP communications interoperability issue

❑ QoS issues with IP networks and services

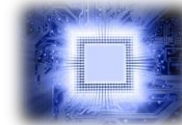
❑ No standardized service experience for native IP communications devices

❑ No common specifications and solutions for chipsets and terminals to support IP communications

❑ Security issues

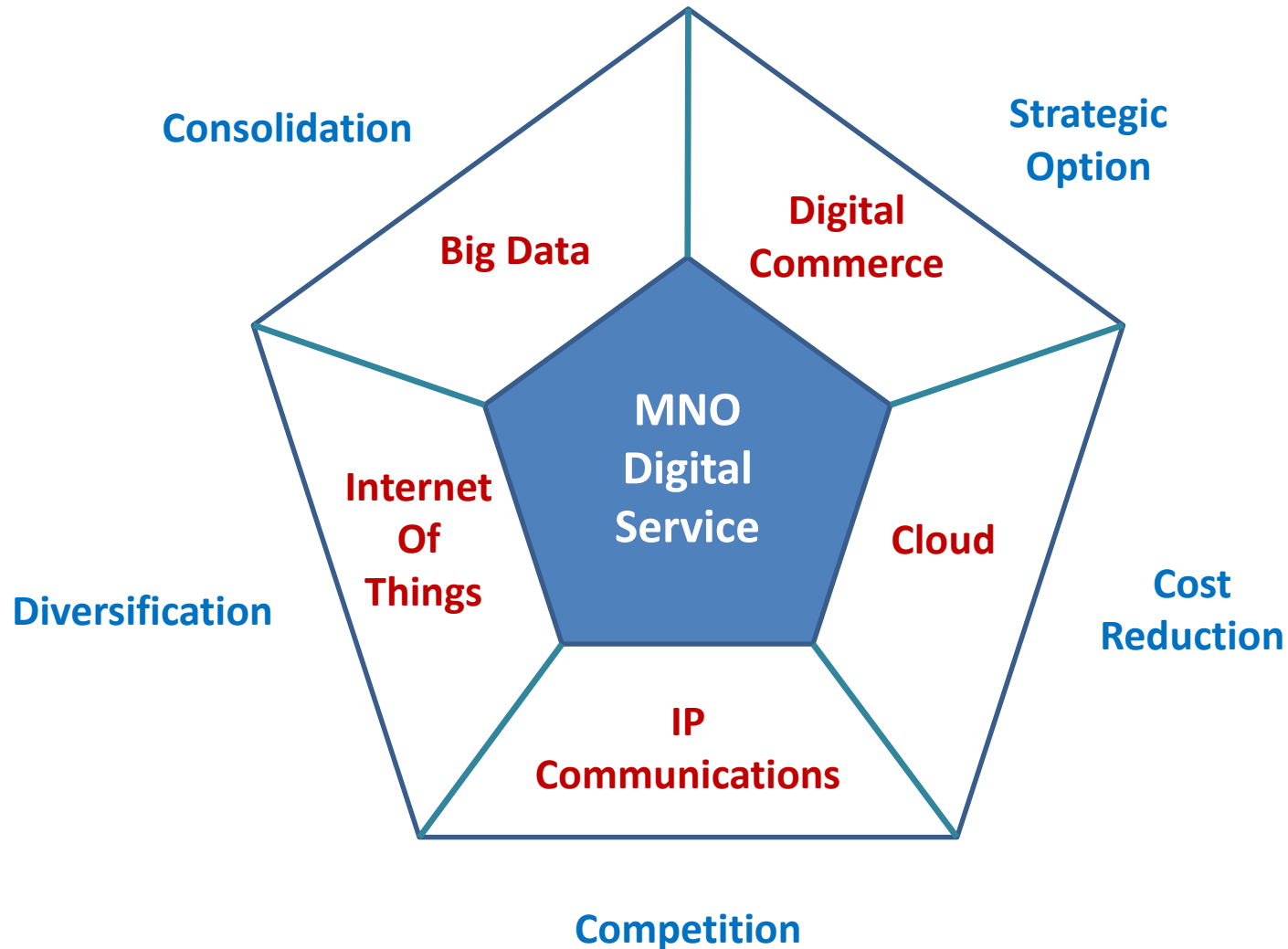
❑ No mature business model for opening communication capabilities

❑ Uncertain market competitiveness of Telco's IP communication services





# MVO's innovative services



# China Unicom's activities in service innovations

## Internet of Things



## Big data



## Cloud Computing

## IP Communication Service

- VoLTE trial
- RCS test and trial
- Involved in WebRTC standardization
- Cooperating with other MNOs to support IP communications interconnection

# Open, Cooperation, Innovation and Value



**Smart Ultra-Broadband Pipe**



# Thank You !

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