

The Impact of OTT Chat Apps on International Customer Messaging



By **GLEN KUNENE** - Editor-in-Chief

Mobile messaging traffic is rapidly migrating to over-the-top (OTT) messaging services as consumers around the globe have more and more of their conversations on OTT chat apps such as WhatsApp, Facebook Messenger, and WeChat. HOT TELECOM CTO Steve Heap and Nexmo Director of Strategic Carrier Relations David Vigar provide an insider's perspective on what this trend means for international telecoms and for businesses whose B2C messaging strategies must adjust.



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Glen Kunene, *Editor-in-Chief at Nexmo*: Okay. So, the last topic I'd like to talk about is sort of the over-the-top players, which the consumer space has seen huge growth around the WeChat apps, and so forth. So I'd like to get your perspective, all the panelists on how the OTT players and chat apps have impacted the industry and what that means for voice versus SMS?

Steve Heap, *CTO at HOT TELECOM*: I think it's made a tremendous difference to the international world in the sense that there's now a lot more international calling, but a lot of it is on these free apps. You know, Skype was maybe one of the first, and many others have developed since.

And so people have got used to, in fact, better quality, using these applications than you would get on the traditional telephony network. And I think that's put a lot of pressure on the industry to move to this voice over LTE in the mobile space to bring back the higher quality into the environment.

So I think they've made a big difference. In the early days, there was a lot of, "We need to block them, they're taking our revenue." I think it's now just companies realize this is just a part of the way the business works these days.

David Vigar, *Director of Strategic Carrier Relations at Nexmo*: Yeah. I mean OTT is a continual source of headaches for the mobile operators, and when I was at KPN, every quarterly release they made to the market, mentioned the impacts of WhatsApp on their national messaging business. And certainly, OTTs have taken a huge chunk of money away from the mobile operators.

There's an element that they've actually brought some of that money back. I mean, one of the biggest growths in the messaging industry, three or four years ago was actually to two-factor authentication from those same OTT apps, where they were paying the mobile operators to actually terminate those PIN codes, password reset messages to their subscribers.

I think the mobile operators still see a lot of threat and one of the new ones is those calls moving, not just the calls that have moved from PSTN networks purely to the IP network, but also to those OTT apps, which are now offering almost a parallel termination service where you can start a call on the PSTN network and terminate it on to the OTT network. And operators are very, very concerned about that today.

I think a lot of them realized that there's not much they can do about it. They certainly understand that there's not much they can do anymore about WhatsApp. I think the most interesting thing that the whole OTT ecosystem coming into play has created is, I think it's made mobile operators start to think about what relevance they have for enterprises in the communication space.

They know they can't have the same amount of cake as before, but they can start to tailor offerings around what actually the enterprise is looking for. And it's a high quality of communication service. You know, just as Steve was saying, they're moving their voice networks onto the LTE network. And they're actually still in a very strong position to provide much more utilitous services.

So, the provision of mobile numbers, an OTT can't do that today unless they become a mobile operator or become a telco. So that ability to communicate between an enterprise and their user over the PSTN network and a huge number of people still prefer to use the telephone. You know, not everybody is using OTT apps these days.

And there are some things that people still prefer to do by the telephone because they feel a little bit more secure about it. And I think that that's helping mobile operators a little bit fine-tune their services working with people like Nexmo to launch two-way messaging with virtual numbers, as Dan was talking about earlier.

That's a very good example, I think, where the OTT spaces has helped the operators realize that the consumer business is not gonna grow for them on messaging in terms of revenue. But the enterprise space probably is because they can be just a little bit more utilitous, and I think it's the same in the voice space.

I think a lot of consumers are moving to a multi-channel interaction with their brands, and it's consumers that will drive that. ...the enterprise needs to keep pace with how their consumers want to interact with them. — David Vigar

In terms of the coming back to what a company should consider when they're looking around is, your consumers, the guys you're selling to are gonna be wanting to communicate to you over a huge number of channels. I mean, I use three different channels to communicate with my airline. I frankly complain over Twitter because they're more responsive that way.

And I think a lot of consumers are moving to a multi-channel interaction with their brands, and it's consumers that will drive that. And obviously, the company, the enterprise, needs to keep pace with how their consumers want to interact with them.

So having a communications provider that can do all of those channels is obviously better than having lots of communication partners, one for each of those channels. So I think that's also interesting to look at, as well. You know, where your customer is trying to get in touch with you, or where are they getting in touch with you, and who can deliver all of those services in one roof?

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Are you a Developer?	Company Name
Select Country	Product of Interest
Existing traffic to switch?	Traffic Volume Monthly (Optional)

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