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## Bundling Wins: Solon White Paper Argues for the Integration of Cable and Mobile Operators

London (ots) -

European cable and mobile telecommunications players should integrate, argues the strategy consultancy Solon Management Consulting in its newly published white paper. According to Solon, it is a powerful strategy for defying fully integrated incumbents offering quadruple-play services (cable TV, broadband, fixed line, and mobile). It also allows the players involved to realize significant revenue and cost synergies. In a new entity, the mobile operators should drive the integration process. They are the larger parties, while many private-equity backed cable players will become available over the next years.

Martin Weiss, partner at Solon and author of the white paper "Bundling Wins: The Case for Cable + Mobile Integration", points out the strong strategic arguments for a merger: "In order to defy the incumbents going 4-play, both cable and mobile operators are forced to expand their range of products. By joining forces, they can offer attractive product bundles and create a larger customer base for cross-selling". As broadband markets reach saturation across Europe, reducing churn rate and subscriber acquisition costs are key variables for increasing profitability. Mobile operators are facing high levels of investment in order to set up next generation networks (4G networks). Cable operators continuously create stable and high level of cash flows which can help smaller mobile players to meet their financing needs.

According to Solon estimates, a newly merged company can realize significant revenue and cost synergies. "With fully realized synergies," says Weiss, "the cash contribution of a cable operator merged into a mobile operator could more than double when compared to the cash flow of an average cable operator".

For a merger to succeed, three points should be considered: First, it is necessary to look at the consolidation of the respective cable market. Most cable players are operating regional while mobile operators have a national footprint. In a consolidated market, it is easier to integrate a cable operator into a national business model. Secondly, the cable operator should have demonstrated his ability of bundling and selling 3-play products. It is more difficult to push 4-play in a market where consumers have not yet been developed into 3-play customers. Thirdly, the mobile operator should drive the integration process.

The White Paper "Bundling Wins: The Case for Cable + Mobile Integration" is available upon request or as download on [www.solonstrategy.com](http://www.solonstrategy.com).

About Solon Management Consulting:

Solon Management Consulting is a strategy consulting boutique concentrated in the areas of media, cable and telecommunications. Solon's clients are leading European media and telecommunications companies as well as banks and private equity investors. Solon supports its clients in the development and implementation of company strategies, creation of new business and optimization of core processes and accompaniment of M&A plans, from market probing to the end of the transaction. With offices in Munich, Budapest and London, Solon works on projects across Europe.

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