

Residential Video Services Based on BroadWorks Drives Growth

BroadWorks VoIP applications platform allows ACN to evolve offerings as the market develops

Executive Summary



Type: Competitive Carrier

Region: Worldwide (US HQ)

Services: Residential VoIP & video services

Key Result: Successful video-phone offerings, with video comprising more than half of new sales. Also launched enhanced video services to increase ARPU and decrease churn.

Background

ACN Inc., founded in 1993, operates in 19 countries and has become the world's largest direct-selling provider of telecommunications services. ACN's business model of network marketing has been critical to its success because of lower sales and marketing expenses, lower customer churn, and the high value of enhanced services within the network.

Business Challenge

With the deregulation of telecoms in the U.S., the company saw an opportunity and began selling long-distance and local access services. Over time, the market became more competitive. As the regulatory climate changed, incumbent carriers were no longer required to unbundle their services. ACN decided that its growth options would be limited if it remained a pure reseller because the company would face declining margins. Plus, the service it was offering would become increasingly commoditized.

ACN embarked on a plan to build its own network and continue selling direct to the mass market. This strategy would make ACN independent of the incumbent carriers and give it more options for selling services. This approach provided incentives for its sales associates. With the advent of lower-cost IP-based technologies, the long-term economics of such an investment were favorable.

With its own network up and running in 2006, ACN quickly began to realize the broader range of communications features and services that could be sold. While long distance remained a popular service, customers were taking advantage of richer voice services.

Meanwhile, customers were developing an appetite for video phone services. With an initial

price point of US\$225 for video phones, ACN enjoyed a healthy adoption rate. As volumes grew, the company was able to offer better pricing. When the cost of video phones dropped to US\$150, ACN saw the adoption rate of its video phone service double.

ACN understood that for this upward trend to continue, it would need a scalable, advanced IP platform to support video calling. As its customers become more accustomed to video calling, the need for additional applications will also grow.

Solution

To support its growth in video telephony, ACN deployed BroadSoft's BroadWorks® platform, which was already in use for its VoIP services. ACN chose BroadWorks because its subscribers expect video-calling features that are similar to the ones they get with their regular phone service. Also, ACN anticipated that with added functionality, use of video calling would increase, driving more traffic over the ACN network. More functionality also adds value to the service, increasing revenue for ACN's direct-sales agents.

For example, BroadWorks supports videomail, allowing ACN subscribers to leave and view video messages and use video on-hold mes-

saging. BroadWorks allows for the introduction of new features — such as video ringbacks — to be added later. For ACN, the key factor in its choice of BroadWorks was having a platform that could seamlessly integrate voice and video in an easy-to-use service for mass-market adoption.



50 percent of new subscribers choose video calling.

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Business Result

Since deploying BroadWorks, ACN has been able to offer a richer end-user experience. In the business of direct selling, customer retention is key, as subscribers deliver an ongoing income stream for ACN's agents.

The BroadWorks platform allows ACN to evolve its offerings as the market develops. By operating its own network, ACN has a large degree of flexibility in choosing the services it offers to subscribers. For example, ACN could adopt an advertising-driven model for video telephony to accelerate adoption.

This could lead to not just new services, but also new business models, possibly with variations across geographical regions in which ACN operates. ACN has been a pioneer in communications and is an example of how BroadWorks helps to make independent operators more competitive.

For more information on BroadSoft services please contact us at 301.977.9440.