

5G is an opportunity for operators to explore new pricing and bundling strategies for SMEs

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Operators need a 5G strategy for small and medium-sized enterprises (SMEs), but the benefits of 5G are unclear to SMEs as is the incremental revenue opportunity for operators.

The initial release of 5G will bring significant increases in speed over 4G. However, the SMEs that are satisfied with 4G speeds (which we believe most are), may see little reason to pay an incremental fee for 5G alone. The use cases are more obvious for consumers (such as gaming and video streaming) and for large enterprises (such as IoT and manufacturing). SME use cases and the monetisation potential in this segment are less clear.

This article is based on our [recent report](#), which addresses this issue and looks at how operators should position 5G in this segment.

5G is an ideal opportunity for operators to rethink their approach to SMEs

Operators tend to use volume-based pricing for their mobile packages. Prices are typically based on data allowances and were previously based on minutes and messaging volumes. Operators are increasingly moving away from this strategy to a value-based approach. The introduction of 5G is an opportunity for operators to review their current approach to pricing for SMEs.

Charging a premium for 5G speeds may not appeal to SMEs because they will see little value in paying extra for increased speed alone; especially considering coverage will be patchy in most countries initially. Instead, operators should use 5G as just one feature in a range of value-added services designed to make premium packages more attractive to SMEs. Figure 1 shows AT&T's approach as an example of this.

Figure 1: Structure of AT&T's mobile packages for SMEs

Package	Package details			5G Included	Premium content Included
	Price (USD per month)	Data allowance	Speed caps		
Mobile share plus 3GB	50	3GB	Streaming capped at 1.5Mbit/s	No	None
Mobile share plus 9GB	60	9GB	Streaming capped at 1.5Mbit/s	No	None
Unlimited starter	65	Unlimited	Capped during busy periods	No	Fraud/spam blocking
Unlimited extra	75	Unlimited	Capped after 50GB	Yes	Fraud/spam blocking and 30GB mobile hotspot

Package	Package details			5G Included	Premium content Included
	Price (USD per month)	Data allowance	Speed caps		
Unlimited elite	85	Unlimited	Uncapped	Yes	Fraud/spam blocking, 100GB mobile hotspot, HD streaming

Source: AT&T's website

AT&T uses a mixture of data allowances, speed caps, 5G, priority traffic, mobile hotspots, spam filtering and HD streaming to boost the value of premium mobile packages. SMEs get much more than 5G alone for the price of the premium packages. This approach can be further improved with value-added services that better address the unique needs of SMEs.

Operators are not short of options to make premium services more attractive to SMEs

To encourage more SMEs to take premium packages, operators should ensure that these packages have clear value in terms of features that will interest SMEs. SME mobile packages are currently too similar to those for consumers and have few or no services that are tailored to the specific needs of SMEs.

Premium support, advanced SLAs/QoS, pooled data, management portals, unified communications, security and insurance are just a few examples of how operators can make premium services more attractive to SMEs. Improved customer service,¹ unified communications² and security, in particular, should be among operators' core considerations when designing SME packages. SMEs are more likely to take premium packages to gain these features rather than higher data allowances or 5G.

Recruiting more SMEs onto premium packages may be operators' key 5G opportunity in this segment

Operators' 5G strategy will depend on their local market conditions such as competition and coverage, but it is unlikely that many SMEs will be willing to pay extra for 5G alone. Using 5G to enhance the value of premium packages for SMEs is a significant upselling opportunity for operators, but they must ensure that SMEs have compelling reasons to buy premium packages which requires more than 5G.

¹ For more information, see Analysys Mason's [Business survey 2019: mobile service satisfaction and churn for SMEs](#).

² For more information, see Analysys Mason's [Unified communications for small enterprises: operator strategies and approaches](#).