

DR: [00:00] I'm Daniel Royston, and this is Telco in 20.

The telco industry is an alphabet soup. Just when you figure out what the letters MNO stand for, it introduces a whole bunch of other acronyms like MVNA, MVNE, and, of course, MVNO, and this segment of telco is gaining momentum. In a few weeks, MVNO leaders from around the world will gather at MVNO Nation Live in Valencia, Spain, to talk about topics specific to their business. GSMA has also realized there's a growing market for this audience and is hosting a new event they're calling MVNO Summit at next year's MWC in Barcelona, and Totogi will be the principal sponsor of both events. So naturally, I had a few questions like: what's it like to start an MVNO, what are the biggest challenges to getting it off the ground, and what's the fastest path to success?

Today on the podcast, I'm talking with Scott Venuti from Plum, a mobile virtual network aggregator to answer these questions. He advises MVNOs on the best ways to get their businesses up and running and make them great. I can't wait to learn more. So, let's take 20.

Scott Venuti is general manager at Plum. Hi Scott, Welcome to Telco in 20.

Scott Venuti: [01:32] DR, great to see you.

DR: [01:33] So excited to have you on the podcast. And today, we're going to talk about MVNOs. You've been in the telco industry since 1994, so almost 30 years. You've worked at a network operator, you've worked at an MVNO, and now you're at an MVNA, a mobile virtual network aggregator. So tell us about those different roles and what's led you to Plum?

Scott Venuti: [01:53] Well, 30 years in wireless or telecom specifically is a long time, so thanks for the reminder. Yeah, I got into this space right out of college, and my first job at the time was with Cellular One in New England, and it was on the customer service side. And obviously at that point, you're coming out of college just looking to try to find something. You never think that that's going to be the company or

industry that you're going to be in for the majority of your career, but here I am. And it evolved into a number of management roles, focusing on account and channel management, not just at the local level, but also at the regional and national levels, and with large carriers like Sprint, as well as some MVNOs and also on the wholesale side with MNOs like Clearwire, who has since been bought by Sprint, and now T-Mobile.

On the consumer side, I was working for consumer-facing wireless brands and the focus was primarily on third-party distribution, including a big box. And those roles covered sales and operations, but I also started to get involved in the wholesale side and have had a number of leadership roles focusing on strategic partnerships, sales, account management, and operations. And today, as a commercial owner for Plum, I'm involved in really all areas of the business. One thing in particular that excites me about the wholesale side is you're dealing with all sorts of different business cases. Some people are focused on the enterprise space, some people are focused on certain niche markets within the consumer space, but it's really exciting to have that mix of business focus.

DR:

[03:21] Well, I think the best leaders are always people who didn't necessarily do a straight line to the top, but you saw different aspects, big and small, sales, distribution, wholesale, that just gives you such a great perspective. And now you're at Plum, which is, as I said, an aggregator. That sits, from what I understand, between a network operator and an MVNO. And so what's the benefits primarily that an aggregator is bringing to say an MVNO?

Scott Venuti:

[03:47] Well, as you mentioned, MNOs have a lot of wholesale partners underneath them, but they do need to be selective, and they can't onboard everybody and bring them all direct and provide the levels of support that they need to. So because of that, most of the MNOs do have aggregators. And really, the purpose of an aggregator is to do exactly that, to aggregate those smaller to medium size MVNOs and provide them with a connection to the MNO's network. And one of the benefits is that aggregators are able to provide a connection that may not otherwise be

available to MVNOs if their only option was to connect to the MNO. You have to be of a certain scale. And if you're not, that doesn't necessarily mean that the MNOs don't want you, it just means that they don't have the bandwidth to onboard you or support you the way that you'd need to be to be successful.

DR: [04:37] Yep. And so where's that line between big enough to go directly to an MNO or, no, I'm still too much of a small fry or small business case and I need to use an aggregator. Is that number of subs or are they using some other metric?

Scott Venuti: [04:52] Yeah, it really depends. There are a number of large MVNOs who are connected through aggregators, so I'd say it's hard to pick up where there's a hard line. Typically, you'll see partners who if they're in the services space and they know what they want and they have their own billing platforms and OSS/BSS and are willing to make a large financial commitment to the MNOs, oftentimes they will connect directly, but even some MVNOs who are at scale or believe that they can get to scale may be best suited to go through an aggregator. With an aggregator, they're likely to get a more consultative approach to their account management to help those businesses grow to bring people in. We've assembled a team here at Plum that has different experience throughout the different areas of the wireless world, and we also have internal and external support that allows us to leverage things like fulfillments, M kitting, things that companies that are going into wireless for the first time might not think of-

DR: [05:52] Don't necessarily know. Yeah.

Scott Venuti: [05:54] Yeah. So for some of these partners, again, whether they're small or large, they may appreciate that consultative approach that an aggregator can bring to help them along. Yeah, so it's hard to say it's a hard line.

DR: [06:05] Yeah, so is it even capital backing, you have the funding to last? Is it more of a business case analysis from an MVNO perspective to decide to let them go directly to an MNO?

Scott Venuti: [06:14] Yeah, I mean I think what the MNOs would like to see is, first off, the opportunity for scale. They'd like to see that you can get into the hundreds of thousands of subscribers relatively quickly. And again, it's not a hard line because there might be specific use cases that are appealing for an MNO to take on directly, but, yeah, they want to know that you have the financial backing, they want to know that you have the scalability to grow the business to a level that they would need to see in order to support that connection. Those are really the main things, a good business case.

DR: [06:43] And is there any concern from an MNO perspective that this MVNO is going to somehow be a competitive threat? You're coming in, you have a strong backing, and they're going to say, "No, I don't want you to use my network," or these guys are small and they're like, "No, more subscribers using our network is always a great thing."

Scott Venuti: [06:58] Yeah, I love that question. We get that from a lot of potential accounts because here at Plum, we do have two sister brands that offer retail brands to consumers with Mint Mobile and Ultra Mobile. And a lot of times potential MVNOs will say to us, "Well, they're a conflict there. Do you want us to be successful or might we be competing with you?" and that ties into the same exact question you asked from an MNO perspective. And the reality is with hundreds of millions of wireless lines in the United States, the market is certainly big enough to support a number of players. From our perspective, there's plenty of business to go around. So yeah, I think the MNOs kind of take the same look at that. You see that they separate out as we do their wholesale segments from their retail segments, and they really are different groups making different decisions based on the business lines.

DR: [07:47] Talk to me about how long it takes to stand up an MVNO. I assume you have to get approval from a regulatory body in the United States, the FCC, a license to operate. We see some of the language on the software/vendor side of "Stand up your turnkey MVNO in 90 days," But from a realistic perspective, how long is it

taking to set up an MNVO? Is that like a six month thing?  
Is it a year?

Scott Venuti:

[08:11] Yeah, it depends. I mean the regulatory process, we're not involved in that, and we do always encourage them to go through regulatory counsel and get that guidance. We do have some MVNOs, or want to be MNVOs, who come to us and they've already either completed that process or are well down the path of that process. And then we have others who are just starting out. Typically, what we hear from most of them is that the process can be 60 to 90 days to go through the FCC approval processes, but that can occur while other things are occurring, like our onboarding and things like that. So I would say certainly it can be a matter of weeks. It's a two-way street. The MVNO needs to have things lined up, like what do they want their consumer-facing rate plans to be? What do they want their niche offerings to be? Things like branding and marketing and all those good things that go into starting a business in general come into play.

Interestingly enough, what we find is that new entrants who don't have other businesses already are typically quicker to get up and running, as opposed to large companies who already might sell other things or other services. They typically take longer in the process to fine-tune their offering and really analyze the marketplace and the positioning as it compares to their other offers as well.

DR:

[09:29] Do you think that's because they're older and bigger and so they just move slower versus a nimble startup that's hungrier? Do you think that's a difference in just the speed of the organizations based on the size of the organizations?

Scott Venuti:

[09:41] Absolutely. That is a big one. I mean, a lot of new entrants will say, "Okay, what is my path of least resistance. If I can get OSS/BSS through a mobile virtual network enabler, an MVNE, to get up running faster and have the latest technology on the billing side, then I will do that." Whereas some of the larger companies who already have these existing infrastructures, they will spend some time figuring out, "Hey, is it worth it for me to integrate that

into my existing platform?" And if it is, oftentimes it becomes a heavier lift than what was anticipated from a billing perspective so that can slow things down.

DR: [10:15] Yeah, no, I talked to one of the Verizon Visible CTOs and he was telling me how Verizon really wanted Visible to use the Verizon stack and it would've taken 18 months to get everything working, but then they just put together Salesforce, Zendesk, some of these off the shelf SaaS companies that aren't necessarily telco specific, but could start using it immediately running in the cloud, just cheap to get started. Now, there's some disadvantages to that as well, but for them, they were able to launch in a matter of months versus what was anticipated 18 months, so I think that's exactly what you're talking about.

Scott Venuti: [10:51] Yeah. And to be competitive in this space, you have to be nimble. And there are things like even just rate plan construct, which you want to have the flexibility to change that pretty regularly. I worked for a large MNO at one point and was tied to one of these large billing platforms. And if they had a concept of a new rate plan, they really had to decide that they were going to move forward with that because it could take four to six months to build that rate plan in their billing platform. Where I've worked at MVNOs who had the ability to light up a new rate plan or change an existing rate plan's construct within a matter of days and get that out to the consumer. So it's a huge advantage to be able to pivot quickly in the marketplace.

DR: [11:33] Well, I mean, that's a good off-topic at all, but my company Totogi makes a SAS charging system, it runs in the cloud, and you can change plans in minutes. The reason why I was laughing when you were talking about the legacy systems taking four to six months, it's what I talk about all the time, and I'm encouraging MNOs, but also MVNOs that speed really matters in business. I think Mint's done a great job with their advertising campaign with Ryan Reynolds and edgy messages that really are being noticed in the market. And if you're a competitor, being able to put out and match what Mint is doing and move and being really nimble is so key for these MVNOs in being able to

differentiate, but even going as far as hyper personalizing plans. No one does that today, like dynamic pricing that you would see like an airplane seat, the guy that sits next to you on the airplane paid a completely different price than the guy on the right, and why don't we do this in wireless and mobile where we're personalizing the experience based on the way an individual is using the network.

I mean, I'm totally different than my teenage daughter, and so I'm totally passionate about it and could talk your ear off about rate plans and speed and all this stuff.

Scott Venuti:

[12:45] Yeah. No, it's super important. I'm biased. I think Mint does it extremely well. As we're consulting our MVNOs, we try to stress on the importance of being able to be nimble and adjust to the marketplace. And you've seen instances where some of our brands have adjusted to world happenings, whether it's inflation or things like that, immediately.

DR:

[13:03] Floods. Yeah.

Scott Venuti:

[13:04] Exactly, to be able to make some adjustments and get it out there. And some of them are marketing efforts to try to increase traffic, some of them are trying to provide service to those in need, like you said, floods and natural disasters and things like that, so there's a variety of reasons to need to be nimble. And one thing I like to point out is that it's easier to make those decisions up front because if you start out as an MVNO, and you become of scale, and you get a sizable number of subscribers on there, as the MNOs have seen, it's very difficult to pivot down the line to some new platform, so making those right decisions from an OSS/BSS standpoint really are important out of the gate.

DR:

[13:45] Yeah. Speaking of speed, certainly the iPhone 14 with their eSIM only approach is kind of making eSIM much more known in consumer land, how do you work with it, how do you set it up, and so it's going to be really easy to do this. Are you starting to advise your MVNOs that are

starting up that you really should lean towards ESIM and start to ditch the physical sim? How's that taking shape?

Scott Venuti:

[14:11] I think it's an important part of the offering. I don't see it becoming the majority of new activations or things like that for some time. Obviously, Apple introducing a lineup that is eSIM only will help accelerate that. I also think that one of the more popular activation methods for eSIM is with QR codes. And one thing that's interesting about COVID is I think it got the world used to QR codes.

DR:

[14:33] Absolutely.

Scott Venuti:

[14:34] I mean, my parents know how to use QR codes, whether it was to scan a menu at a restaurant or whatever. Now, you see them on TV. We exhibit at an event. Instead of having flyers, we now have a sign with a QR code where somebody can just scan it.

DR:

[14:46] Totally.

Scott Venuti:

[14:47] So that adoption's helped out a lot. For eSIM in particular, we have it built into our network. Our MVNOs are in the process of rolling that out. We had an idea that this was coming, so we wanted to stay ahead of it. We knew it was going to come here at some point. So it's important. It helps MVNOs who really are cost conscious about their business as well to eliminate the cost of shipping sims or packaging sims or things like that, so it's another way to improve their margins and lower their initial cost per sale.

DR:

[15:16] So let's talk about margins. So in a standalone consumer MVNO, what does good look like? Just to give us a scale, like 10% margins, 50% margins. Where are we on business margins?

Scott Venuti:

[15:28] Margins vary tremendously, and we have different use cases. We have MVNOs, as I mentioned before, who focus on the enterprise space, and it might be less about being the cost leader to the enterprise that they're selling to, as opposed to enabling features that are needed or



bundling wireless services with other features that they're packaging together.

DR: [15:47] It's like a giveaway because you're doing something else. Yeah.

Scott Venuti: [15:50] Exactly. And then we have other partners who solely focus on the wireless space and it could be in the area of government subsidized programs like the American Connectivity Program like you're seeing today that's really taking off. So we have some MVNOs who model their business having network costs being less than a third of their MRC, and we have others who model their business at the network cost being 80% of their MRC, so it really depends on what their overall business is and what they're trying to accomplish. Some are trying to make customers stickier by bundling them with home internet or other services that they already offer out there in the space. And as everybody knows, the more you get people tied to your brand, the more loyal they become and the more loyal it would become and the less likely they are to leave.

DR: [16:33] Yeah, yeah. Yeah. And so we talked a little bit about some technology, and I'm a software girl, and so this tech stack that you need to run an MVNO, are they getting them from network operators or MVNEs or mostly building it themselves? What do you see when you look across the Plum set of customers? Were they mostly getting their tech stack?

Scott Venuti: [16:55] Yeah, the trend lately over the last, I'd say, year plus has really been to lean on the MVNEs. As you know, there's a lot of tech savvy people out there in the world today. So they may initially come to us and say, "Oh, we can do that. It's just APIs. We can tie it in. We can do that," but then when they start to interview the MVNEs and they start to see how much they have to offer, you're seeing that all of a sudden there's a willingness and then an eventuality that they migrate that way. It's faster to market. They already have it built.

DR: [17:23] You just plug in.

Episode 53 | I scream, you scream, we all scream for MVNOs  
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- Scott Venuti: [17:24] Yeah, it's more from a technology standpoint, and they're more apt to keep up with technology as it evolves, the MNVE, meaning in that they have such a substantial amount of customers on their platform that it just makes sense for them to always have the latest.
- DR: [17:38] And do you see MVNOs starting to adopt SaaS software? Salesforce.com or maybe a Zendesk for customer ticketing. Or maybe even the MVNEs, are they adopting kind of some of the SaaS software?
- Scott Venuti: [17:50] Yeah, and we do as well for Jira and some of the others out there. So we do, we encourage them to as well. Even a lot of the communication methods that we use between us and the MVNOs, whether it's from a technical support standpoint or an account management standpoint, we're using things like Slack and things like that that are in the enterprise space that are used internally a lot, but we're using those with our partners as well just to be quicker and tie tickets in through those platforms as well, so it's really helped manage the business.
- DR: [18:21] Yeah. And so it sounds like you are helping a lot of entrepreneurs start their new business, and I found out that you have entrepreneurship in your family. I understand your family runs an ice cream shop, so tell me all about that..
- Scott Venuti: [18:35] Yeah, it's funny, when I was 12, my dad bought a local ice cream stand that had been around for 100 years and that business has evolved tremendously. I grew up working there. I got to see what it's like to be part of the business. And anybody who's been in the entrepreneurial world can appreciate what it takes to not only start a business, but to run it, to evaluate what makes sense as you're growing your business. Maybe you open up a location and it brings good volume, but maybe the profitability wasn't worth the level of effort to keep that location open. So for me, it was a great experience working there. It's a great experience to have my kids work there today and get exposure to that as well.

My dad and now my brother own the different locations here in New England. Ironically, a person on my team, his family also was in the ice cream business. Trust me, there's not a million of them here in New England, and it happened to be the rival ice cream shop or stand here in New England to my family. So our teams have a lot of jokes about that.

DR: [19:31] That's hilarious. I think it's very similar to MVNOs. Business is business. What is our product? How are we delivering? How are we differentiating? What are our margins? How can we improve our costs? And I love talking about business, and this was a fantastic conversation about MVNAs, MVNOs, kind of the business of starting up, and what it takes. And so Scott, thank you so much for coming on the podcast. It was a great conversation.

Scott Venuti: [19:58] No, thanks for having me. I appreciate it.

DR: [20:00] Awesome. Stick around because we're ending each podcast with a Telco in 20 takeaway. I have 20 seconds to tell you something you need to know.

[20:11] Did you hear Scott? It takes four to six months to create plans with legacy vendors. What? Guys, it doesn't have to be this hard. There's no reason you need half a year to roll out a plan. MVNOs and digital brands need speed so they can compete in their market. Marketing people are sick of dinosaur charging solutions. IT teams are tired of being the bottleneck. Businesses need charging systems built for the public cloud that deliver 10 times the performance at one 10th the cost. This is why I think MVNOs and digital brands should absolutely be checking out my company, Totogi, where we can connect to your network in a few hours, deploy plans in minutes, and get you up and charging in days.

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