

Episode 124 | The innovation inertia of MVNOs (Allan Rasmussen)
Allan Rasmussen, MVNO Services
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DR: [00:00] Why don't the MNOs just create their own MVNO? They'd have owner's economics.

Allan Rasmussen: [00:06] Yes.

DR: [00:06] They'd own all the back end. Why not just say, "Okay, great, we're going to compete with the MVNOs as well with our own brand?"

Allan Rasmussen: [00:14] Because they invested billions in the infrastructure and spectrum auctions and so on. They like the status quo. I'm not saying that they are colluding. I'm just saying that for many years things have been as it is.

DR: [00:25] It's like they're colluding.

Allan Rasmussen: [00:28] I didn't say that, but...

DR: [00:29] I did.

Allan Rasmussen: [00:31] Yeah.

Announcer: [00:37] This is "Telco in 20," a podcast that helps telco execs achieve a competitive advantage with AI in the public cloud. It is hosted by Danielle Rios, also known as DR. Today we're talking to Allan Rasmussen, the CEO of MVNO Services.

DR: [00:56] Hi, guys. I'm DR. MVNO mania is everywhere. For example, Ryan Reynolds became the face of Mint Mobile. Revolut expanded into telecom, and even the Trumps are getting in on it by launching Trump Mobile with their gold phone.

[01:12] Everyone thinks launching an MVNO is easy money. Get a license, slap your brand on someone else's network, and wait for the big bucks to roll in. The reality, it's absolutely brutal. Regulators change rules mid-game, MNOs find every excuse to block you, and even if you launch, you're competing against billion-dollar marketing budgets with wholesale pricing.

[01:35] My guest today has watched hundreds of MVNO dreams crash and burn, but he's also seen the ones that crack the code. Allan Rasmussen is CEO of MVNO Services and is one of the world's leading MVNO strategists. Today we're talking about

why Nigeria's 46 licensed MVNOs still haven't launched, which countries are creating the biggest roadblocks for mobile competition, and Allan's survival strategy for MVNOs that refuse to wait for regulators to save them. So, let's take 20.

[02:08] Allan Rasmussen is CEO of MVNO Services. Hi, Allan. Welcome to "Telco in 20."

Allan Rasmussen:

[02:13] Hi, DR. Always a pleasure.

DR:

[02:15] I'm so excited to have you on the podcast. Today we're going to talk about what's going on with MVNOs around the world, and so let's get to it. You started your career as a television producer, and so my first question for you is how did you make the transition from broadcasting to become one of the leading MVNO strategists globally?

Allan Rasmussen:

[02:35] I started in broadcasting when we had the state monopolies break up, and you had to innovate, you had to make a new value proposition. You were not the only show in town anymore, and that sounds familiar for MVNOs.

[02:48] And then later it happened in the telecom industry as well. So there was this issue. I then moved to Asia and noticed how people in Asia are using mobile phones differently from what we are used to in the US or in other parts of the world. It's an extension of their personality, and it's a device that is much more than fun. It's the device that supports the whole family, both in terms of business and in terms of their private life. So I decided that I had to move from the big screen to go into the small screen.

DR:

[03:18] And so as a global strategist, I really wanted to talk to you about MVNOs, right? There's a lot of MVNO activity throughout the world, but especially in one of the countries that we're going to talk about, which is Nigeria.

Allan Rasmussen:

[03:30] Yes.

DR:

[03:30] And so for those people who aren't up-to-date, the Nigerian Communications Commission, or the NCC, has issued 46 MVNX licenses. And despite multiple launch deadlines, we haven't seen a single MVNO go live yet, and so I wanted you to take us through your thoughts on what's going on in Nigeria.

Allan Rasmussen:

[03:51] Unfortunately it is a classic standoff, one that we've seen before, maybe 20 years ago, but we often see it in these new countries that have to introduce MVNOs. They are playing this old broken record of we don't have enough capacity. For example, on paper, the NCC has actually done nice work, asked some minor issues on, for example, licensing and MVNE. It's a bit odd and weird.

[04:12] But other than that, they've done everything according to other frameworks. The problem is the intent and then what's actually happening in the real world when you talk commercially. And the MNOs in Nigeria, MTN, Globacom, Airtel, and 9Mobile are not just rolling over and saying, "Oh, yeah, yeah, we welcome MVNOs with open arms."

[04:29] So they're citing issues. As I said, the typical things we hear, we have capacity issues. At the same time, they're still advertising to get more customers. So on paper, it works. But as you just mentioned, in reality, nothing has happened so far. We haven't seen any new MVNO launches in Nigeria.

DR:

[04:44] I mean, I guess the MVNOs are really blocking that. And I think at the core, they're really concerned about undercutting of price. They have an oligopoly, basically, across the MNOs, and they keep the prices high. And it was maybe a year ago where they were demanding the ability to increase prices and put in minimums. They were trying all these different political maneuvers with the NCC to really make it difficult for MVNOs to be successful.

Allan Rasmussen:

[05:14] Yes.

DR:

[05:15] What's really interesting is that there's 46 entities that have paid really good money to get these licenses. And so what do you think will happen? Will the NCC end up forcing the MNOs to let the MVNOs onto their networks or do you think the NCC is going to have to end up refunding licensing fees and we'll have all these lawsuits?

Allan Rasmussen:

[05:36] Yeah, it's a classic standoff. The NCC will have to send a stern warning if nothing happens. They not only have their reputation on the table here, as you say. Also, the companies that pay for these licenses paid a lot of money. But at the same time, you want a market that is working. You don't want to end

up in a court battle. It's a decision that has to pan out so it suits everyone and the country as a whole.

[05:56] But NCC has so far looked at other frameworks. They have spent a lot of time with consultants looking at setting up the right pricing strategy and so on. You mentioned before that they are afraid the pricing will drop. Sure, they will. We know that happens when a MVNO enters the market. But we also know, from experience, it is not the MVNOs that are driving that price wall. It is the MNOs that are doing it.

DR: [06:18] Because your opinion is that the prices that the MNOs are putting out there are just high.

Allan Rasmussen: [06:23] They are high. There's no competition. There is between them, but they have been the ones setting the prices in the market, and they have sort of agreed to that, and then we are getting used to that being the level. We know that when a MVNO enters, pricing will drop because they come in either being on price or just a tad below the pricing of course to create this marketing moment for them.

DR: [06:42] And so why don't the MNOs just create their own MVNO, a down brand, like AT&T has Cricket Wireless and Verizon has Visible? I'm sure the wholesale agreements they have with the MVNOs have margin built into it. But with the owner's economics, they'd own all the back end, why not just say, "Okay, great, we're going to compete with the MVNOs as well with our own brand?"

Allan Rasmussen: [07:06] Because they invested billions in the infrastructure and spectrum auctions and so on. They like the status quo. The status quo is fine. I'm not saying that they are colluding. I'm just saying that for many years things have been as it is.

DR: [07:19] It's like they're colluding.

Allan Rasmussen: [07:21] I didn't say that, but...

DR: [07:23] I did.

Allan Rasmussen: [07:26] And so everyone is sort of fine with that, including the regulator. The regulator, even though they are changing their lead position, they will come in and say, "Oh, this is the status

quo in the market, and we are used to that." So not everyone is interested in competition coming either from the outside or from the inside with a flanker brand or sub-brand coming in.

[07:44] So we know when MVNOs enter the price will drop, but at the same time, users increase. I'm not saying that it's completely level. I'm just saying we are getting more people to use mobile phones. They're using it in a different way. They're using it for something that matches their lifestyle or whatever the opportunity the MVNOs present, and we've seen that in all other markets that users increase.

[08:06] So it's not like the market is going down and under. They have had discussions in Nigeria as well on this pricing strategy. And MVNOs are not the ones who have to lead under pricing. They have to be on par with the pricing and upsell, cross-sell other things than just telephone.

DR: [08:21] Well, there's another thing that's going on in the country, which is there's been a severe devaluation of the naira since these license fees were collected. And so if they were to issue out refunds, it'd be a major financial hit to the NCC. And so does this force the regulators hand and now they have to make the MVNO program succeed at any cost?

Allan Rasmussen: [08:42] Yeah. As I said, they risk losing their face on it. And we are talking about a lot of money because of the devaluation of the naira versus the investment that has been made, both into technology that these MVNOs have done, MVNEs, MNAs as well. They have also spent a lot of money on foreign consultants paid in dollars, and it would be way too much money for the regulator, NCC, to pay it back.

DR: [09:04] Right.

Allan Rasmussen: [09:04] And again, NCC doesn't want to go to that point because they need to have a market that is functioning, and they cannot afford to lose this. They have played a high-stake game and now they have to pay for it. And the way they pay for it is not by paying back either in naira or in dollars. It is by actually enforcing and getting the market and the MNOs to work.

DR: [09:26] That's amazing. I don't know if they can use spectrum licensing as a forcing function to get the MNOs to act. I mean,

those licenses come up for renewal where they need to buy the next band of spectrum. Do you think that that's another way that the NCC can force the MNOs to come to the table and start to accept the MVNO reality?

Allan Rasmussen:

[09:43] Yeah, they definitely have a toolbox that they can use. They can either introduce fines where they will say for every month that you do not onboard or launch an MVNO on your network, you will be fined X amount of your total revenue, not profit. As you mentioned, they can say to them as well that in terms of licensing, you will not be able to participate in the next round of either an auction or if they're giving away spectrum. So they do have a toolbox where they can present this to the operators.

[10:10] I think an interesting thing that has developed over the last couple of months in Nigeria is that in the beginning it was all the MNOs that were very conservative. And I've been with some of the MNOs in the conversations with the operators. I have never seen this negativity in other markets saying, "We don't have capacity. This is an NCC project, not something we are interested in."

[10:30] But what's interesting is that within the last couple of months, MTN has suddenly announced that they are investing a lot of million in building out assets and infrastructure and is looking forward to onboard not only MVNOs but other MNOs as well onto their network.

[10:44] So a question, if there has been a little strategy play in it for MTN, pretending not to be interesting while at the same time saying, "Look, we are having this new strategy similar to what we do in South Africa, that we are ready to onboard other operators, and that includes MVNOs." Because as we know, operators don't get an idea on Monday and execute on Saturday. They get an idea in January and execute maybe one or two years later. So MTN might have played a little strategic game here.

DR:

[11:14] Interesting. I did see that news very recently that they announced that they were pivoting into more of a network-as-a-service where they're using their network as a platform versus the traditional approach of onboarding subscribers. So that's a very interesting take as a way to buy

time, continue to stall so they could build up and pivot into this position so they can onboard as many MVNOs as possible.

[11:39] So you talk to MVNOs all over the world. And so if you were one of these people that had bought a license, spent millions of dollars, a Nigerian MVNO, what would you do? Would you do what MTN appears to be doing, which is secretly building so you're in position and ready to go when this is ready to turn on? Or would you wait until this regulatory mess gets sorted out because maybe it takes years?

[12:01] I mean, look at Canada. I have a friend up in Canada that's been trying to do an MVNO for years, and he keeps telling me, "Oh, in a couple of months they're going to make another decision." And he's been saying that for years now. So would you spend more money after the good money that you spent or would you wait and see how it works out?

Allan Rasmussen:

[12:18] Definitely never wait. You have to push. Waiting leads to nothing. We know that from history. If the first MVNOs in the world had waited for a regulatory decision, we wouldn't have any MVNOs today. In most markets, it would be like that.

[12:29] They need to double down on several points. They need to double down on their business plan. They need to go in and say, "Look, how do we make sure that once we launch we are completely ready? We need to form new partnerships. We need to define again and again our niche, not compete only on pricing." They still need to look into the technology side as well. I'm not saying go out and invest heavily in a new stack, but be prepared, park everything at the door.

[12:56] And then they need to build a voice. I don't understand why they haven't joined together. They look at each other like their competitors. And for sure some of them will go out the same segment, but in a perfect setup, they would have different segments and not be direct competitors. They should have a mutual voice set up an association, a union, so they have much more power when they're talking to NCC or when they're talking to the operators.

[13:20] So double down on the business plan, attend every event that's possible in Nigeria, make your voice heard, go to the press, talk about what the problem is and what needs to be

done so it gets fixed. That's what they need to do, not sit and wait.

DR: [13:34] It's a little bit like a game of Survivor where at the very beginning you should form alliances.

Allan Rasmussen: [13:39] Exactly.

DR: [13:39] Friendships, right? Because you're all on the same boat against this common enemy. And then once things get sorted out, then you could split up and compete on real terms. But at least in the very immediate short term, they are aligned in common interest to get Nigeria to get moving.

Allan Rasmussen: [13:54] Exactly.

DR: [13:54] Unfortunately, Nigeria is not the only place where governments want more telecom competition, but incumbent operators resist. And so what other countries around the world are dealing with similar MVNO regulatory challenges right now?

Allan Rasmussen: [14:08] We have this handful. Canada is one of them. The CRTC, the regulator, did a weird stunt where they changed the definition of MVNOs. You now have to put in a network as well. And when you check the word, virtual, it means the same in English and French, but that's not an excuse. Virtual means it's not real or close to a network. So that still puts up some barriers in Canada.

[14:29] India, a very interesting market of course in terms of size, but also in terms of segmentation. They have a classic case on paper. It looks great, but in the real world it's not working, and they need to revisit that and look at solutions to put in.

[14:43] Then we have in the same area, Pakistan had a licensing pricing of \$5 million US dollars for an MVNO license for many years. Thank God they changed that. They made a new framework now. It looks fine. There are some minor issues where they'll say MVNO is not allowed to install any network elements. And then two paragraphs down in the notification it says the MNO is responsible for quality of service of the network. But how can you be that if you don't have that? It's unfortunate being delayed by the Ministry of

Telecommunication in Pakistan, the new framework and the new pricing.

[15:16] But then you have, where I'm sitting, the worst of the worst, which is Thailand. That is not a classic case. Unfortunately, that is more a case of a regulator that is a mix between being incompetent, maybe on purpose-

DR: [15:28] On purpose, yeah.

Allan Rasmussen: [15:30] ...not giving access to MVNOs. What happened here? All MNOs in Thailand ceased operation because the regulator decided to auction the only spectrum that they were using. So now it's a duopoly and there are no more MNOs in Thailand.

[15:43] So you have these handful of regulators and markets that still have issues. And what they have in common is the regulator. Things are on paper, but the enforcement of it is not there.

DR: [15:54] It's so interesting. Sometimes it's intentional. It's the illusion of being open and encouraging competition.

Allan Rasmussen: [15:59] Exactly.

DR: [16:00] But in reality, these forces that work behind it to block progress and what's great for the subscriber, choice and different price points and things like that. Now what's interesting, you have this background in broadcasting. You've worked for CNN and some amazing broadcast agencies, and both of us are trying to build audiences ourselves on social media. We have about the same number of followers. And so what is your number one tip for growing an engaged telco audience on social media?

Allan Rasmussen: [16:32] Just sharing stories. Also, not the usual ones because there are many stories every day about MVNOs that introduce a new pricing plan. But I think the stories that I'm sharing are those that I'm interested in myself as well. I like stories about MNOs that have found a new innovation to help disabled people to stories from Brazil where we see how they're using MVNOs to give an educational boost in the mountainous areas.

[16:58] And then, of course, also the success stories that we don't often hear because it's a MVNO and we always consider it to be a smaller operator. It doesn't make the front page on the Financial Times, but I think sharing, and then it's up to people if they want to read, like or follow or not.

DR: [17:14] I try to create a little bit of a unique voice, but I don't comment on 6G because I don't know anything about 6G.

Allan Rasmussen: [17:22] Exactly.

DR: [17:23] But I do try to, as you do, highlight points that people might be missing, something that only I would say. And so I really enjoy, your posts are always informative and-

Allan Rasmussen: [17:33] Likewise.

DR: [17:34] This is a great conversation about what's going on with MVNO licensing and MVNOs around the world, so thanks so much for coming onto the podcast.

Allan Rasmussen: [17:42] My pleasure.

DR: [17:42] Awesome. Stick around. We end each podcast with a "Telco in 20" takeaway. I've got two minutes to tell you something you need to know.

[17:57] Talking with Allan got me thinking. The standoff going on with Nigeria's MVNOs exposes telecom's dirtiest secret. MNOs claim no capacity for MVNOs while spending millions advertising for more direct subscribers. This isn't about network limitations. It's about innovation inertia.

[18:16] Here's what MNOs miss. MVNOs don't steal customers. They create markets. They serve segments that wouldn't touch premium pricing, use mobile differently, and drive overall usage up. Smart MNOs should flip the script entirely. Instead of fighting MVNOs, make them profitable partners.

[18:36] Platforms like Totogi's wholesale solution, lets MNOs sell the entire tech stack to MVNOs: BSS, AI-powered personalization, multi-tenant architecture. Suddenly MVNOs become locked-in customers by network and software while MNOs gain detailed subscriber insights across multiple brands.

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The paradox isn't that MVNOs threaten profits. It's that blocking them kills innovation.

[19:05] Nigeria's 46 licensed MVNOs represent 46 different experiments in customer acquisition, pricing models, and service delivery. That's market research MNOs are lobbying against. The real money isn't in protecting oligopoly pricing. It's becoming the platform that powers telecom innovation.

[19:27] Ready to build a killer MVNO strategy and capture what you've been leaving on the table? Set up a time to talk with team Totogi at NOVACOM Africa's 1-To-1 Telco Summit. It's being held next week in Cape Town, South Africa. Send me a DM on LinkedIn or X @TelcoDR and let's chat it up.

[19:43] In the meantime, tune into more "Telco in 20" episodes, like and follow, and leave us a five-star review. Don't forget to sign up for my awesome email newsletter on TelcoDR.com and check out our rockstar YouTube channel and be sure to hit that subscribe button.

[19:56] Later, nerds.