



MOVING FROM APPLICATIONS TO BUSINESS PROCESSES

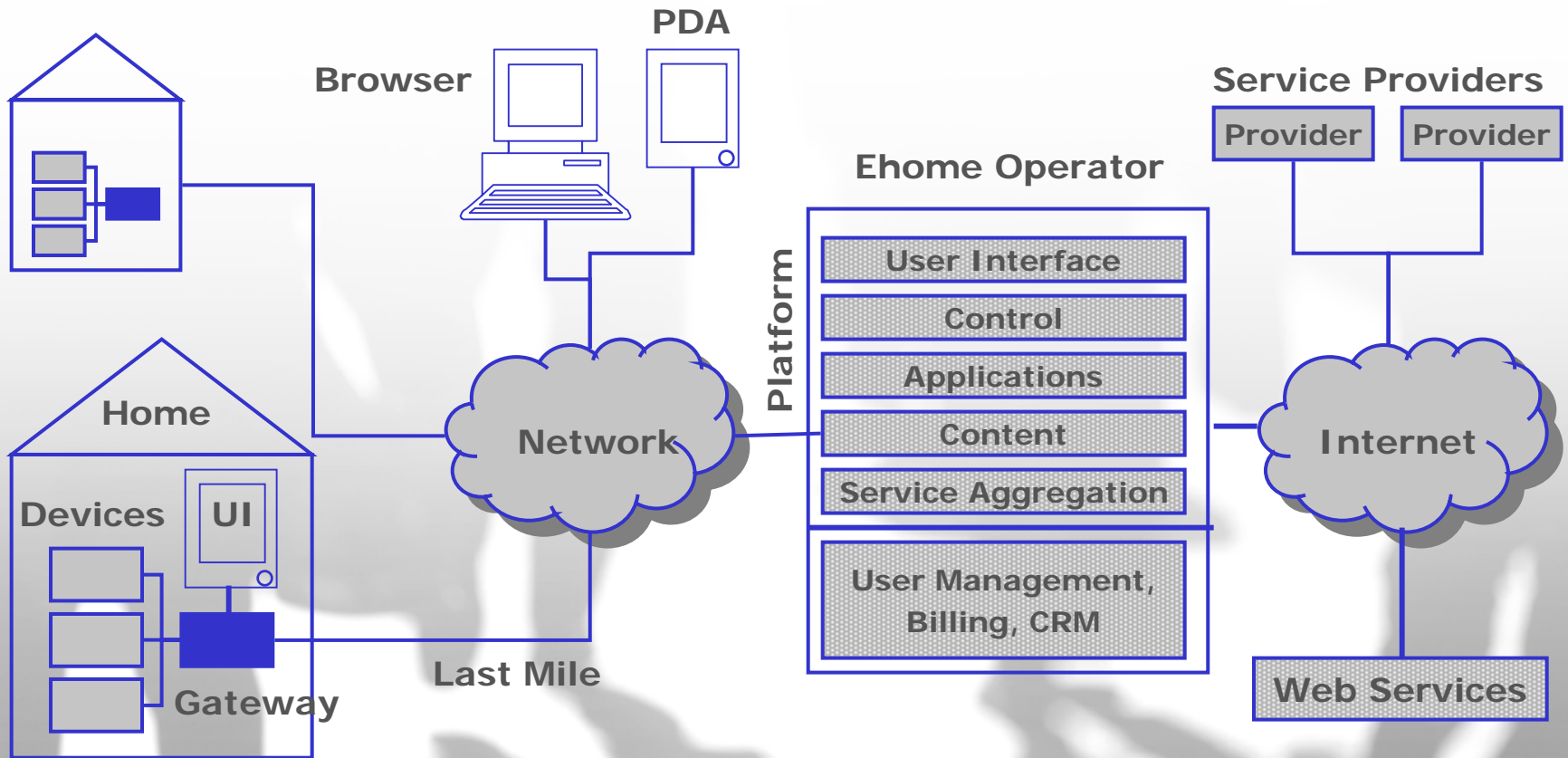
How to turn Home Networking into a source of revenues for operators

Mark Herterich, Chief Marketing Officer, Homeportal Inc. 10.23.03



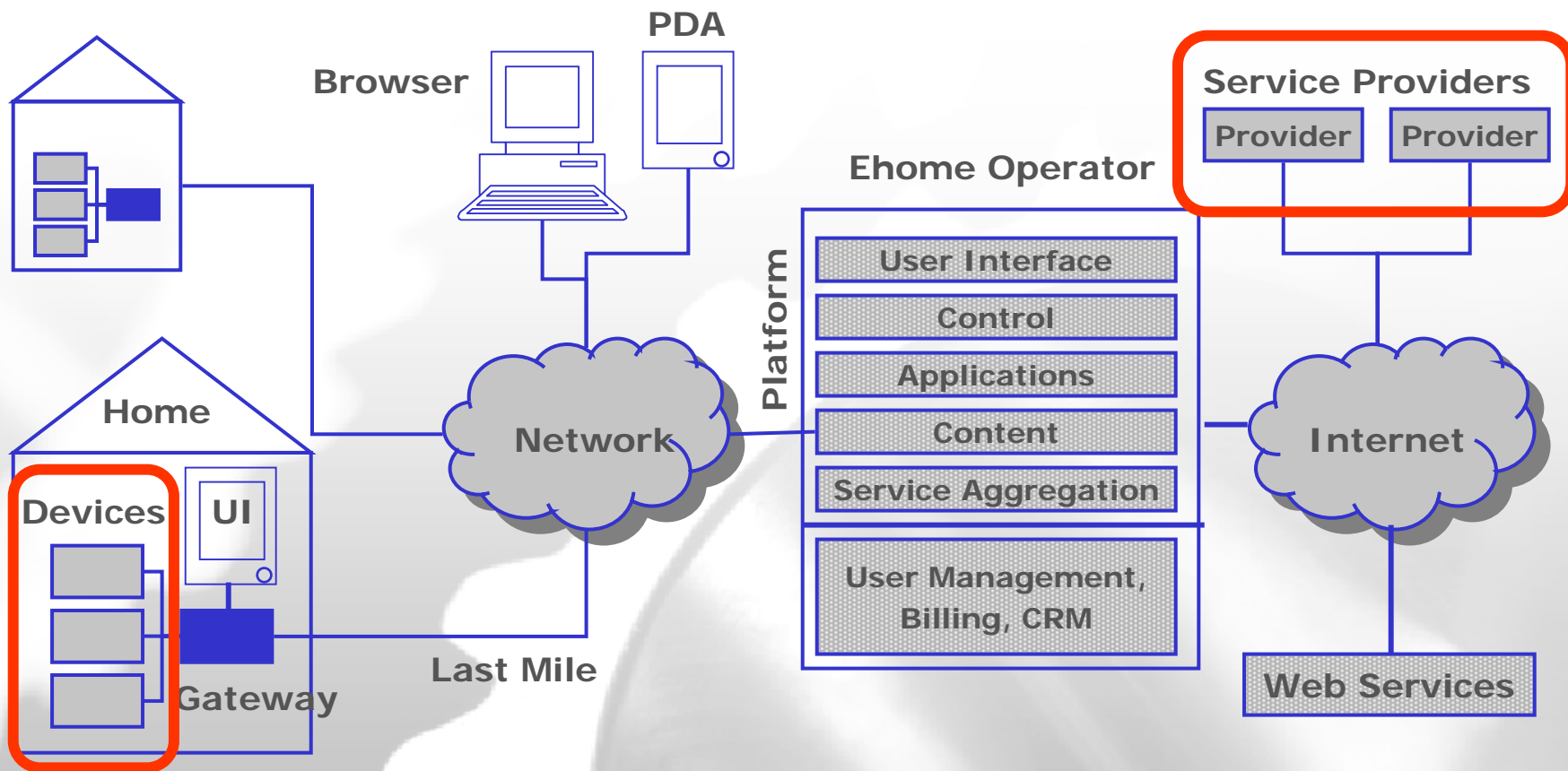


E-Home: End-to-end architecture





Consumers pay for devices and services



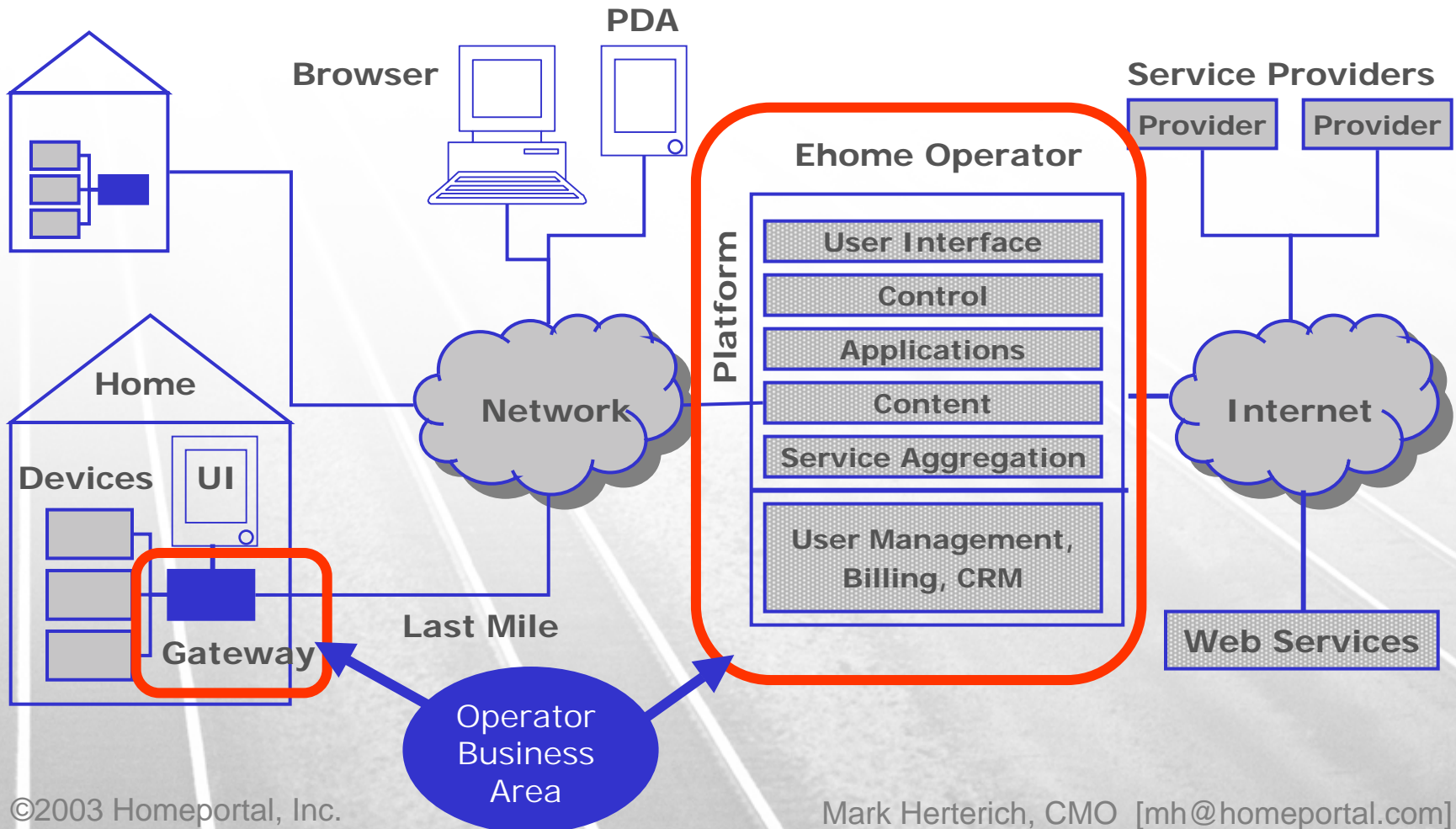


Consumers pay for devices and services

- **Inside the home**
 - **people buy hardware and software products**
 - **devices and networks**
 - **software and *applications***
 - **people pay for functionality and life-style**
- **Outside the home**
 - **people buy services**
 - **recurring revenues**
 - **combination of *digital* and *human* services**
 - **people pay for peace-of-mind, that somebody else takes care of their problems**

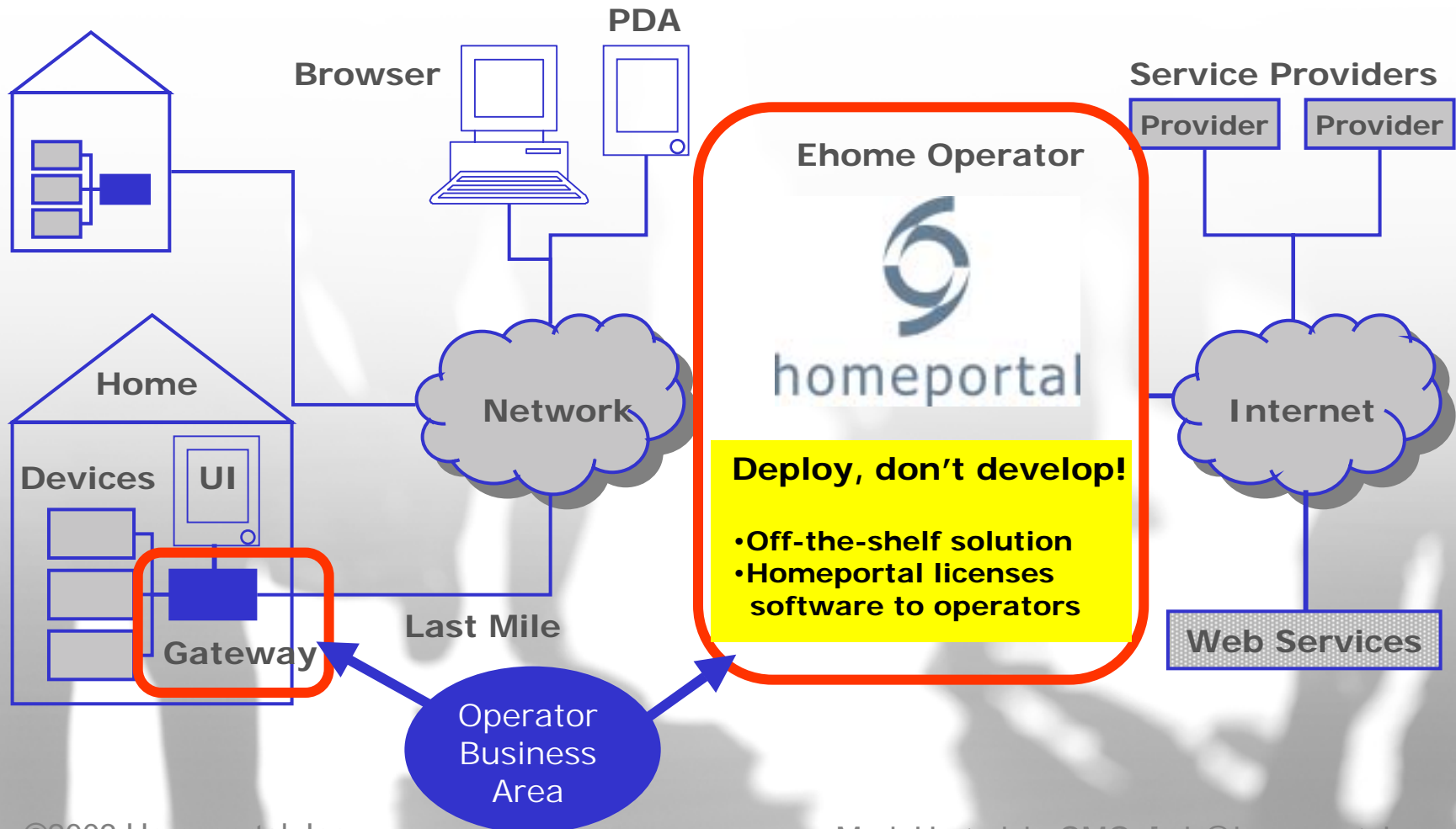


But: Central role of the e-home operator within the value chain





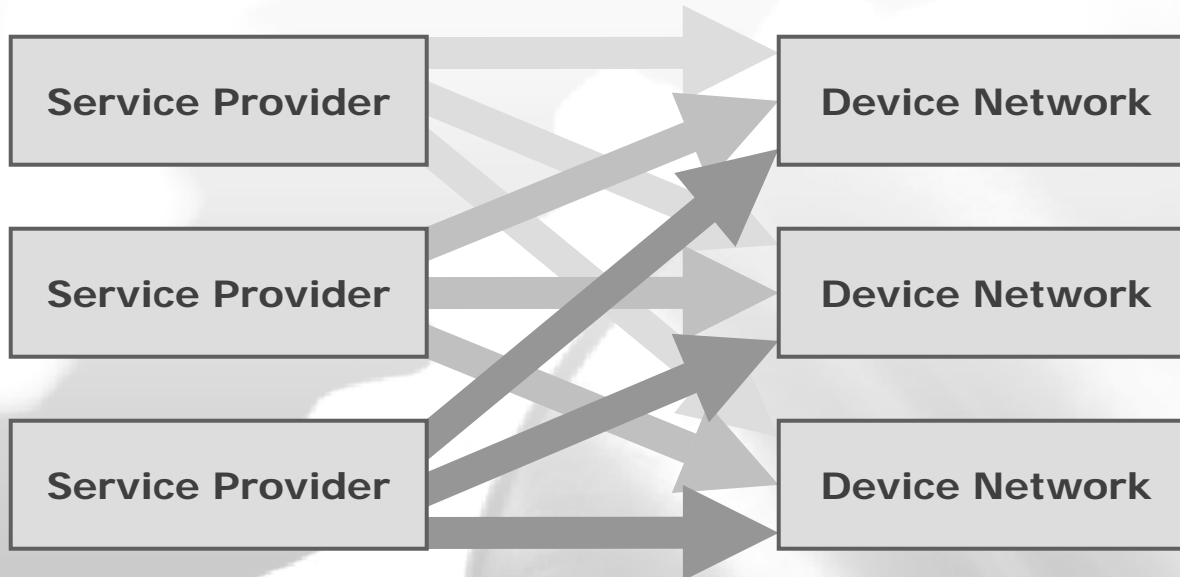
Homeportal XTN Digital Services Hub: The off-the-shelf platform solution for operators





Point-to-point?

- Does not work in the long run
 - Business relationships are too complicated
 - Technologically cumbersome





Hub-and-spoke

- Operators – key position in value chain
 - Bundles own and third-party services as a trusted partner to consumers
 - Economies of scale (marketing, CRM, billing)





That's what it could look like

HW & SW platform as local hub

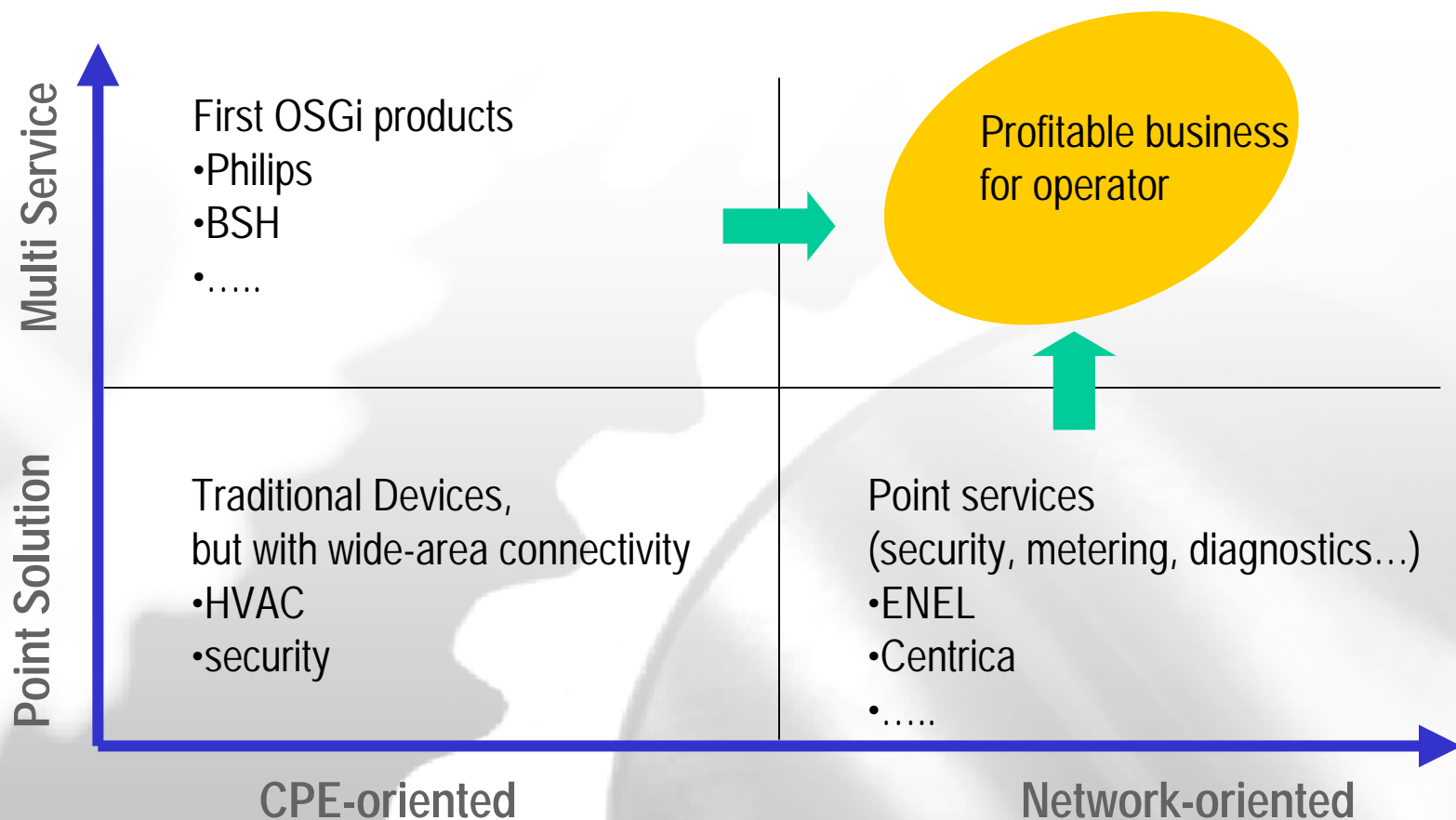


Homeportal XTN as operator hub



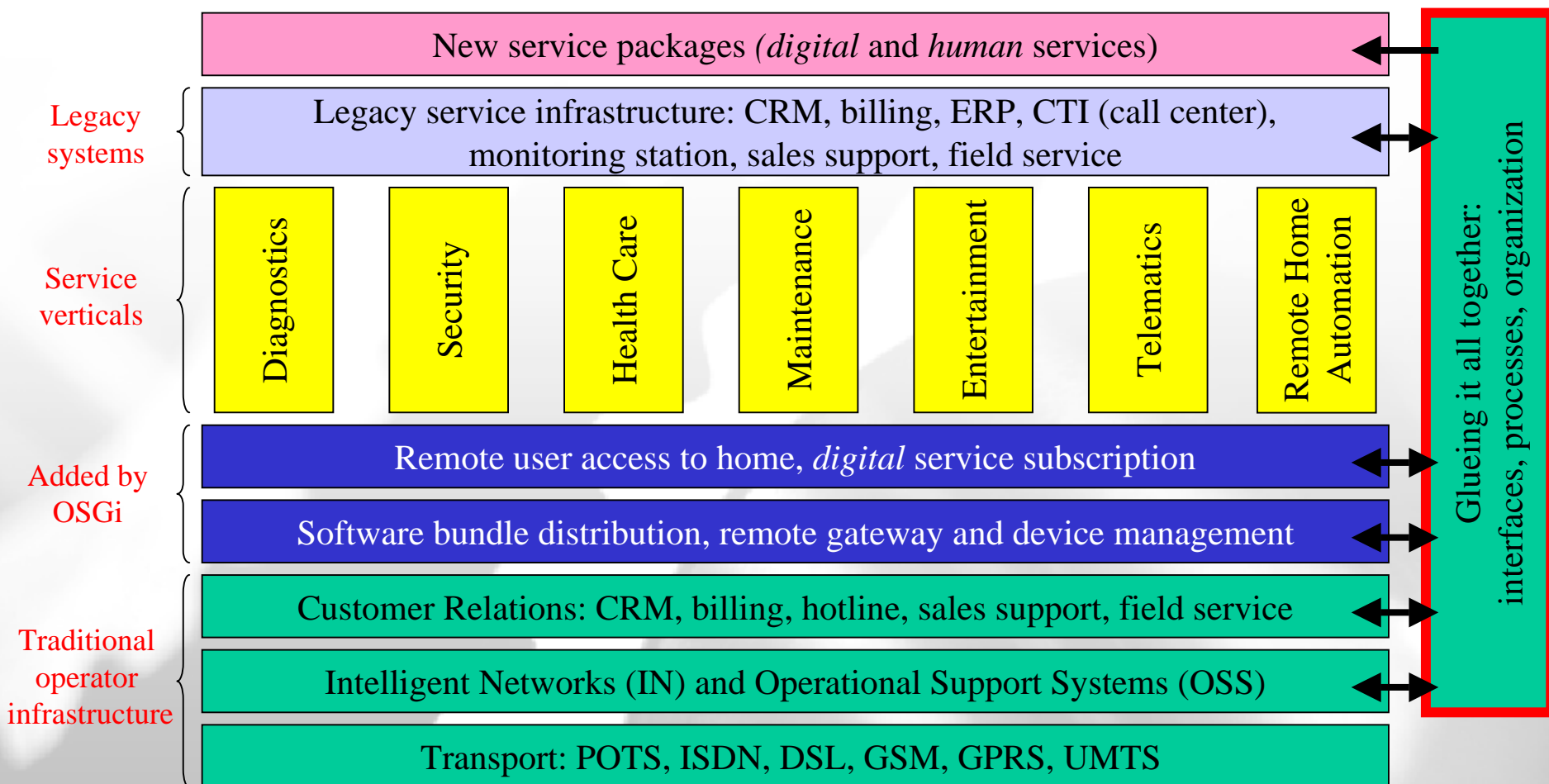


Industry developments converge towards operator's golden egg



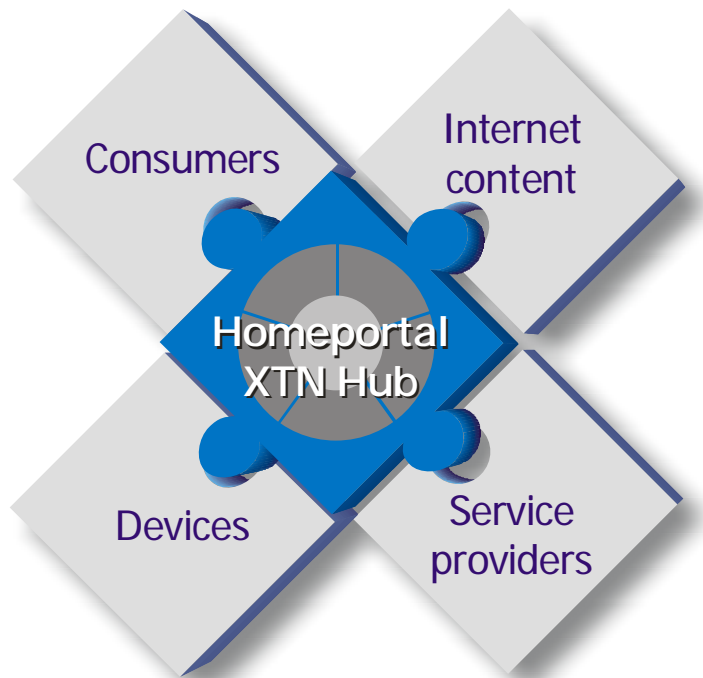


New service packages as a result of re-designing business processes





Central task of the e-home operator: Glueing it all together



- End user portal
- Offering, launching, delivering services
- Managing accounts and billing
- Aggregating content
- Handling smart home devices
- Event response
- Integrating with legacy service infrastructure
- Enabling improved business processes



Service delivery platform is key

- **Networks and application independent**
- **Bridge between service providers, operators, infrastructure, devices**
- **Services-centric, not device-centric**
- **Supports any mixture of 'thin' and 'thick' gateways, devices and protocols**
- **Industrial-grade, open standards, robust, reliable, secure and scalable**
- **Integrates with existing service backend infrastructures**



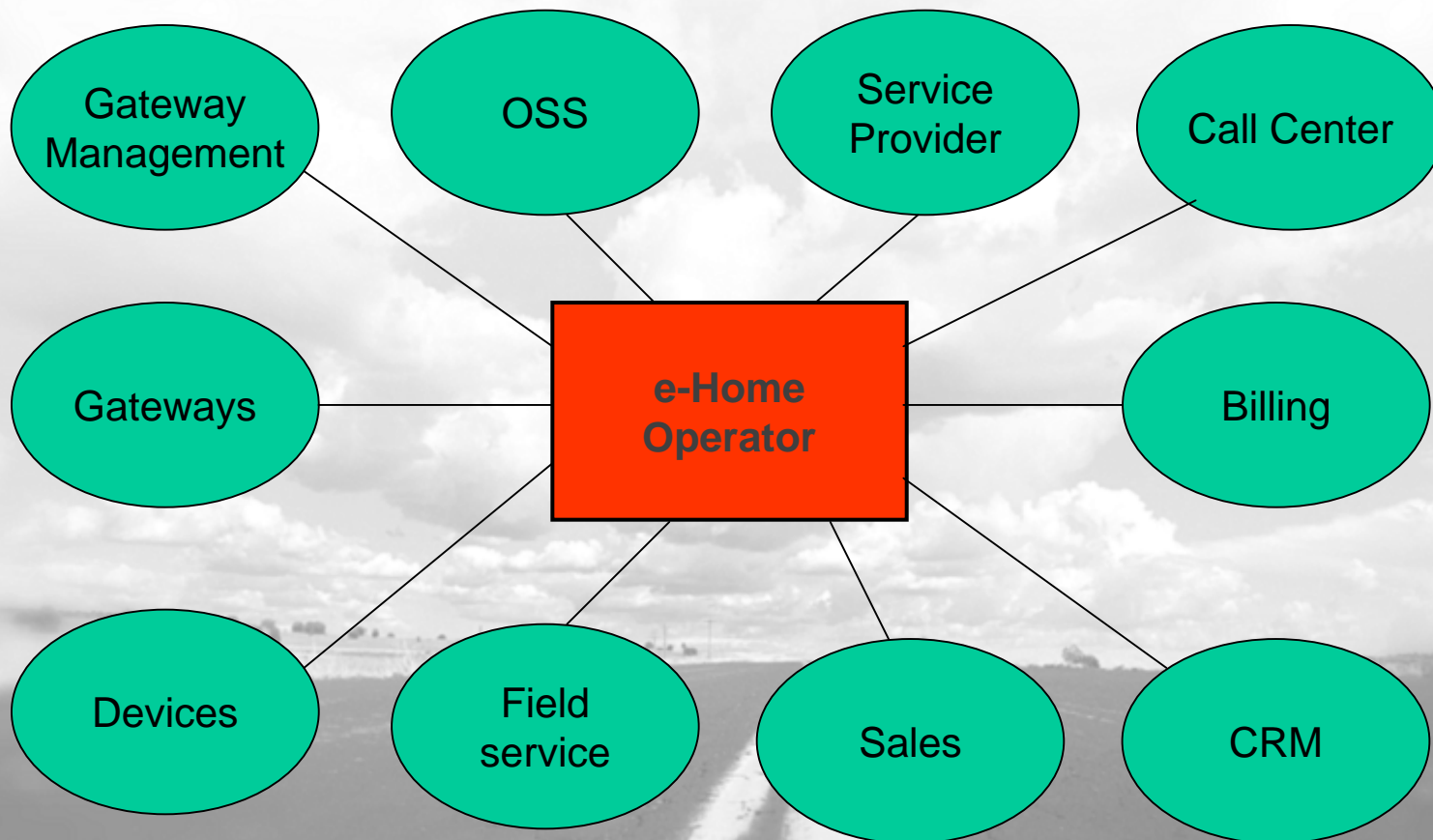
Two kinds of services

- **Substitution**
 - **Improve and optimize existing services**
 - **Metering, diagnostics**
 - **Advantage: Business Case is simple (independent of consumer)**
 - **Disadvantage: Need to get Service Providers in boat**

- **New Services**
 - **Tap consumer budgets with new services**
 - **Advantage: Can start by going it alone; tap new revenues**
 - **Disadvantage: Risk of consumer adoption; heavy on marketing**



Complex process and organization design: Example from HVAC diagnostics and maintenance





Revamping the device service business

- **Pulling together all the pieces**
 - new device connectivity
 - new application software
 - existing service infrastructure
- **Revamping the business to actually capitalize on savings from new technology**
 - not just interfacing existing systems
 - complete redesign of business processes
 - workflows
 - organizational structure
 - training and qualification



Moving from applications to business processes

- **Operator's can capitalize on home networking by providing a framework to decisively improve the delivery of services to consumers**
 - by increasing convenience
 - by reducing costs
 - by increasing productivity
- **Comparative effort**
 - designing and implementing processes (70%)
 - implementing link with home networks (30%)
- **Only by implementing non-trivial, seamless and efficient business processes can operators participate in high-margin businesses**



Questions?