

The screenshot shows the mobile news website interface. At the top, there's a navigation bar with 'mobile news' branding and a 'Click Now' button. Below this is a search bar and a 'SEARCH' section. The main content area features a large article titled 'Lyca seeks total control' dated May 8, 2009, written by Devika Sen-Gupta. The article includes a photo of Milind Kangle, CEO of Lycamobile. To the left of the article is a vertical menu with categories like Home, Awards, News, Features, Opinion, Columns, Blogs, Videos, Archive, Podcast, Fantasy League, Weekly Poll, Recruitment, Subscribe, Contact Us, Circulation, Other Content, and Other Sites. To the right of the article is a 'Related Articles' section with several headlines. Further right are advertisements for Brightpoint and O2 Business.

Ethnic market MVNO Lycamobile wants a full MVNO licence in its biggest operating markets, allowing it full control of its base

In a boardroom looking out towards Canary Wharf, Lycamobile chief executive Milind Kangle turns his back on London's suffering financial district. Across six European markets including the UK, its ethnic market MVNO brand Lycamobile is doing tremendous business, he insists.

Last July, well ahead of Lycamobile's September launch on the Orange network in the UK, Kangle instructed Mobile News its MVNO brand would have seven million prepay customers across the globe by 2011.

That target will already be in range by December, he says now. The business has tripled its best-case 2011 forecast as a result. The big idea is for Lycamobile to be the supreme world brand among MVNOs, Virgin Mobile included.

"We've a longterm vision to be a benchmark MVNO, globally. We're hell bent on that – a company for all other MVNOs to look to and aspire to be," he says.

"The original forecast [of seven million] has been revised. We'll have around 15-20 million customers globally. We are adding three million customers per year – the seven million figure is just around the corner now."

Generally, ethnic market providers estimate the addressable UK market to be between seven and 10 million customers. Kangle takes the upper figure, and claims Lycamobile already owns close to 10 per cent of the potential UK ethnic market – it claims it is closing on one million customers.

(Orange's results last week showed it had 585,000 wholesale customers at March 31, but it measures active customers over three months, which discounts much of Lycamobile's recent recruitment drive. Lycamobile is also counting SIM sales, Mobile News understands.)

Its targets is to own 65 per cent of the UK market by 2011 (6.5 million customers). He says its UK base will comprise roughly 30 per cent of its 2011 global target, which underlines the importance of its UK operation and the relationships that sustain it.

But Lycamobile is known in the market for its aggressiveness. It has a reputation for antagonising suppliers by agitating for control and better value for customers.

Its stated aim is to possess the technical infrastructure to run as a full MVNO in all its trading markets, so that it relies upon an original network supplier for nothing but the radio frequency. The point of such control is freedom and operating efficiencies, points out Kangle.

It takes the cost burden of supporting the MVNO away from the mobile network operator (MNO), although it also robs it of certain other MVNO rental and management fees. Kangle reckons, through ownership of the technology, the MVNO brings most of its costs in-house.

Lycamobile has spent up to £20 million over the last two years to develop its technical infrastructure – its own mobile switching centre (MSC) to route the traffic, its own home location register (HLR) database containing precise end-user records, and its own interactive voice response (IVR) and voicemail mechanisms.

Including technical support for Lycatel, Lycamobile's sister brand in the calling card market, its spend on technology and infrastructure exceeds £50 million to date.

Says Kangle: "We're taking away virtually all cost from the MNO, and taking ownership of the customer. With us, MNOs don't need to invest in HLR and so on. All they need to do is focus on the cost of radio access which is marginal because the network already has it in place."

A full MVNO licence offers the bearer freedom in the market, also. Kangle reckons, in markets where it runs its own MSC and HLR, it can make rapid changes to tariffs and services.