



HFS Hot Vendor: LotusFlare

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Introduction

The HFS Hot Vendors are an exclusive group of emerging players, each with a differentiated value proposition for the HFS OneOffice or HFS OneEcosystem. HFS analysts speak with numerous exciting startups and emerging players.

We designate a select group as HFS Hot Vendors based on their offerings' distinctiveness, ecosystem robustness, client impact, financial position, and the impact in our OneOffice and/or OneEcosystem Frameworks. The HFS Hot Vendors may not (at the time of writing) have the scale and size to be featured in our Top 10 reports, but they have the vision and strategy to impact and disrupt the market.

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LotusFlare, founded in 2014 by former Facebook executives, wants to build a digital mobile front end for your business, optimize its adoption by your customers, and get paid based on the business it helps you create. LotusFlare delivers on this vision through its Digital Network Operator (DNO) solution and its Growth Platform products and services, which together enable brands with a current or desired mobile presence to acquire, engage, and monetize customers. LotusFlare is focused on the communications sector and has leveraged its combination of consulting, engineering, and knowledge of mobile operators and OTT business models to help clients such as Indosat and Telenor quickly launch and scale integrated back-end-agnostic digital front ends with minimal capital expenditure.

Client-verified elements of its value proposition include:

- Provision of an integrated digital operator stack—full stack or relevant components—that integrates with operators' existing back ends
- Speed to solution through agile methodology and minimum viable product (MVP) approach, followed by iteration and scaling. Clients regard this as "test and learn"
- Contextual engagement via Growth Platform capabilities is built into the platform and complemented by Growth Platform services to support customer engagement and scale

- Limited capital expenditure investment and "pay as you grow" payment model with some up-front fees for development and integration, then baseline licensing, with a portion of ongoing fees tied to achieving agreed growth metrics such as growth in monthly users; As operators scale business, fees increase
- On average, operators working with LotusFlare have increased average revenue per user (ARPU) by 22%, reduced churn rate by 25%, and reduced traffic to their call centers by 17%

LotusFlare currently has 15 clients and 10 live deployments of its DNO solution. Most of its DNO solution clients are also Growth Platform customers, although LotusFlare does sell its Growth Platform independently of its DNO solution platform. The company focuses on the telecom sector, but it has plans and early traction within other sectors such as financial services, media, and IoT.

LotusFlare is privately held with investment from partners such as Google Ventures, Social Capital, and Macquarie. The firm was recognized in September 2018 as one of the GSMA 100, a global initiative to discover and grow the world's most promising companies that are the next generation of connectivity and digital services.

HFS' take

HFS has designated LotusFlare as a Hot Vendor based on its nimble approach to driving digital transformation and tangible business results in the much-beleaguered telecommunications sector. As HFS has previously written, carriers are hard-pressed to identify and build new revenue streams to replace their declining traditional business. LotusFlare's focus on offering speed to solution, a modular all-digital offering, an ability to integrate with an existing back end (including non-API enabled legacy systems), and its capital-expenditure-light pay-as-you-grow model is perfectly positioned for cash-strapped but innovation-ready carriers.

Telcos, however, are sometimes their own worst enemy. Many tier one and two firms around the globe are notoriously insular when it comes to opening their doors to new firms outside their proven partner ecosystem. Thus, half the battle for LotusFlare is whether it can gain acceptance as a viable solution for

carriers. It's not surprising that the greatest success for its DNO solution has been with regional players in fast-growing markets such as Indonesia's Indosat and Singapore's Singtel. Its Growth Platform has had more traction with larger clients, where there is lower perceived risk.

LotusFlare may need to hone its relationships with proven telecom ecosystem stalwarts such as Amdocs, Ericsson, and Huawei to prove out and de-risk its integration capabilities. It may also want to explore relationships with IT and network engineering service providers with strong telecommunications capabilities such as Tech Mahindra or TCS as other potential inroads. These same service providers may be able to help extend LotusFlare's reach into other sectors where digital customer engagement is essential, such as BFS, insurance, and retail.

Vendor factsheet

- Founded in 2014
- Key executives include former Facebook executives Sam Gadodia (co-founder and CEO), Terry Guo (co-founder and VP of Product), and Shao Xia (co-founder and Head of Engineering)
- The firm is privately held with investment infusion from Macquarie Capital, Google Ventures, Compound, Kickstart, Sherpalo, Social Capital, and Silicon Valley Angels
- The firm has about 100 employees, 80% are software engineers
- LotusFlare is headquartered in Silicon Valley with operations across Asia (Singapore, Indonesia), the Middle East (Dubai), and Europe (Belgrade, Kiev)
- The firm has about 15 clients
- Key DNO clients include Indosat, Singtel, Ooredoo, and Telenor
- Key Growth Platform clients include LinkedIn, Supercell, Skype, and Verizon Wireless

Solution portfolio

- **Digital Network Operator (DNO):** A platform that delivers a 100% digital experience to telecom subscribers with cloud-based and modular product components that integrate with existing back-end infrastructure
- **Growth Platform:** A consulting, engineering, and data science-based approach pioneered at Facebook to systematically scale digital businesses. Growth Platform can be sold as a standalone service or coupled with the DNO solution as the engine for the pay-as-you-grow approach. Implementing

Growth involves two components:

- **Growth Products**—LotusFlare offers a set of product components that help clients engage, monetize, and retain their user base
- **Growth Services**—Building a successful Growth function requires the right organizational structure, skill sets, analytics framework, and marketing campaigns. LotusFlare helps clients build the right Growth framework and core team and then evangelize Growth across the entire organization

Industry coverage

LotusFlare's primary verticals are mobile and cable, secondary verticals are media and internet, and third is financial services.

Partnerships

AWS Certified Partner



About HFS

Insight. Inspiration. Impact.

HFS is a unique analyst organization that combines deep visionary expertise with rapid demand side analysis of the Global 2000. Its outlook for the future is admired across the global technology and business operations industries.

Its analysts are respected for their no-nonsense insights based on demand side data and engagements with industry practitioners.

HFS Research introduced the world to terms such as “RPA” (Robotic Process Automation) in 2012 and more recently, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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