

# The Future of Telecomms: Key Areas for Development



03

## **Executive Summary**

04

## **The Changing Telecoms Industry**

- Key Areas for Expansion and  
Development

14

## **Closing Words**

# Executive Summary

The recent global pandemic has shown that the telecommunications industry is incredibly robust yet versatile enough to adapt to changing circumstances, almost in real-time. Additionally, the pandemic has also highlighted how the industry has become increasingly central to how modern society operates.

The landscape of business-to-business has changed, with many B2B customers increasing their expectations for user interfaces in line with digital native demands. This in turn is creating the need to simplify processes and offer consumer-like digital purchasing options for buyers. Even before the pandemic, customer appetites were changing, the global crisis just accelerated this trend.

Therefore, the coming years are set to be critical for firms within this sector, as they present a unique opportunity to fundamentally reimagine businesses or, alternatively, risk another decade of decline. This report highlights the reasoning behind the change in consumer behaviour and also outlines the opportunities that exist within the market for growth and development with customer experience at the forefront.

# The Changing Telecoms Industry

There isn't an industry that the COVID-19 crisis has not impacted in some way. In regards to telecoms, it has shown that the industry is incredibly robust yet versatile enough to adapt to changing circumstances. McKinsey referenced Telecom Italia as an example of this adaptability, who moved from having its call-center agents working in the physical call center, which is the only place they had ever worked, to having the entire group of 7000 agents working from home within 72 hours.

In addition, it has also highlighted how the industry has become increasingly central to how modern society operates.

**As per McKinsey, their research has demonstrated that organisations moving early to restructure and adapt during times of crisis come out ahead in the subsequent decade.**

Thus, 2021 is set to be a critical year for firms, presenting a unique opportunity to fundamentally reimagine businesses or, alternatively, risk another decade of decline.

Consumer demand and expectation has also shifted in the last year. Such changes include a faster shift to the cloud, as well as to an 'as-a-service' model.

There is also a much greater demand for both artificial intelligence and automation services within the sector. Furthermore, bandwidth-heavy activities like remote learning, gaming, and videoconferencing have grown dramatically.

Even as measures are easing across the board, habits have been picked up and the aforementioned

changes are likely to be permanent. A perfect example of this is whilst a return to the office is gradually being phased in, companies have realised that through the use of new telecom software, their teams that may be in different cities or countries can work effectively together. As per Harvard Business Review, the landscape of business-to-business has changed, with B2B customers also increasing their expectations for user interfaces and solutions in line with digital native demands. This is creating the need to simplify processes and offer consumer-like digital purchasing options for their buyers. Even before the pandemic, customer appetites were changing, the crisis just accelerated this trend.

**Part of the inevitable development in the telecom industry is a shift to consumer focused organisations. This is also applicable to B2B providers and it is a case of adaptation or risking losing market share.**

In the Harvard Business Review's joint report with Salesforce, they reference a European telecommunications provider that they recently worked with. The company developed an app for subscribers to sign up and activate its service in just two minutes. The result: a 50% increase in new activations from competitors or new customers. The company also learned that 20% of its new subscribers are from customer referrals.

When articulated in such a manner, these results are highly unsurprising and may be seen as simply common sense, yet the majority of businesses do not

work to implement such technology.

## **Simply overhauling an onboarding process into a simple, streamlined digital solution can have an incredible impact on sign up rates.**

As per Bain, telecom services are becoming increasingly important in society, yet this is not translating into buoyant share prices for public companies in the sector. Thus, “communications companies need to play offense on customer experience more so than ever,” according to Mike Chapman, partner and America’s media lead at Kearney Consulting. Perhaps an effective offense is to develop new digitised solutions to meet digital natives’ desire for speedy onboarding and resolution of problems through digital means.

On the other hand, perhaps an effective offensive strategy is to go on the acquisition trail, acquiring businesses that will make existing processes easier, hedge against future competition and absorb current, positive customer relations into a business’ ecosystem.

Regarding significant technological development, Deloitte stresses that the intelligent edge is poised to propel tech and telecom companies toward the next generation of connectivity and efficiency, ushering in another wave of industry growth. This “intelligent edge” is essentially the analysis of data and the development of solutions at the site where the data is generated.

## **Deloitte is confident that expansion in 2021 will be driven primarily by**

---

## **telecoms deploying the intelligent edge for 5G networks, and by hyperscale cloud providers optimising their infrastructure and service offerings.**

These highly capitalised leaders are establishing the use cases and best practices that may make it easier for companies across multiple industries to attain the capabilities of the intelligent edge. This rise of the intelligent edge will likely drive the evolution of service architectures to become more location-driven, decentralised, and distributed.

This development is important for businesses with data-driven use cases, as the intelligent edge can offer certain key capabilities, as per Deloitte these are; the efficient use of bandwidth and greater network visibility, which can lower costs, resilience against poor, unreliable, and lost connectivity due to lower dependency on wide area networks, control over data triage, normalisation, residency, and privacy through the ability to keep more data local rather than needing to transmit it across the network to the core and greater automation and autonomy.

Whilst this cutting edge data analytics and AI technology may only be of premier importance for the industry leaders, it still carries important lessons for successful SMEs.

**The desire for digitised solutions is imperative and failure to quench this thirst will result in loss of market share as competitors built with removing laborious processes to**

## **please digital natives emerge.**

Opportunus has researched similar trends with legacy insurers vs insurtech firms in the past and whilst the contrast between telecom firms is not as stark, it is important to learn such lessons and ensure that entrepreneurs in the field are committed to harbouring an innovative culture across their business.

Bain proposes a “2.0 Structure” wrapping core telecom services into a smart platform that will underpin new ventures to power the digital economy. As we discussed above, building a platform that allows digital natives to resolve issues with their service and be onboarded digitally will have fantastic effects on key metrics such as sign up and churn rates.

This paradigm shift has occurred due to digital-native companies like Uber and Netflix having set a new standard for seamless online experiences, forcing incumbents to redefine their interaction models. It is also important that with this shift, entrepreneurs don't lose the sense of personability within the business. Bain reinforces this, encouraging telecom firms to aspire for both scale and intimacy whilst supporting the dreamers and builders across the organisation.

It is an interesting time for the telecom sector, a changing industry being thrust into an important position amidst a pandemic.

**There has been widespread business-model disruption, within the sector with technologies like AI, big data, and the Internet of Things**

## **redefining service-delivery and value-capture models.**

There has also been new-entrant disruption, with increased competition among the traditional players as well as nontraditional players, which have shifted value toward technology-focused parts of the value chain (for example, software-defined networking in a wide area network, software as a service, and over the top (OTT) services).

This leaves the industry at something of a crossroads. Firms can either tinker around the edges to achieve incremental gains or make a bold choice to reinvent their value-creation formula and bravely, firmly commit to that choice, seizing the opportunity to create a permanent new role for themselves in a world reshaped by a pandemic that put them at the center.

### **Key Areas for Expansion and Development**

As per McKinsey, to design a new, value-creating role for themselves in a post COVID-19 world, operators must first define a detailed vision of what the reimagined telecom sector will look like. For providers, this includes painting a clear picture across five critical axes; the core business including value pool and service model, your approach to customer engagement, the network, IT, and data, your approach to talent and the relationships with stakeholders and society.

Looking at McKinsey's breakdown of the five pertinent areas for telecom attention, the first includes a move away from selling network services and toward selling outcomes, as measured by cloud performance, security, and resilience. This

is important too for an intermediary as business leaders must be sure that they are brokering effective solutions to their clients.

Next, is their approach to customer engagement. As we have mentioned frequently in this report, digital natives are setting a new benchmark for customer experience and expect their queries to be handled without the need of a phone call or paperwork. Thus,

**Developing an effective user interface for management of a business' products is an important area to focus in order to drive growth and promote customer retention.**

Regarding success concerning a network, IT, and data moving forward, it will likely “hinge on the ability to leverage data and deploy advanced analytics, AI, and automation at scale to drive new sources of growth and change the broader economics of the business.”

The desire and expectation for automation and effective data utilisation goes hand in hand with a transition to a tech-focused product with an effective interface. It is also essential to adopt a forward-thinking approach to talent within the business. As per McKinsey, telecoms firms are usually relatively hierarchical. However, spurred on by the pandemic, firms began cutting through established decision-making frameworks to enable change to happen much more quickly and pervasively. Shifts like these will likely be critical to future success as telecom providers and intermediaries develop to become more agile.

Telecom operators have played an immensely important role in keeping businesses functioning whilst wrestling with the pandemic. Thus, there is an opportunity to cement this position going forward.

For operators this can include advancing public health, education, and connectivity across communities. Providers can also work to be more aware of adapting B2B needs, including increased bandwidth, an effective user interface for clients to perform policy admin and resolve issues in a digital manner and deployment of automation in order to remove any processes that are laborious in nature.

Adopting advanced technologies can help businesses reduce churn rate, but as per Harvard Business Review, many utilise AI and machine learning yet fail to yield a satisfactory return. Using artificial intelligence to determine which customers were most likely to defect, an anonymous telecom firm bombarded the at-risk customers with promotions enticing them to stay.

Yet many left despite the retention campaign. It appears that the managers had made a fundamental error: They had asked the algorithm the wrong question. As these technologies become increasingly widespread, especially in a technology-driven industry like telecoms, it is important that managers remember that these technologies are not simply plug and play, but require a conscious effort to play an effective role in company strategy, despite its abundant potential.

Thus, for telecom providers and intermediaries, it is important to bear in mind that on the whole, the industry continues to have difficulty with meeting rapidly changing customer expectations, which are

shaped by simple, personalised interactions that are made available by digital giants such as Airbnb, Amazon, Apple, Netflix, and Uber.

**When looking to develop a product, entrepreneurs should do so with the emerging needs of digital natives in mind, thus increasing the firm's chances of sustained competitive advantage.**

# Closing Words

Harvard Business Report's "Rules to Acquire By" framework was written by Bruce Nolop, then Executive VP and Chief Financial Officer of US telecom firm, Pitney Bowes. Therefore, the perspectives in the piece are particularly pertinent when looking at the future of the telecom industry and the potential for expansion and development in what is an important and interesting time for the sector that was growing yet perhaps not modernising at the pace it needed to in terms of customer experience.

Immense potential lies with turning telecommunications firms into customer centric hubs, catering for digital natives "as a service" with user interfaces allowing clients to resolve issues and perform policy admin digitally and efficiently. If firms in the sector adapt their UX and service offerings in line with emerging millennial and Gen Z demands and expectations, there is a significant opportunity to become an important business with long term competitive advantage.

No industry is immune to disruption and with the recent adoption and investment in Web3 technology and fleshing out of 5G infrastructure, immense change is afoot. Prepare for these changes and your business can win big going forward.

# End Notes

---

**Endnotes**

01. <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-telecom-sector-in-2020-and-beyond>
02. <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/a-blueprint-for-telecoms-critical-reinvention>
03. <https://hbr.org/resources/pdfs/comm/salesforce/RewiringTelecomsforFutureSuccessMeasShiftingtoaCustomerFocus.pdf>
04. <https://www.bain.com/insights/how-telcos-can-recharge-their-relevance-infographic/>
05. <https://www2.deloitte.com/us/en/insights/industry/technology/technology-media-and-telecom-predictions/2021/edge-intelligence-fourth-industrial-revolution.html>

---

**Opportunus**

The Elms Mews, 152a High St, Newton-le-Willows, WA12 9SG  
T: +44 (0)1925 228000

Thank You.