Megatrends and disruptions in the telecom landscape

IT transformation is critical for CSP success in digital services

Mobile Agenda
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“The Innovator´s Dilemma”: Incremental or Disruptive?

- Communication Services Providers have never been more in demand, more essential to consumers and business, more critical to economic growth — and more challenged strategically
- Network-infrastructure-based CSPs have reached a **critical juncture** as far as their future roles within the converging telecom, media and information technology sectors are concerned
- **Over-the-top** (OTT) voice and messaging players are the biggest, most disruptive threats for CSPs. They affect CSPs' core service revenue and margins by substituting traditional voice and SMS
- Commoditization of core telecomm services demands repositioning in a changed market landscape in the direction of **Connected Digital Services -** a new breed of IT-centric services that involve the use of data, analytics and digital content

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Connected Digital Services - a New Breed Of IT-Centric Services

CDS spans a range of digital services, including machine to machine (M2M), IPTV, rich media, mobile payments, cloud, contextual services, IP communications, smart cities, digital home, digital stores, mobile media, video and enterprise IT services, among others. CDS includes all the digital services that can be offered on top of the network, but need the network

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IT Transformation Is Critical for CSP Success in Connected Digital Services

- CDS leverages the power of IP-based networks and provides rich communication features that may include voice over IP, video and messaging over an integrated platform
- Customers' expectations of CDS are shaped by what companies such as Apple, Google and Facebook provide, and CSPs need to provide a similar Web-centric user experience
- Connected Digital Services (CDSs) are dependent on IT-centric capabilities; therefore, CSPs with an internal business-only IT support function must transform their IT to be **an enabler of customer-facing digital services**

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IT Services for CSPs – Project-based and Ongoing/Outsourcing

Gartner's definition for IT services for communications service providers includes project-based and multiyear annuity-based agreements between CSPs and vendors that deliver IT services to enhance or transform customer, revenue and service management capabilities and enable connected digital services for CSPs. The IT services include consulting, application development, implementation, ongoing support and outsourcing. The definition excludes network-centric services to plan, build and/or operate CSP networks or enterprise networks

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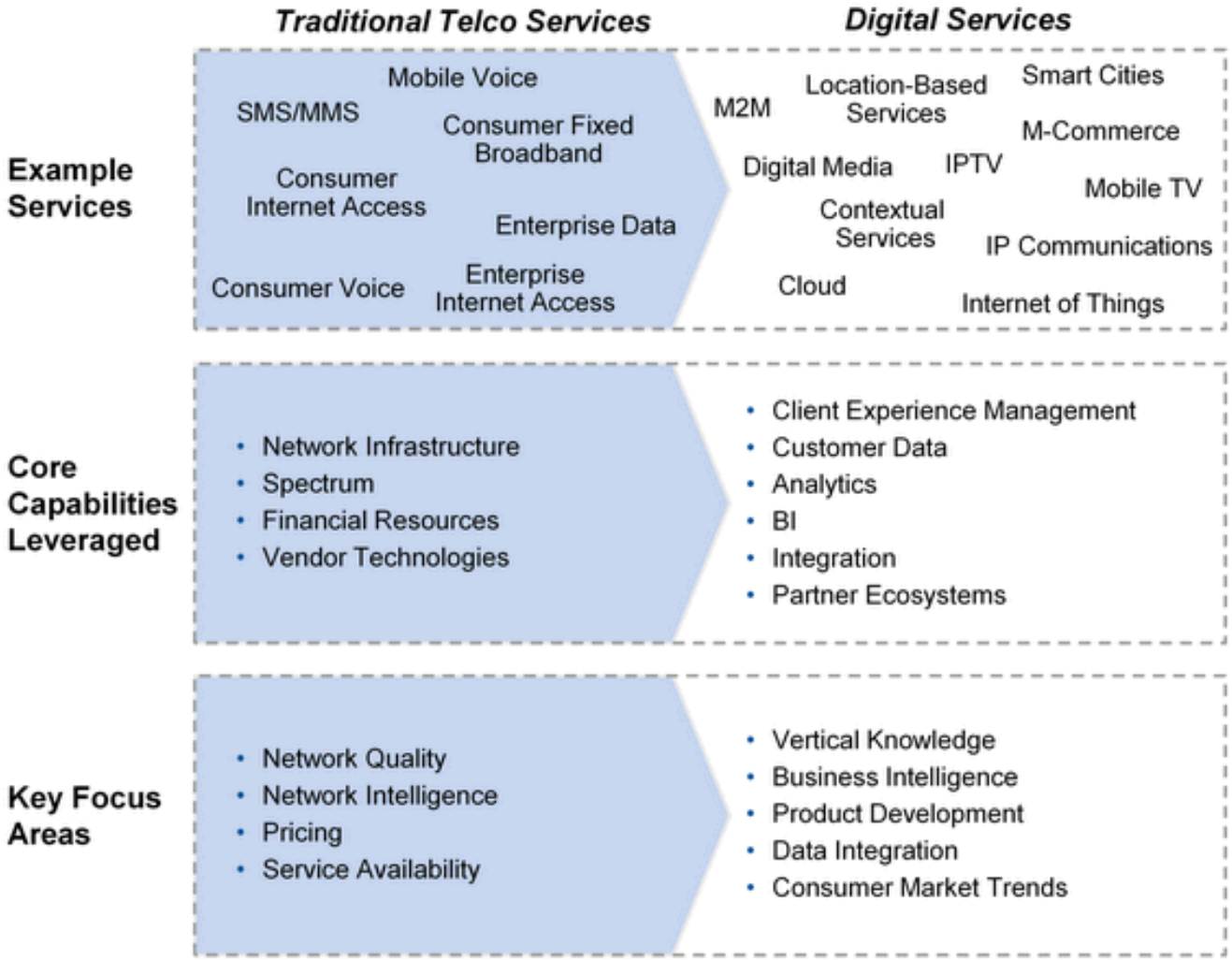
CSPs' IT Strategy Will Need to Change to Enable Effective Delivery of CDS



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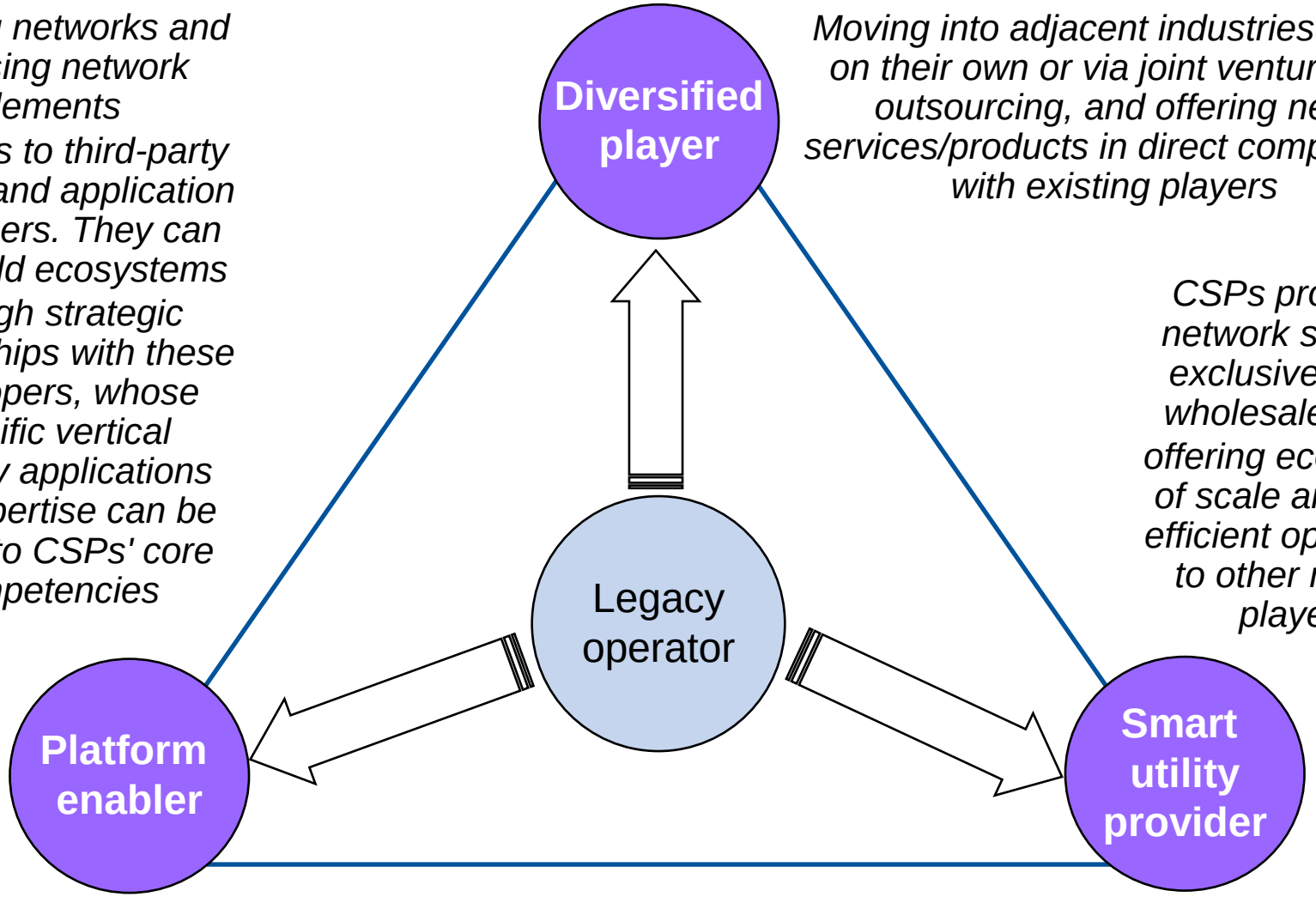
Three Distinct Strategic Positioning Options for CSPs

Opening networks and exposing network elements and APIs to third-party content and application developers. They can then build ecosystems through strategic partnerships with these developers, whose specific vertical industry applications and expertise can be added to CSPs' core competencies

Moving into adjacent industries either on their own or via joint ventures or outsourcing, and offering new services/products in direct competition with existing players

CSPs providing network services exclusively on a wholesale basis, offering economies of scale and cost-efficient operations to other market players



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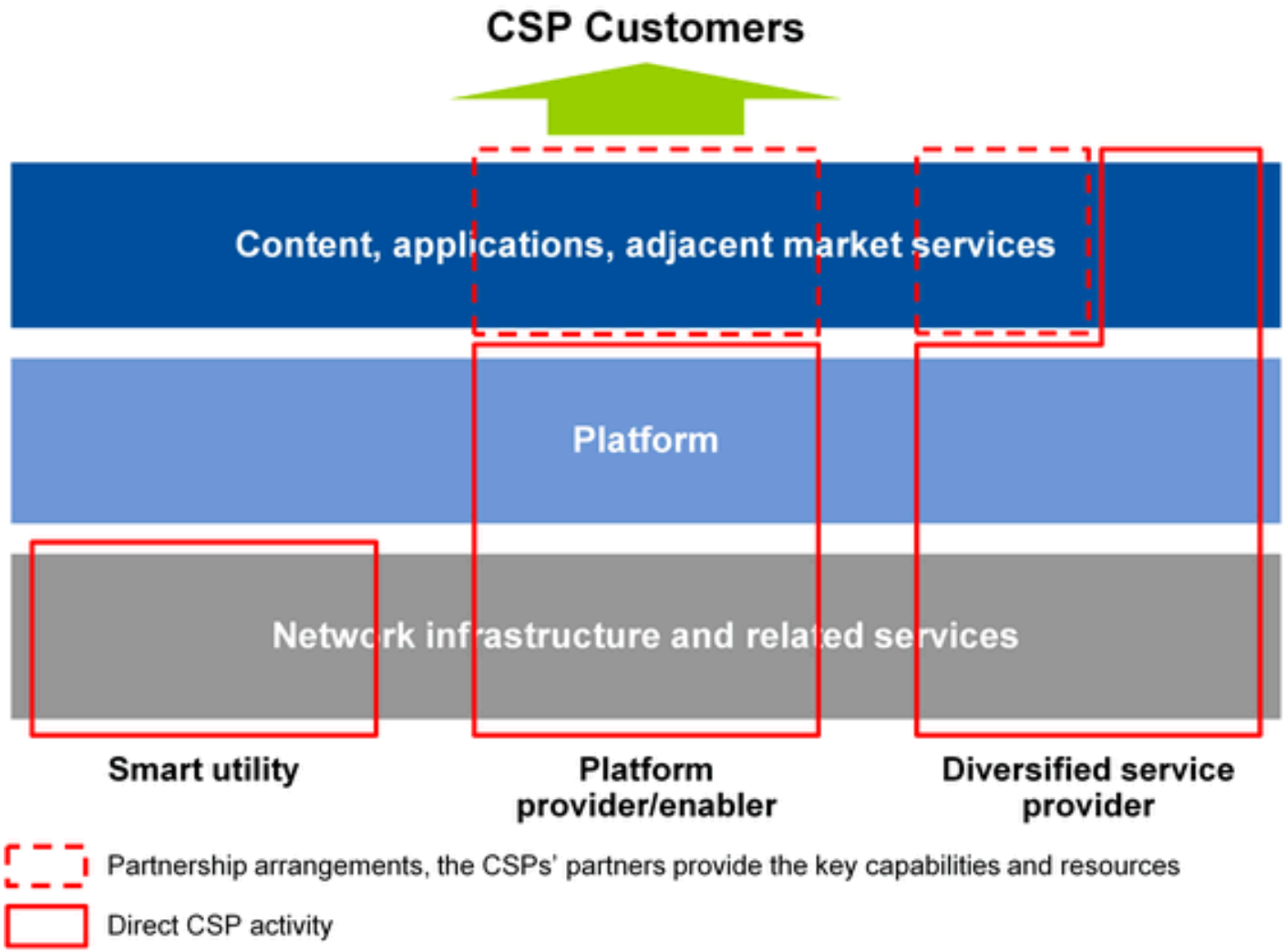
The Three Strategic Positions for CSPs



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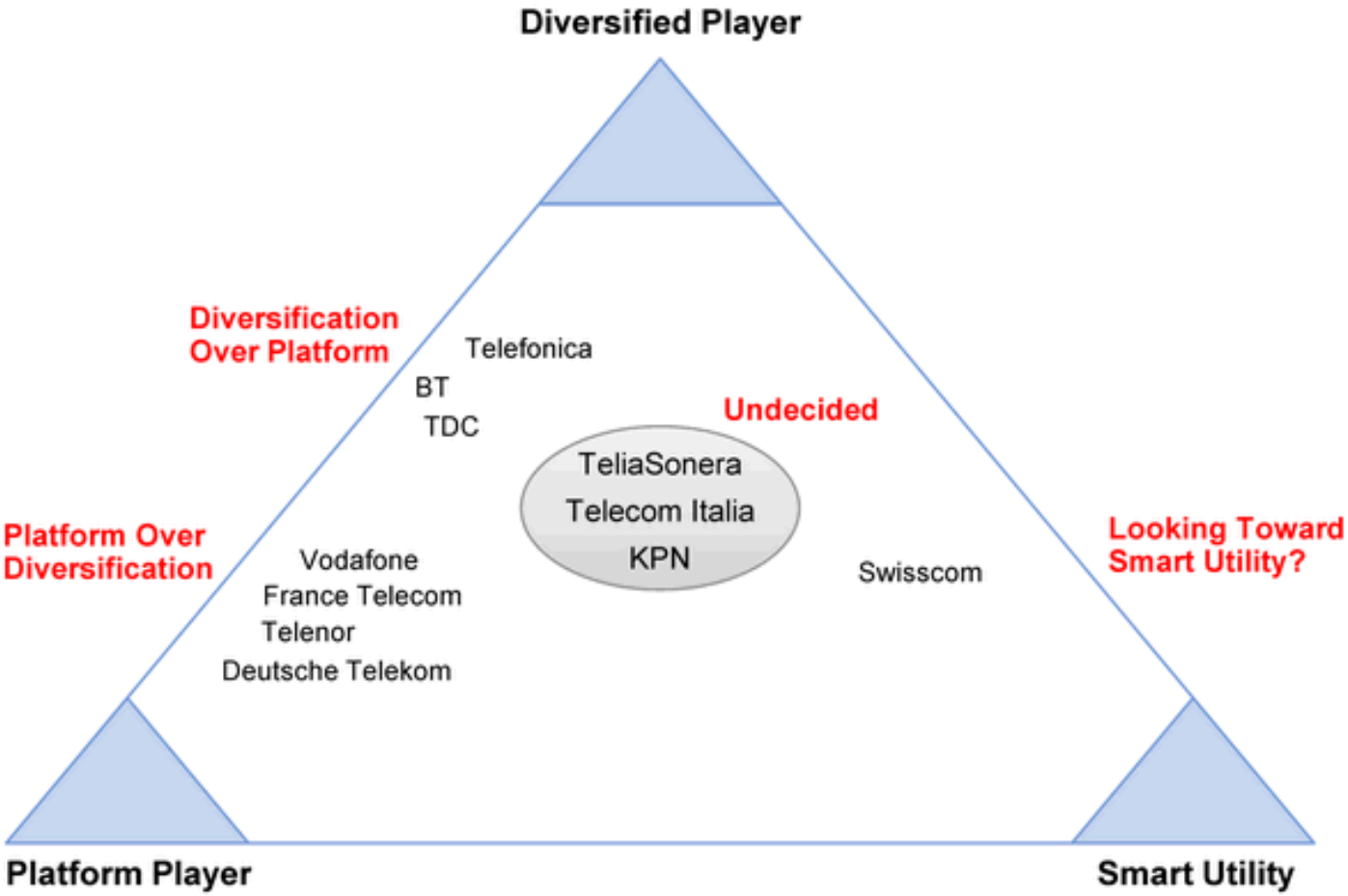
Current Strategic Positions of the Largest European CSPs (2012)



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What Are the Big Boys Doing?

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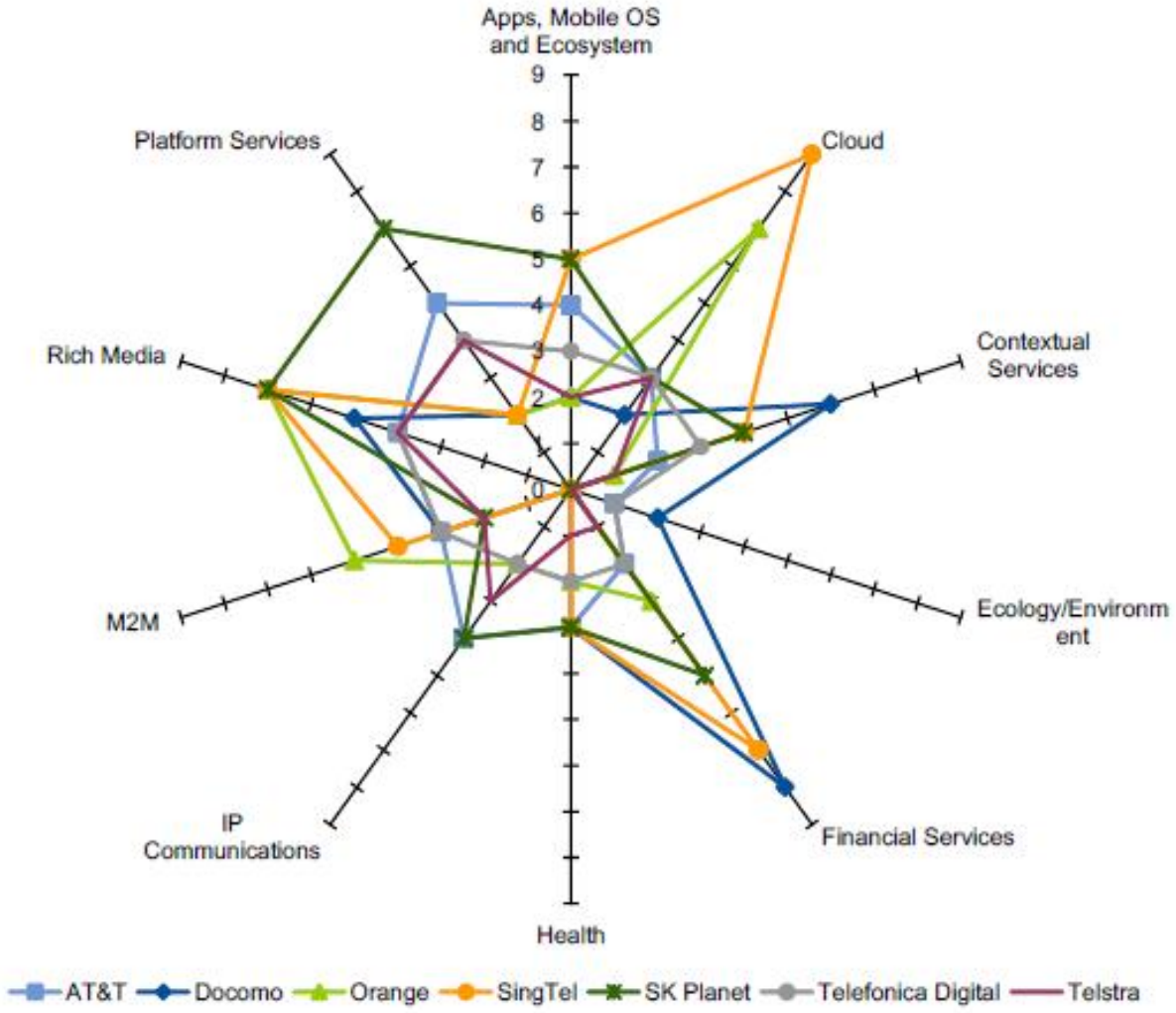
The Digital Service Focus Area of the Seven CSPs Analyzed



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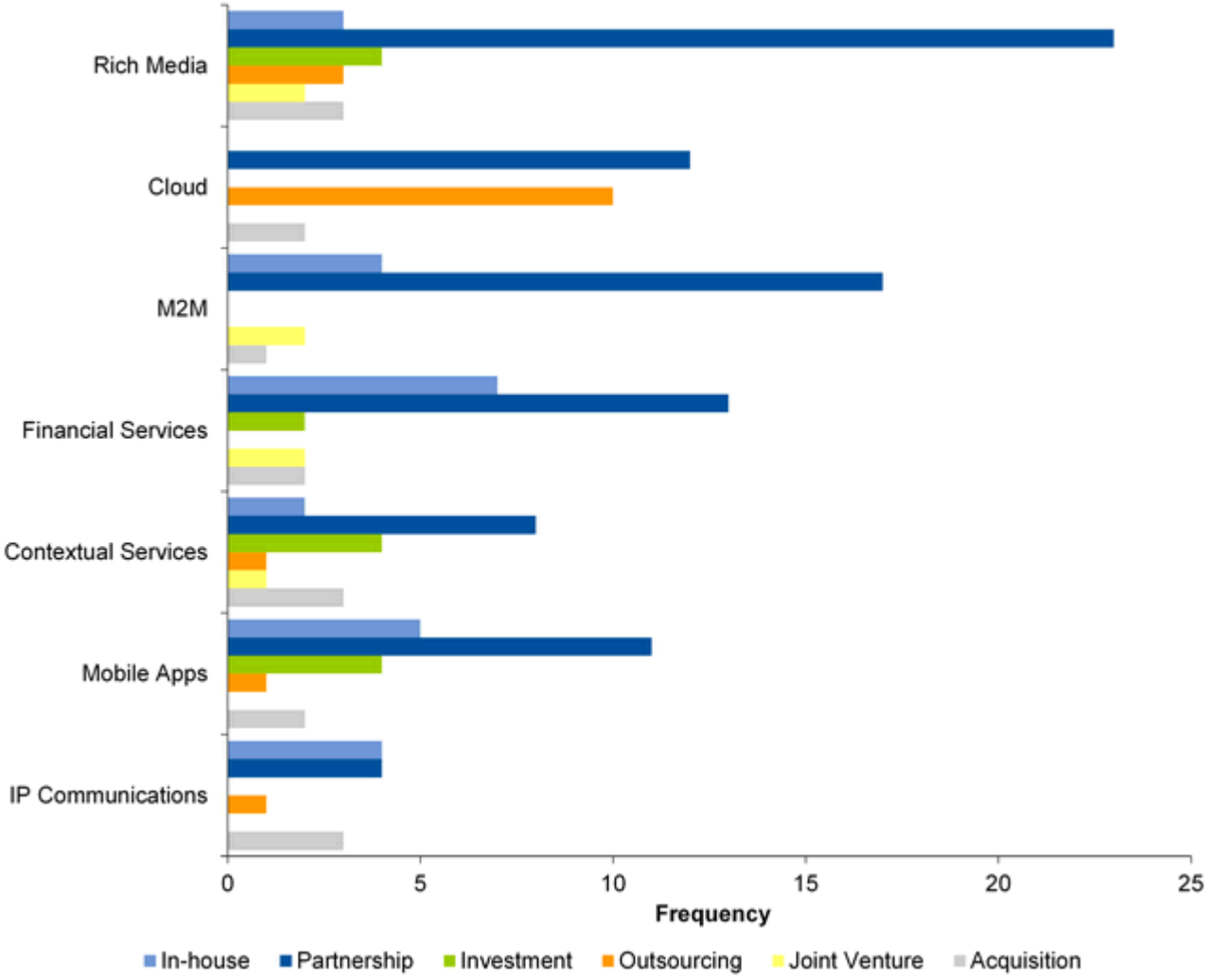
The Frequency of Use of Different Implementation Models Across CSP Digital Service Categories



Source: Seven Innovative CSPs Embark on Digital Service Transformation

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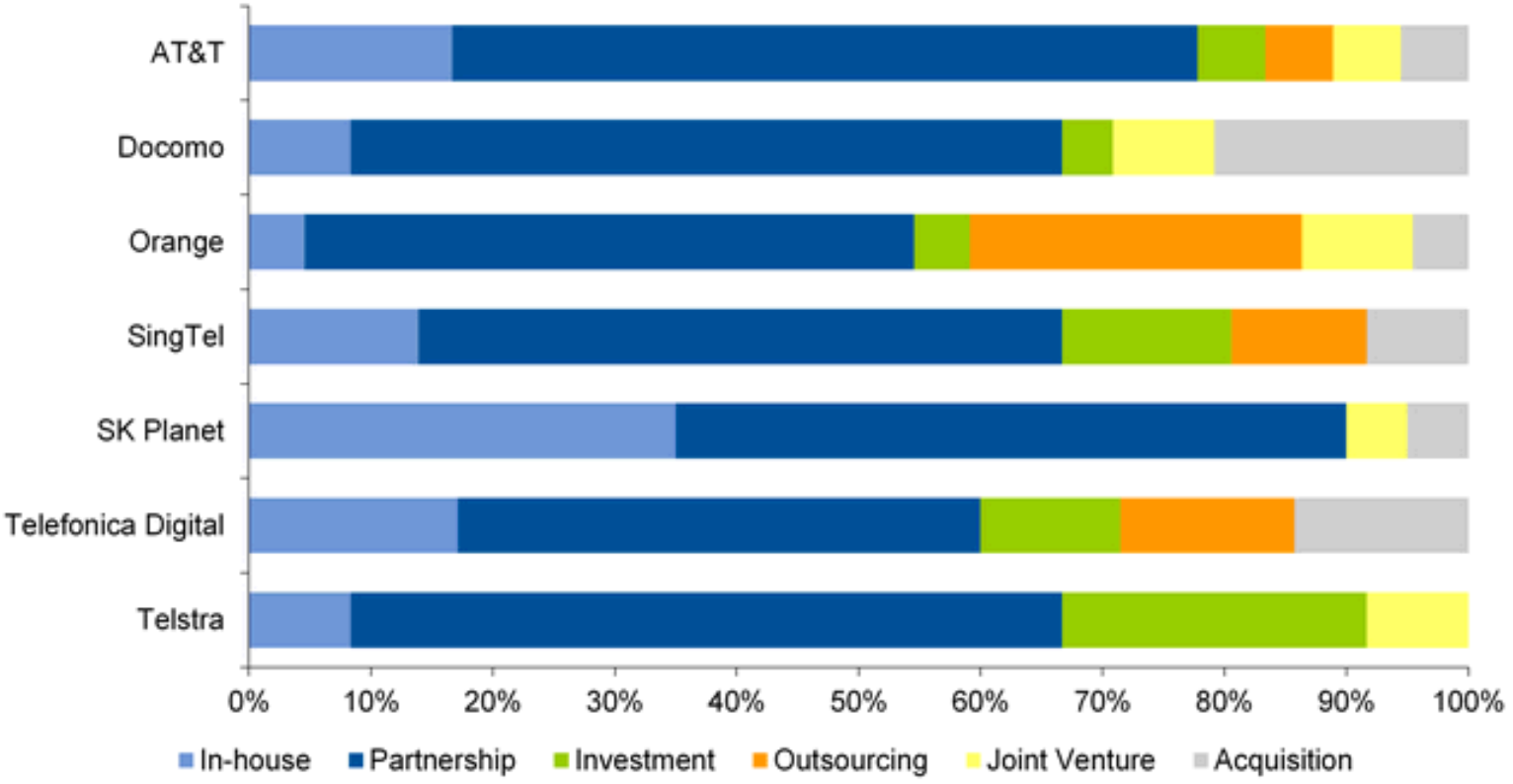
Digital Service Implementation Models Used by the Seven CSPs Analyzed



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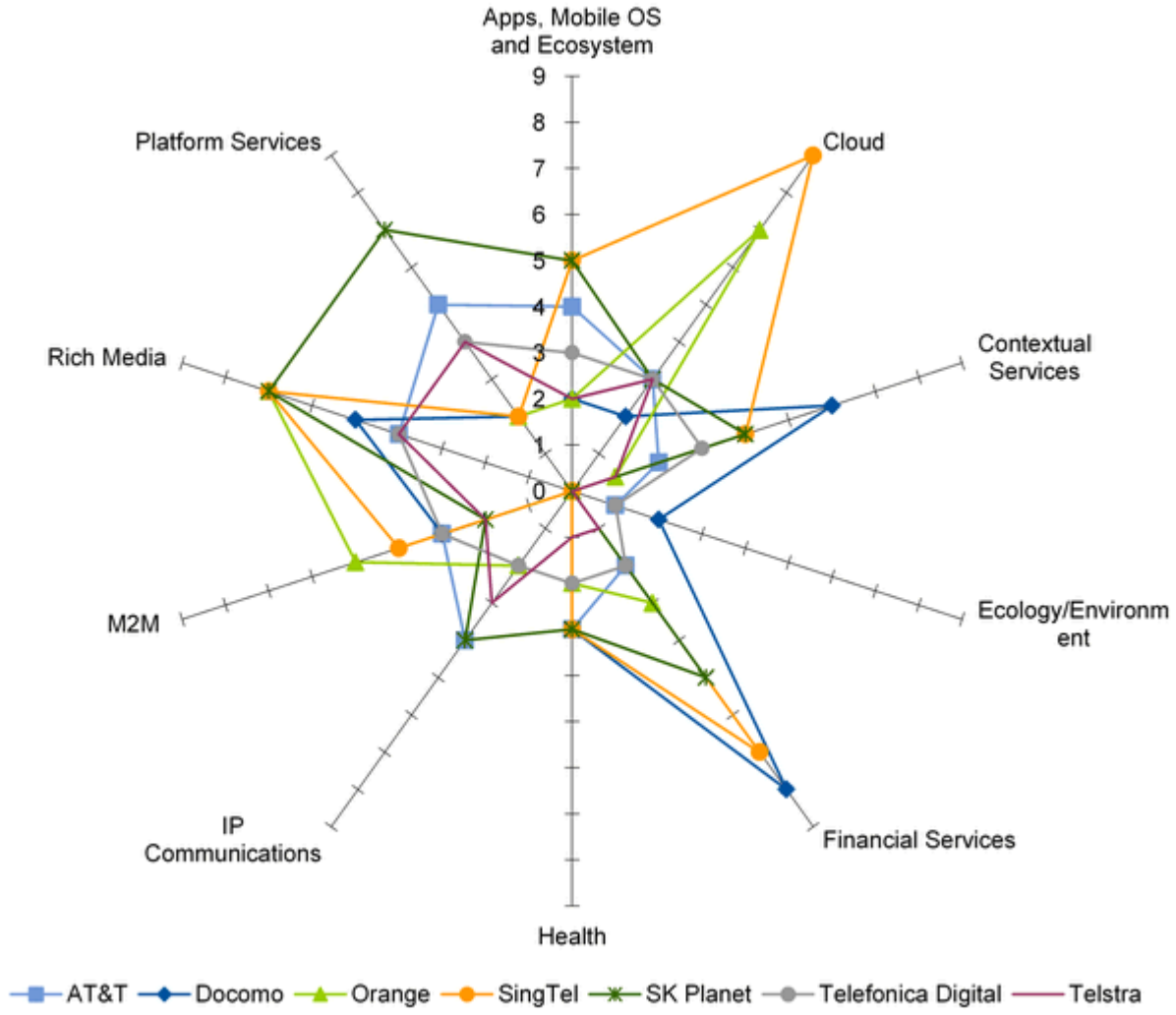
There Is No Single Killer Digital Service



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