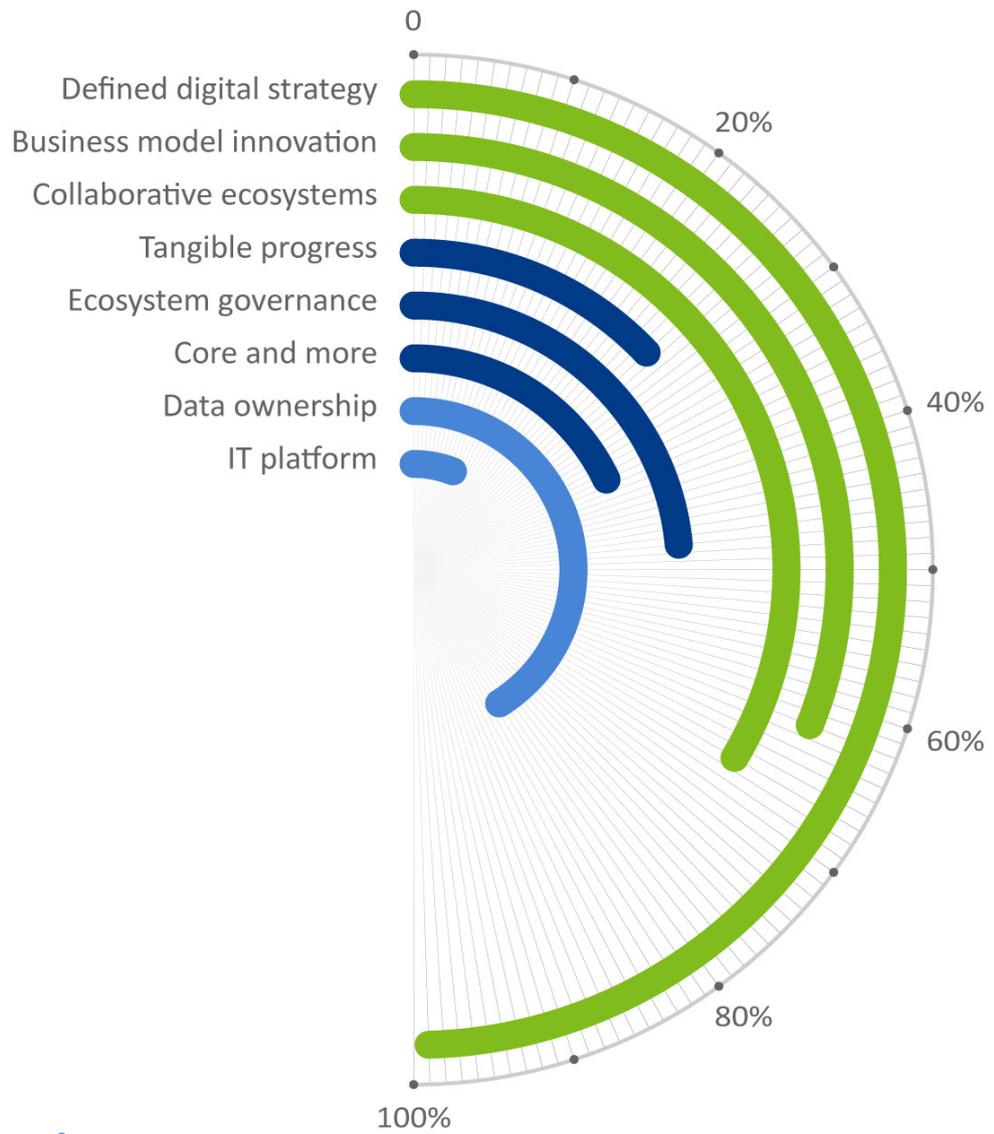


# IQ Category One: The Beginners

## Telcos



Source: 2018 ecosystem survey, BearingPoint.

## Digital and platform disruption

Today, telcos face an urgent need to innovate to counter commoditization, win new customers and grow topline revenue. They have also struggled to be the major beneficiaries of innovations such as 4G, where the lion's share of revenue have gone to the over the top players – content streamers and social media. There are major opportunities in B2B. Firstly, B2B customers want to migrate their ICT services to pay-as-you-go as securely connected cloud-based SaaS. There is an explosion in new offerings telco can resell. Secondly, enterprises are looking to invest to digitally transform themselves. Finally, the frontier for where new value is found is shifting from “systems of engagement” to “systems of intelligence” (eg AI and analytics) and “systems of automation” (e.g. IoT, robotics etc) which underpin companies product and service innovation. 5G with its ultra-speed and super low latency is creating new value by combining data collection and computation with billions of sensors and devices. A key lesson learnt is that innovation is created solely in-house, and multi-party innovation is critical.

## Ecosystem evolution

Strategic progress has not been as advanced as might be expected in this heavily disrupted industry – for example, less than two-thirds (62%) of telco say that they think it is important they change their business models to underpin growth whereas for 5G it is a critical reality. In addition, there is a need to accelerate execution progress. Only 36% say that they are already working on expanding the reach of the company outside of their core competency via a partner ecosystem.

## Case study

BT Global Services has launched its ‘Cloud of Clouds’ strategy to help multinationals transform ICT and migrate to the cloud. By bringing together a broad range of different clouds (e.g. AWS, Azure etc) and third-party ICT applications, multinationals can be empowered to adopt cloud in a simple and centralized way. Global customers connect through a single, self-service digital platform, which provides a multi-country, multi-currency, multi-cloud enabler.<sup>8</sup>

## Moving forward

Telcos need to ensure they are not still relying on a 2G business model otherwise their markets will continue to commoditize. They must build differentiated offerings. This will be pivotal for 5G where the most powerful use cases lie in enterprise markets where deep industry expertise and broad solutions that combine 5G with IoT or other devices will be essential. With a cost per square kilometer of 4x the cost of 4G, 5G will create new value by combining data collection and computation with billions of sensors and devices underpinning new solutions.