Understanding Telco Digital Transformation

Martin Creaner – November 2015
‘Boiling Frog’ Syndrome
Another Cut in-Prices

Carriages,
Harness,
Whips,
Robes.

STOCK MUST SELL QUICK

WE HAVEN'T ROOM for the Parrott Co. Stock and our factory, too, and
the Stock must go. Big clearance sale this week. Prices cut all along
the line. Special reductions in Surrays, Runabouts and the lower-priced
vehicles, generally. A well-built, stylish Runabout with Kelly or Hartford solid rubber tires, for $59.75

OTHER BARGAINS JUST AS GOOD. COME AND SEE FOR YOURSELF.

AUTO VEHICLE CO.
SUCCESSORS TO THE
PARROTT CARRIAGE MANUFACTURING CO.
Cor. Tenth and Main Sts.
The emergence of the wide array of digital services is changing the structure of the marketplace and forcing strategic choices on Telcos.

“everything that can be digital will be digital”
Communications companies innovating in multiple verticals

Source: Analysys Mason’s Digital Economy Readiness Index (DERI)
Building the Operations 2.0 FRAMEWORK

A deep understanding of the drivers of user behavior and of what users want from the services they consume.

A definition of the multiple services that telco should aim to deliver to meet the needs of the users.

A definition of how the digital telco must operate at Infrastructure, Service Enablement & Retail Business levels to realize the relevant characteristics and deliver the relevant services.

A methodology of how the digital telco must transform to be able to deliver the relevant services, characteristics and operations capabilities.
Understanding Consumer Needs

Successful digital transformation requires an intimate understanding the **needs that the user is trying to satisfy.** The more of the boxes a product/service ticks then the more likely the service is to be successful.

- **Frequency**
  - Does the product/service entertain by providing constant variety

- **Comfort**
  - Does the product/service fill a perceived need for safety & security
  - (oxytocin, serotonin)

- **Variety**
  - Does the product/service enable the user to feel unique in some fashion
  - (dopamine, epinephrine)

- **Connection**
  - Does the product/service enable the user to feel connected to other people that matter to the user

- **Uniqueness**
  - Does the product/service enable the user to feel unique in some fashion
Defining the Portfolio of Digital Services

Align portfolio of digital services with digital organization capabilities

![Graph showing service portfolio alignment]

- **Long Term** vs. **Near Term**
- **Low** vs. **High**

**Detailed Service Information**:
- Service Description; Potential Market Size; Competitive Landscape
- How does the service align to user needs
- What organization capabilities are required to deliver the service
- What are the operational challenges to deliver the service
- What are the likely business models for this service
- What ecosystems are associated with this service

*Note: Services are labeled as Service 1, Service 2, Service 3, Service 4, Service 5, Service 6, Service 7, and Service 8.*
Defining the Digital Telco

- Virtualized Autonomous Network
- Security-Centric
- Data-Centric
- Open Service Enabalement Platform
- Diverse Portfolio of Own & 3rd Party Services
- Orchestrating an Ecosystem of Partners
- Exploiting Multiple Channels to Market
- 360° Omni-Channel CEM
- Operating Multiple Business Models
- Flexible Organization Structure
The Complete Operations 2.0 FRAMEWORK

- **Digital Operations Characteristics**
  - New technology & skills infrastructure
  - New enablement platform & systems for 3rd party services
  - Radically different go-to-market approaches

- **Digital Telco Transformation Dimensions**
  - Virtualized Autonomous Network
  - Data Centric
  - Omni-Channel CEM
  - Ecosystem & Partner T2
  - Service Portfolio T2
  - Customer Journey T2
  - Org & Skill T2
  - Business Process T2
  - Business Technology T2
Defining the characteristics of the Digital Telco

OPERATIONS 1.0 CHARACTERISTICS
- DISCRETE NETWORK ELEMENTS
- REACTIVE SECURITY APPROACH
- LIMITED DATA EXPLOITATION
- CLOSED PLATFORM – MANUAL PROCESSES
- SMALL PORTFOLIO OF IN-HOUSE SERVICES
- FEW PARTNERSHIPS
- RELY ON OWN CHANNELS TO MARKET
- TRADITIONAL CRM
- VERTICAL SILOS

OPERATIONS 2.0 CHARACTERISTICS
- VIRTUALIZED AUTONOMOUS NETWORK
- SECURITY-CENTRIC
- DATA-CENTRIC
- OPEN SERVICE ENABELEMENT PLATFORM
- DIVERSE PORTFOLIO OF OWN & 3RD PARTY SERVICES
- ORCHESTRATING AN ECOSYSTEM OF PARTNERS
- EXPLOITING MULTIPLE CHANNELS TO MARKET
- 360° OMNI-CHANNEL CEM
- OPERATING MULTIPLE BUSINESS MODELS
- FLEXIBLE ORGANIZATION STRUCTURE
Drawing a distinction between
- Infrastructure,
- Service Enablement
- Retail Business Operations 2.0

**INFRASTRUCTURE**

A highly efficient data center & network operations commodity business with a small number of B2B customers: **Operations 2.0 Typified by:**

- Ultra efficient (low cost base)
- Simple revenue models – pay per use
- No sophisticated channel strategy
- Primarily owned and run in-house – limited partner requirements
- Strong procurement capability
- Well defined KPI/KQI based CEM support for small number of B2B partners

**SERVICE ENABLEMENT**

Open Service Creation/Enablement Platform Business with open APIs to both the network and business levels: **Operations 2.0 Typified by:**

- A range of revenue models including revenue sharing, data in-lieu, fixed price per transaction, etc.
- 10’s of thousands of B2B2C customers within a defined (and managed) ecosystem
- Easy to use service enablement platform with simple partner on-boarding, open APIs, etc
- Comprehensive developer support – on both how to use the platform as well as platform performance KPI/KQI’s
- B2B marketing to grow number of service creators and huge flexibility in channels to market
- Strong use of data as a service to B2B partners (correlating Business & infrastructure data with service data)

**RETAIL BUSINESS**

Consumer centric retail and marketing business with 10’s of millions of customers: **Operations 2.0 Typified by:**

- Strong B2C retail capability (both physical & on-line)
- Strong marketing capability and brand development
- Strong BES systems for efficient mass market commercial engagement, e.g. revenue management, etc.
- Strong omni-channel CEM capability,
- Operating range of business models reflecting the business model the service creators demand.
- Strong data-centricity on every aspect of customer engagement
....requires a shift from pipe mindset to platform thinking
### Building the detailed argument for the Service

**Align portfolio of digital services with digital organization capabilities**

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#### CONSUMER PERSPECTIVE

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<thead>
<tr>
<th>Year</th>
<th>OTT Video</th>
<th>Fiber Broadband</th>
<th>Social Commerce</th>
<th>Biometric Authentication</th>
<th>eSports</th>
<th>eHealth Wearables</th>
<th>Home IoT</th>
<th>Virtualized Shopping</th>
<th>Virtual Reality</th>
<th>Augmented Reality</th>
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<tbody>
<tr>
<td>2015-2016</td>
<td>1</td>
<td>4</td>
<td>5</td>
<td>2</td>
<td>10</td>
<td>9</td>
<td>7</td>
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<td>2017-2018</td>
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Source: IDC 2015
Understanding the Variety of Ecosystem
Understanding the Variety of Ecosystem

**Smart Metering ECOSYSTEM**

**TeleHealth ECOSYSTEM**
Digital Transformation Maturity Model (DTMM)

Assesses **how the organization is transforming** across a range of areas.

Does the Telco have a clear vision of
1. What will it be selling (portfolio)?
2. Who will it be selling to (customers)?
3. How will it be selling (channels)?
4. How will it make money (revenue/cost models)?
5. Who will it be partnering with?
6. How will the company be resourced & structured (organization & skills)?
7. What technology will it utilize?
8. What business and operational processes will it need to perfect?
### Digital Transformation Maturity Model (DTMM)

A **detailed assessment sheet** and supporting methodology to assess an organization's current digital maturity and define appropriate transformation programs.

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<th>Organization &amp; Skills</th>
<th>Transformation Program</th>
<th>Evaluation Criteria</th>
<th>Weak</th>
<th>Adequate</th>
<th>Good</th>
<th>Very Good</th>
<th>Excellent</th>
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<td><strong>Transformation Program</strong></td>
<td>The transformation program is outlined to deliver the results in a transformation program. The key areas in the transformation process include change management, organizational readiness, and technology readiness. This transformation program is designed to be driven by an organization's executive team and led by a transformation leader.</td>
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<td>An executive level responsibility to ensure that the organization's digital transformation strategy is aligned with the business strategy.</td>
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<td>A dedicated team responsible for developing and implementing a digital transformation strategy.</td>
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Thank You