STL PARTNERS

DRIVING INNOVATIVE 5G MONETIZATION AND USER ENGAGEMENT

Webinar Q&A

June 2021

Questions and Answers from the webinar

Responses below are from our panellists on the webinar:

Ron Porter, Direct of Product Marketing – Amdocs

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Q+A

1. What are the key learnings from the current research programme?

   – **STL**:

     A key finding to date from the research programme is that there is more to being 5G ready for operators than investment in 5G network deployment… In the webinar we discussed the ambition and new vision for telcos to move towards verticalized strategies and away from traditional, core communications based, horizontal strategies. Although this shift brings a significant growth opportunity for telcos, it also brings complexities which must be addressed on the IT/BSS and organisational processes side of things – operators need to take a holistic view to 5G, and we have seen some operators merging IT and Technology Strategy teams to ensure alignment.

     A lot of the conversations to date have focussed on this complexity coming from the diverse partner ecosystem that comes in a 5G world – as operators move further up the value chain and deliver end-to-end solutions, they need to work across multiple partners who may have different rating, charging, pricing, or data management models… Telcos need their backend processes and systems to be able to handle this integration across 3rd parties to enable a more seamless user experience, as well as enable faster configuration of solutions to reduce time to market and increase portfolio flexibility.

2. As we see very little new revenue from 5G today, do you really see a drive for IT/BSS transformation?

   – **Amdocs**:

     What we are seeing today are juts the first steps of 5G. As 5G NSA offers only enhanced throughput as the new feature (and even that not always), it is far from the full potential 5G SA will unleash (with slicing, ultra-low latency, B2B2X models and much more). But we are already seeing new kinds of bundles introducing cloud gaming offers, or other types of AR/VR applications. These come with new payment models (e.g. a separate subscription, limited time sponsorship, various one-time payment angles, etc.). So already Operators face the need to diversify the user's payment journey beyond the end of cycle traditional billing interaction. Exploring these early days is crucial to be ready as 5G capabilities and related offerings diversify even further.

– **STL**:

As mentioned above, we are seeing operators take a holistic strategy to 5G. They understand that this is a journey, an evolution, and that in order to capitalise on the deployment from a network perspective of 5G, their systems and processes need to update and evolve to keep up. One operator used the analogy of playing tennis – if Head were coming out with a new racket in a year's time, professional players wouldn't wait for a year to get on court and train, build fitness, analyse their game… they'd start to build those foundations early, understanding how to make the most of the new racket once it's available, as well as feeding into the requirements of the new racket.

We are also already, regardless of 5G, seeing the shift towards more cloud-like models for procurement from enterprises. They want true flexibility and, even with existing solutions, operators need to start to offer more as-a-Service and more flexible options to start migrating customers onto the user experience they want. So, operators need to start to invest in those systems to enable this.

3. Where do you see "quick wins" for operators in terms of driving the development of, and investment in, their 5G ecosystem? I.e., gaming, education, etc.

– **Amdocs**:

Most operators are exhibiting the current 5G value to consumers through "5G rich apps". Things like cloud gaming and AR/VR applications. These services can already benefit from the enhanced throughput of 5G NSA and have a high visibility value.

– **STL**:

To date, a lot of the messaging and focus from operators has fallen into the consumer space for 5G – we've seen a number of operators making plays for example in the cloud gaming space. However, this focus on consumer is leading to the narrative and perception in the enterprise space that 5G is just faster 4G, it's bigger pipes. Telcos in the short term should therefore start to tailor their messaging to the enterprises they want to target, emphasising viable use cases in the short and long term to highlight the business case for 5G and the roadmap of transformation.

In the short term, operators should look for opportunities where 5G can "supercharge" an existing process or application for enterprises to help drive efficiencies and productivity gains. Then, telcos can promote the platform benefits of 5G and look to future proof enterprise organisations.

4. Can we expect acquisition of gaming companies by CSPs/MVNOs?

   – **Amdocs**:

     We are seeing many more cases of partnerships rather than acquisitions. As much of the potential of 5G is expected to be around the partner ecosystem, it is less likely to see acquisitions every time a specific segment gains traction.

   – **STL**:

     I'm not sure about acquisitions, but we are certainly seeing partnerships appear in this space. For example, AIS in Thailand, as well as POST in Luxembourg and Optus in Australia, are partnering with cloud gaming company Blacknut to deliver cloud gaming services to consumers. SKT have also been partnering with gaming companies to augment their AR/VR capabilities, as well as add to their entertainment portfolio and platform.

5. Do you see upgrades to OSS/BSS by MNOs as something that is holding back, or will hold back, the launch of new B2C and B2B services?

   – **Amdocs**:

     Most operators do realize that if they do not upgrade OSS/BSS, it will hold them back. The good news is this doesn't necessarily mean a full transformation. Cloud native products, leveraging standardized APIs, mean operators can explore and upgrade specific features addressing applications and requirements as they emerge. But the mindset shift is important – staying with "business as usual" will most likely mean that when highly profitable services emerge, these operators will be late for the game while operators that have started to evolve will be prepared.

6. In the pursuit of monetizing 5G by telcos through new offerings, how important a role will be played by open source technologies/solutions?

   – **Amdocs**:

     Open source is key as it serves both to reduce TCO, and maintain an open ecosystem supporting many different vendors, partners and inter carrier services.

   – **STL**:

     I think that in a similar way to how the network is driving towards an open, multi-vendor environment, the same will become of IT/BSS. But, some of the issues come when TCO increases to get the level of support/SLAs required of the system, and also due to a lack of standardisation across the organisation – telcos will likely not want different BUs leveraging different BSS systems from different vendors. However, I think we will see an open, modular approach to BSS come into play as operators need to address legacy and new models for procurement and billing.

7. Some 5G use cases require very high level of data consumption. What's your view on customer willingness to pay for that, and are you seeing the business case stack up for key vertical use cases?

   – **Amdocs**:

     Customers will pay for value. The willingness to pay will come from the application benefits. And emerging application are demanding more data (as well as other network parameters such as latency, density, reliability, etc.) – and at the end of the day customers will be ready to pay for the experience.

   – **STL**:

     From our conversations, enterprises consistently talk about being able to send, receive, analyse, and store more data, faster, across a wider area – this is the key to unlocking new insights and driving optimisation and automation within their ecosystems. Enterprises will therefore pay for the use cases enabled on top, which drive growth and productivity gains, underpinned by increased data consumption and data management capabilities.

8. From your study, what was the 5G killer app that really drives 5G monetization?

   – **Amdocs**:

     No single 5G killer app is clear in the industry. Cloud gaming and AR/VR are the current dominant B2C applications, and private enterprise network enhancing automation and IoT solutions are emerging in the B2B space.

   – **STL**:

     Our key finding from across a number of 5G B2B research programmes is that there is no “killer app” – we should start to think about the fact that 5G enables and augments a suite of use cases in the near and longer term… It’s a connectivity platform which can solve a number of connectivity pain points (reliability, flexibility, speed, capacity, mobility) at once and so the messaging should promote this notion, rather than focussing on trying to find a specific killer 5G app – this idea will always run into “why couldn’t you do this on 4G, why couldn’t you do this on Wi-Fi” and doesn’t address the overarching theme that 5G can enable that use case and a host of others at the same time (where 4G and Wi-Fi may work in specific scenarios but not across the board).

9. What can 5G offer that 4G+ cannot (especially for the African market)?

– **Amdocs**:

5G's main promise lies in the ability to ensure various performance characteristics for different services. The network is not a "one size fits all" but will have the ability to support different applications in a dedicated way. As mentioned, this potential lies in 5G SA, while today's 5G NSA doesn't always show significant benefits over 4G+ (especially considering limited coverage).

But initial benefits are starting to emerge in specific targeted locations (ports, factories, stadiums), as well as FWA offerings based on specific network planning.

– **STL**:

I think the main difference that 5G is bringing vs 4G+ is flexibility and dynamism of the network – on 4G+, you can't get slicing services, you can't have network embedded services, you can't run the "as-a-service"… 5G SA standards will enable operators to do this and to become more cloud-like/cloud-native organisations. This does, however, rely on technology teams and network engineers embracing the true promises of telco cloud and not dedicating specialised hardware to specific services/customers.

Get in touch with our panellists to learn more

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