From telco to techco: how to manage this transformation

Webinar

8th June 2022

In partnership with:

Red Hat intel

STL PARTNERS

Agenda

1	**Introduction**	5 min.
2	**From telco to techco: how to manage this transformation?**	15 min.
3	**Panel discussion**	25 min.
4	**Q+A**	15 min.

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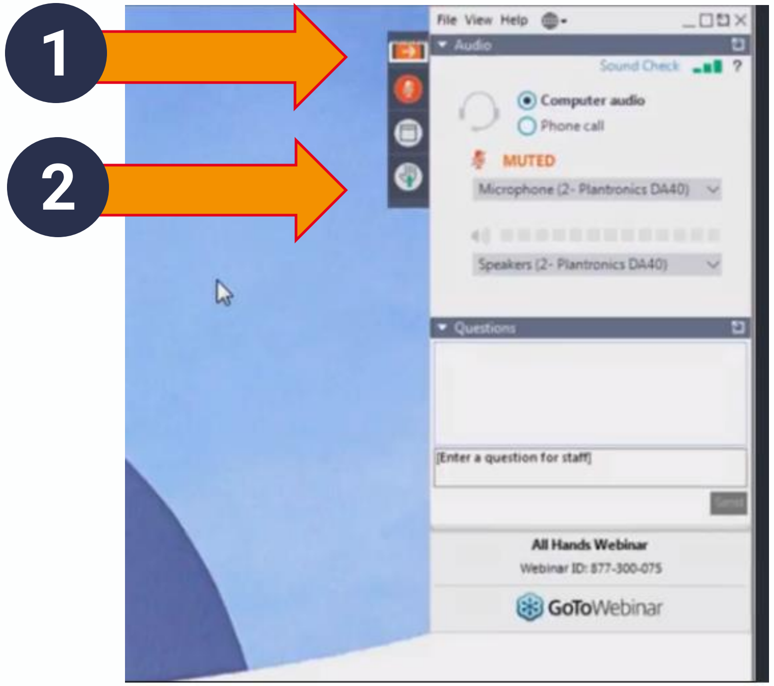

STL Partners presenters today

DALIA ADIB

Director, Consulting

STL Partners

MODERATOR

MATT BAMFORTH

Senior Consultant

STL Partners

PRESENTER

STL PARTNERS

Our panelists today

ANGELA LOGOTHETIS

Group Owner for Edge and Cloud

Telstra

JAYDEEP ADHIKARI

Lead Procurement & Contracting

Jio

DON RAE

Senior Advisor, Enterprise Group

Globe Telecom

THOMAS SENNHAUSER

Senior Technology and Business Executive

Intel

BEN PANIC

VP & Head of Telco, Media & Entertainment for APAC

Red Hat

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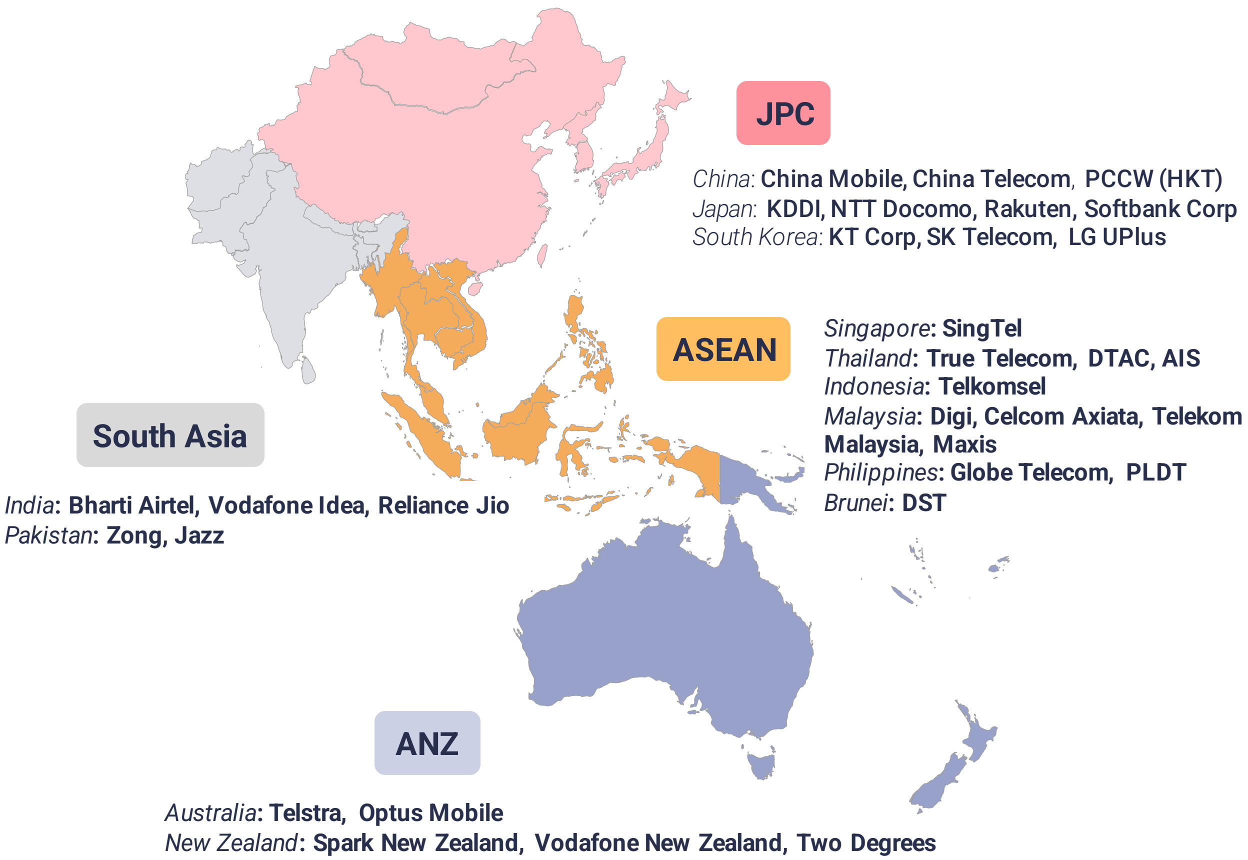
Our research sought to evaluate where APAC telcos are at with their digital transformation

Our transformation index measures telco progress across a range of metrics looking at internal and external capabilities



STL interviewed 8 telcos in the region:

Region	Profile
ASEAN	Challenger
JPC	Challenger
ANZ	Incumbent
ASEAN	Multi-country
ASEAN	Leader
South Asia	Challenger
South Asia	Challenger

Telcos also responded to a survey:

ASEAN	ANZ	JPC	South Asia
19	1	9	24

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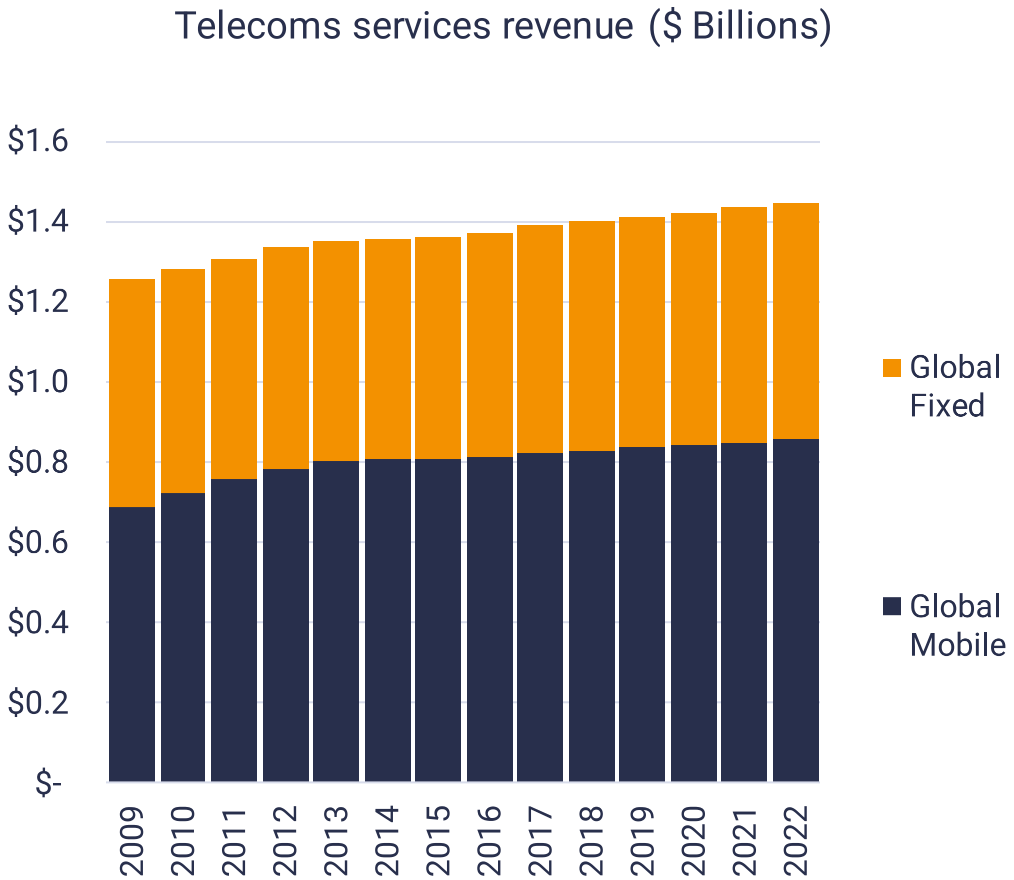
Telecoms operators are at an inflection point



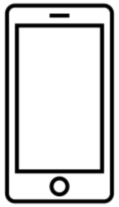
Source: Company accounts from 165 operator groups; STL Partners forecasts

Heavy CAPEX investment in 5G

Innovation in networks

Threat of hyperscalers

Growth of B2B enterprise services



Commoditisation of consumer market

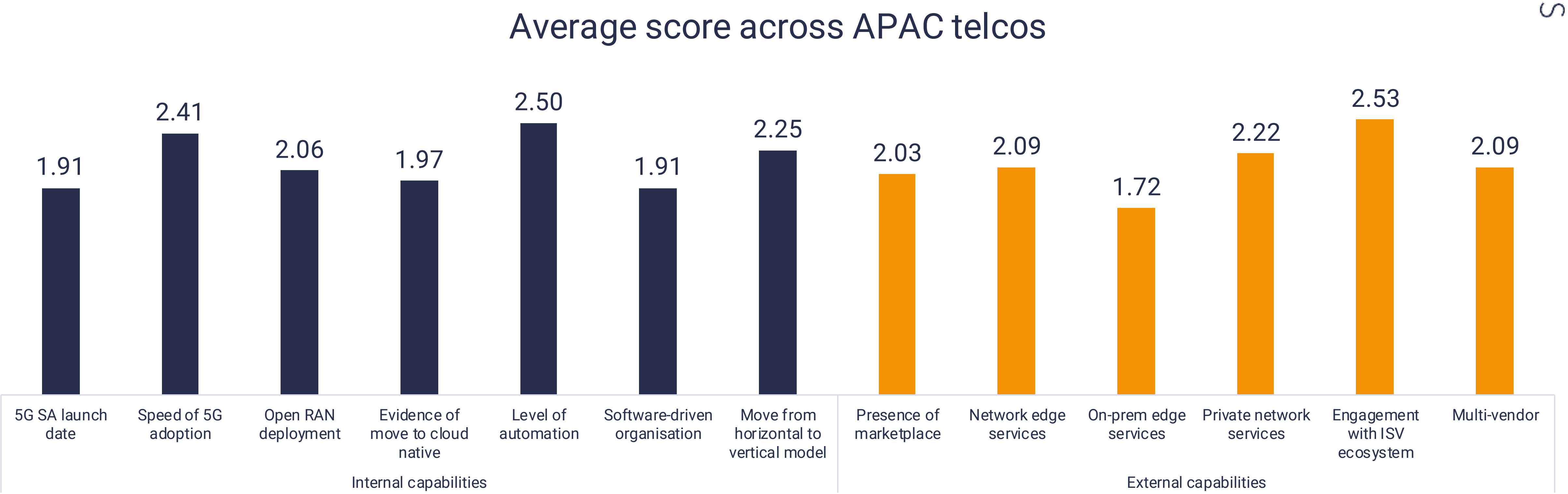
Telcos are looking to transition to more of a digital telco model

TELCO		TECHCO
Siloed IT & network teams Slow-moving, risk-averse	**Culture, Organisation & Skills**	Combined IT & network teams 'Fail fast' approach to innovation Software skills throughout organisation
Predominantly proprietary hardware Some virtualisation complete	**Infrastructure & Operations**	Virtualised & open hardware Programmable, cloud-native network
Lengthy process with strict verification steps	**Product & Service Creation**	DevOps approach prioritising speed, agility and automation Data sharing across all groups
Rigid, large contracts with handful of established key partners	**Partnerships**	Active in vertical specific ecosystems Multi-vendor approach High level of engagement with ISVs

Operator transformation can be measured across a range of different metrics

Internal capabilities: domains that are fully determined by the telco, for example 5G roll-out, implementation of telco cloud, changes in organisation and operations, etc.

External capabilities: domains that are fully influenced by how telcos engage partners and customers, for example new services in the edge computing and private networks space

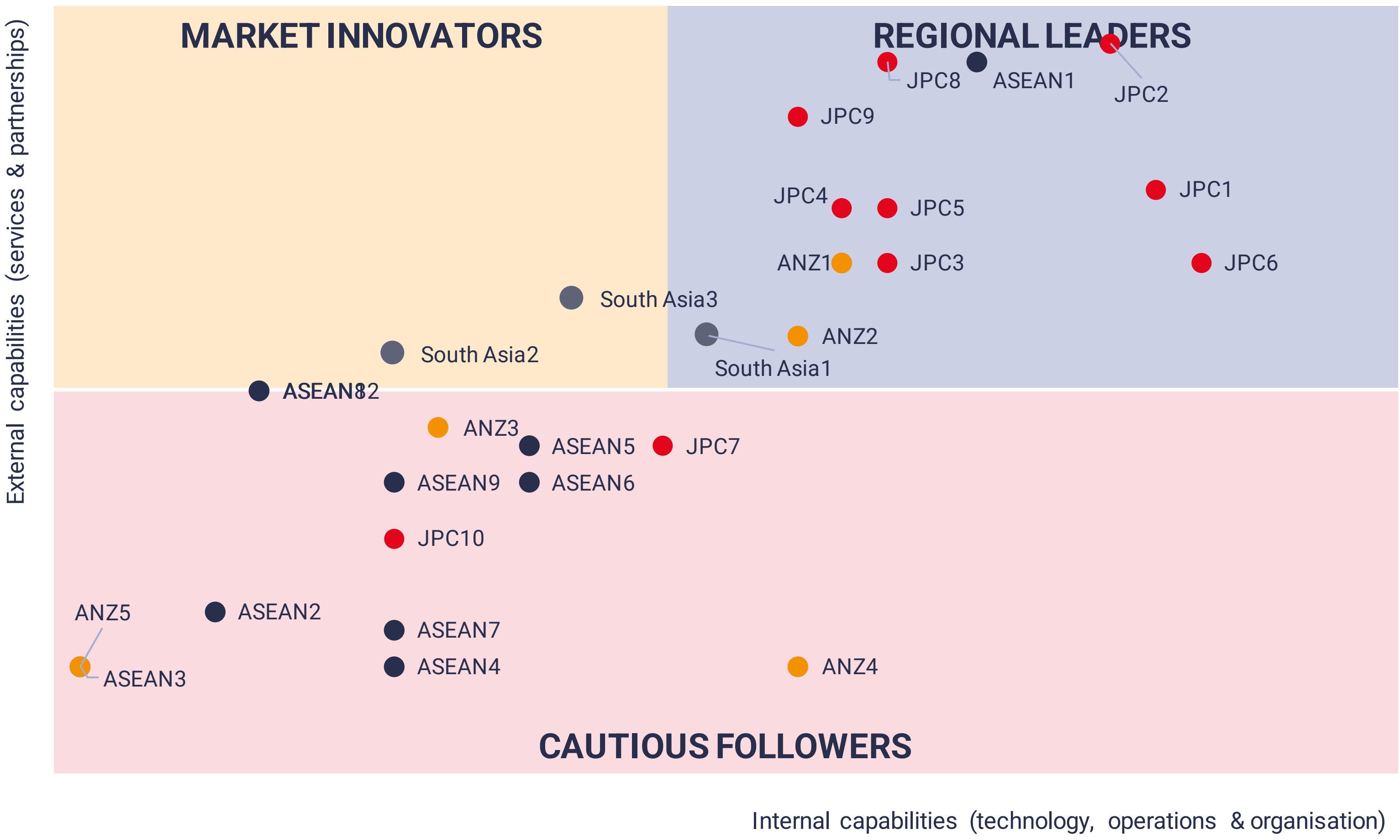


**All scores out of 4*

Source: Publicly available data collated by STL Partners

Operators in APAC are at various stages of their transformation across both internal and external capabilities

Correlation between internal and external transformation capabilities



**All scoring based on publicly available information*

Regional leaders:

- Likely 2 or more years into 5G roll out
- Significant B2B business
- Developing new products and services with internal capabilities

Market innovators:

- Pushing to bring new services to market but yet to build internal capabilities
- Likely with strong brand within market and a unique right to play

Cautious followers:

- Focused on traditional telecoms services
- Yet to engage customers and developers in a techco manner

We identified 5 priority areas telcos where telcos can change their model to transform digitally

1. Clearly defined end-goal
Starting from the top of the organisation, defining how it seeks to identify and grow in future

2. Operations and organisation
Instilling an entrepreneurial mindset which gives greater responsibility to key individuals within the business

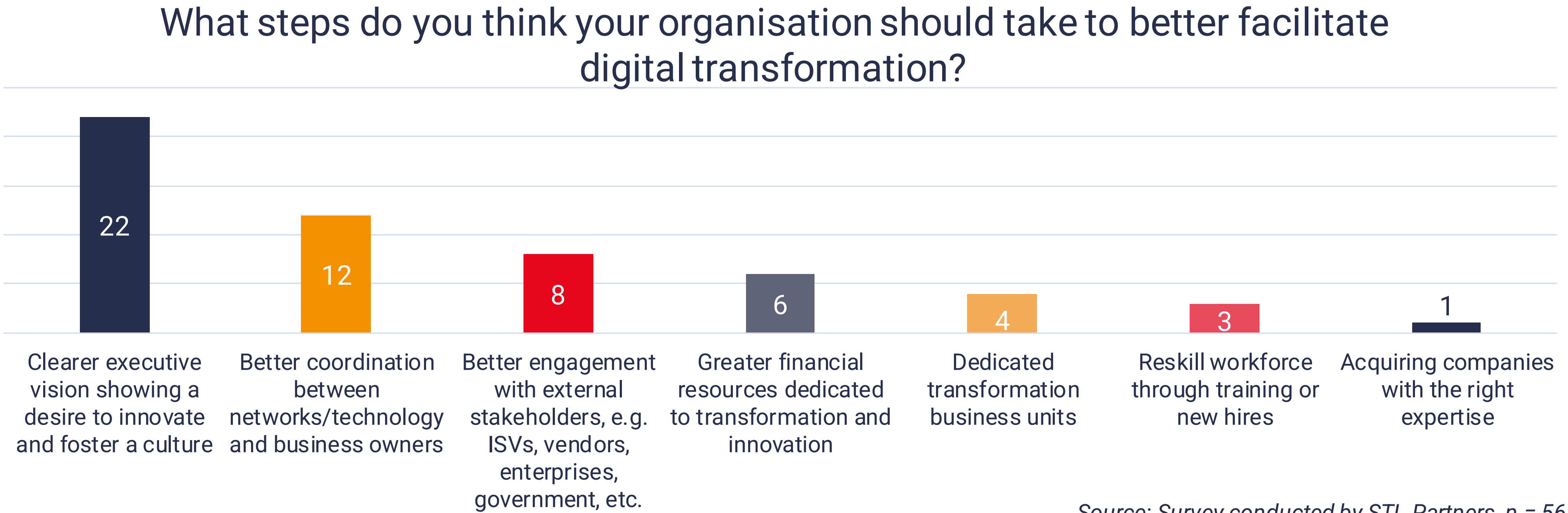
3. Ecosystem approach
Building ecosystems of partners, in particular to provide industry-specific services to verticals

4. Multi-vendor technology
Transitioning to a cloud-native, open architecture within the core technologies, collaborating with ISVs and NEPs

5. Adopting new KPIs
Using new metrics to measure progress and ensure transformation objectives are achieved

Stronger executive vision is the starting point for successful monetisation

- Telcos must first **understand their end-goal** before they can create a clear roadmap which they can use to achieve transformation and greater monetisation
- Strategy in other areas can only be clear, and therefore successful, when executive strategy has been defined

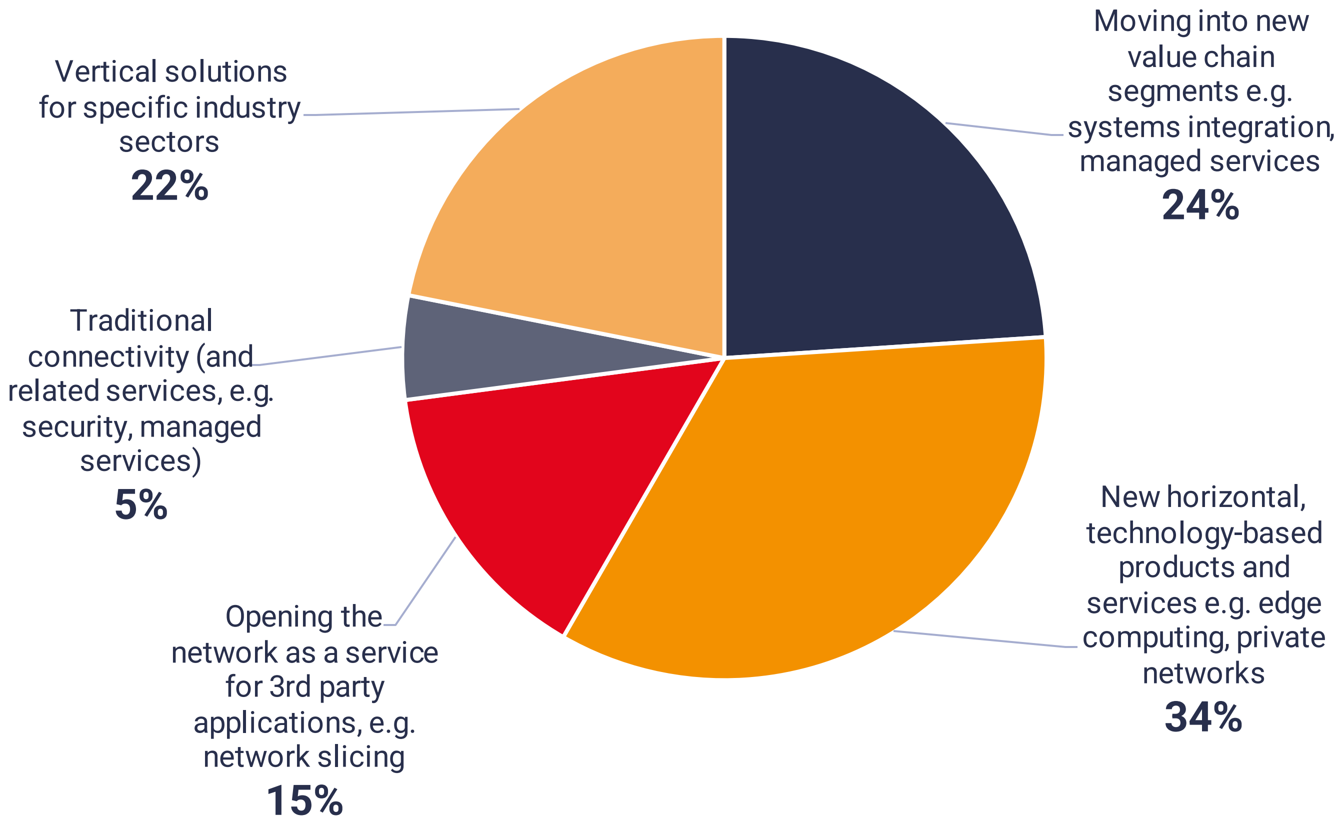


Source: Survey conducted by STL Partners, n = 56

Many telcos currently lack a coherent monetisation vision for the future

- We asked respondents what would **drive B2B revenues** for their organisation in future
- **58% of respondents provided inconsistent responses**
- Examples of inconsistent responses would state they should focus on both highly vertical solutions <u>and</u> connectivity services
- There is a clear **lack of understanding of the end-goal** and the route to monetisation

Which areas do you think will be the main drivers for revenue growth in B2B for your organisation within the next 3 years?

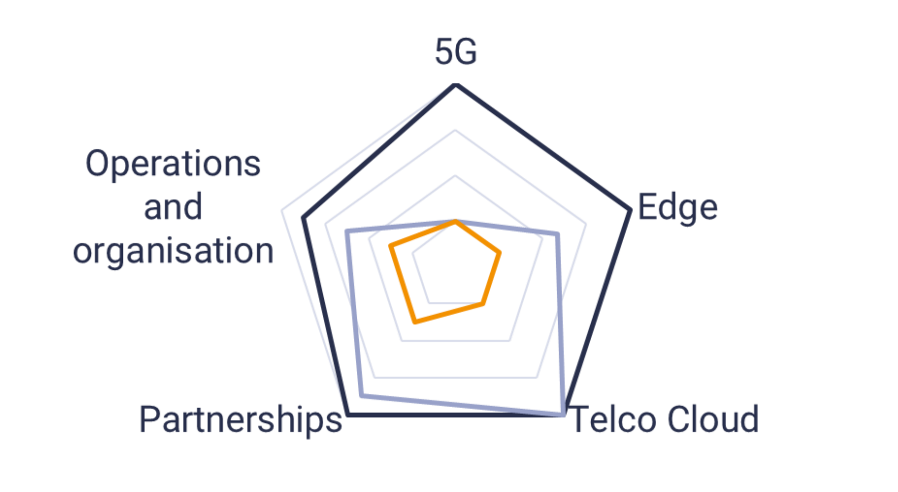


Source: Survey conducted by STL Partners, n = 57

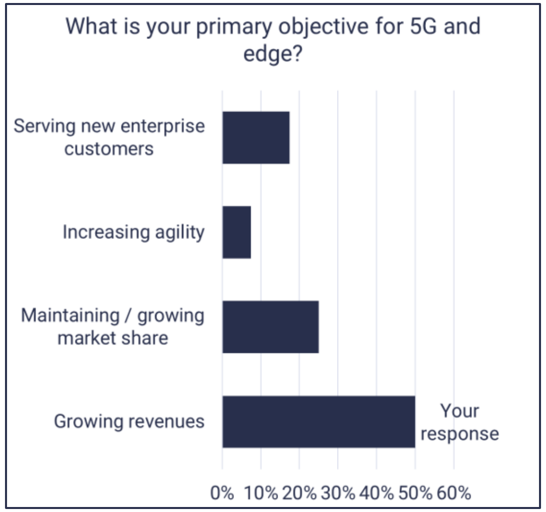
There is still time to take part in our survey!

- Our survey is open to anyone that works for a **telco in the APAC** region
- All valid responses will receive a **personalised benchmarking report** comparing your organisation and your responses to your competitors
- The **link for the survey will be sent via email after the webinar**

See how you stack up across index categories…



Compare your survey responses



…as well as for individual metrics

Multi-vendor			
Score	Company	Best-in-class (Sub-region)	Best-in-class (APAC)
4 Leading	X	X	X
3 Above average			
2 Below average			
1 No deployment			

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