



Executive Briefing

HOW TELCOS CAN WIN WITH SMBS: STRATEGIES FOR SUCCESS

The small-to-medium-size business (SMB) market offers an attractive opportunity for telcos, but given historical difficulties in this space, what can telcos do now to be successful? This report explores key SMB product and channel strategies, as well as the supporting capabilities that telcos must invest in to win with SMBs.



Executive Summary

Telcos should invest in the SMB market: it will reap returns

- The SMB (small-to-medium-sized business) market is an attractive opportunity for telcos. The potential untapped revenues, though relatively small per business, are sizeable when aggregated across SMBs.
- For telcos to build profitable SMB propositions, they must offer more than just connectivity. But **step one in all SMB strategies must be to provide the core offering of fast and reliable broadband to meet SMBs' expectations and needs**. Telcos should compete not just on price, but also on the quality of the enterprise-grade connectivity they provide – and then look to sell value-add services on top.
- This report answers the key question: **how can operators grow SMB revenues in a sustainable and profitable way?** To do this, we interviewed nine telco executives globally about their SMB strategy, and collected 100 responses from SMBs about their requirements for their service provider.

Key strategies to deliver revenue growth in the SMB market

- In the long term, telcos should look to meet SMB needs profitably by:
 - **Developing self-service portals for indirect sales partners (like managed service providers) and for SMBs.** Portals should handle inquiries such as onboarding a new employee, and should be augmented by digital correspondence via email, agent chat, or eventually, chatbots.
 - **Leveraging AI and data analytics capabilities that are often consumer-focused today and repurposing them for the SMB market.** These opportunities include:
 - Data analytics for sophisticated segmentation of SMB customers, to better address a market with diverse needs and expectations. This would enable targeted marketing campaigns and increase the success rate of upsell opportunities.
 - Augmenting contact centres through sophisticated CRM tools and AI solutions such as smart routing, real-time transcript, and next best offer (and action) recommendations.
 - AI in SMB product development. AI enhancement could enable the conversion of consumer products into enterprise-grade solutions, and could emphasise to SMBs that they, as well as larger businesses, are getting cutting-edge technology solutions. This can help burnish the telcos' technological pedigree and position them as important partners to SMBs.

- **Supplying SMBs with the product capabilities they want in a cost-effective manner through cloud service delivery.** Cloud service delivery reduces product implementation cost and enables long-term savings through remote configuration, monitoring, and support.
- **Converging product portfolios to drive simplicity and reliability for the often time-constrained and less sophisticated SMB buyer.** The aim is to create a broad catalogue of offers for SMBs outside of core connectivity and communications capabilities. The next step is to offer this catalogue to customers in a simple, converged fashion, where billing, management, integration, and troubleshooting occur in a single interface.
 - Longer-term service portfolios could expand with new networking technologies such as 5G, NFV, and edge computing. These new technologies become particularly attractive to SMBs when they can deliver increased flexibility of service for reduced cost.

The opportunity in the SMB market has changed and telcos should address it now

- SMB has historically been a challenging market, primarily because of the high cost of customer acquisition and the diversity of needs, knowledge, and expectations among SMB customers. Telcos have often struggled to engage meaningfully with their SMB customers. Most of the time, operators have very poor visibility into their current customers and can only gain a better understanding of potential customers' needs through expensive personal calls and visits.
- The time is ideal to address this market, for several key reasons:
 1. As consumer average revenue per user (ARPU) continues to decline, a promise of stability and growth remains in the enterprise space.
 2. SMBs are becoming more technologically mature and are embracing trends such as remote working and bring-your-own-device, which can reduce their costs of operation. They have increased need and desire for digital and cloud services, which enable employees to access resources from any device, anywhere. SMBs often look to their broadband providers to provide this.
 3. Security and compliance have become a high priority for SMBs. Previously they may have relied on the belief that small businesses will not be targeted by cyberattacks. However, SMBs will struggle to do business today without being able to prove they are compliant. As this report will highlight, security is a key potential product opportunity that telcos should pursue.
 4. Technology, such as artificial intelligence and SD-WAN, can enable telcos to provide new services to SMBs while keeping cost of acquisition low.

Telcos must leverage existing capabilities in the short term to maintain (and potentially grow) market share

- The capabilities mentioned previously won't emerge overnight. Telcos need to continue more traditional GTM strategies in the short term to remain present in the market. Telcos should **leverage capabilities they already have for maximum effect**. These strategies may include:
 1. **Working with managed service providers (MSPs) and systems integrators (SIs) as indirect sales channels, while in the long term, strengthening direct sales channels in a cost-effective manner.** This could be done via white labeling of telco products sold wholesale to partners (where the telco is not visible to the SMB). Or, telcos might employ reselling / franchising, where local MSPs and SIs sell telco services under the telco brand (and the telco is generally responsible for billing and care).
 2. **Maintaining investment in SMB-specific sales teams.** This includes rolling out more dedicated business branches or including SMB-trained sales people in their stores. In another version of this strategy, telcos take the business branch to SMBs, directly employing field sales people to visit prospective customers and evaluate their IT maturity and needs onsite.
- While exact SMB strategies will be influenced by telco type, market type, and broader transformation models, our key recommendations are:
 1. **Deliver on your core offer of reliable, fast broadband.** If you do this, SMBs will continue buying your services and you might be able to offer them value-added services too.
 2. **See MSPs and SIs as not just competitors, but also potentially partners.** Telcos should improve their direct relationships with SMB customers, but should also capitalise on indirect channel opportunities. In some cases, reselling or white labeling provide the best balance between cost to the telco and good customer service.
 3. **Develop a product portfolio that is attractive to the majority of SMBs.** Telcos cater to SMBs' cybersecurity and compliance requirements and focus on value-add opportunities where telcos have a clear right to play.
 4. **Develop data analytics and AI capabilities.** Many telcos are starting to use AI and data analytics in consumer divisions. Telcos should ensure that SMB business units also capitalise on the opportunities from this technology. Data analytics can guide smarter segmentation of the highly fragmented SMB market, which is crucial to keeping down acquisition cost.

STL Partners: Next steps

This report focuses on short and long-term opportunities in the SMB market. One area we see as crucial to telcos' evolving SMB proposition is IoT. We will look to explore this further in future research.

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SMB markets: An elusive opportunity for telcos

SMBs (small-to-medium-sized businesses) have been a challenging market for telcos historically. Despite this, it remains an attractive opportunity thanks to its sheer size and (potential) margins. Our interview programme¹ revealed a feeling that telcos could see real rewards by focusing on this previously underserved market. “SMB is now a high priority as a large part of our B2B strategy. We see it as a very big and growing opportunity,” noted a Western European Operator. A North American operator commented, “medium enterprises are now an area of great focus for us, there’s lots of potential there. We didn’t use to but are now investing lots of resources.” There are several key factors why telcos are looking to pursue this opportunity now:

- As consumer average revenue per user (ARPU) continue to decline, there remains a promise of stability and growth with business customers.
- SMBs are becoming more technologically mature and are increasingly embracing trends such as remote working and bring your own device, which can reduce their costs of operation. They have increased need and desire for digital and cloud services, which enable employees to access documents from any device, anywhere – they are often looking to their broadband providers to provide this.
- Security and compliance are a high priority for SMBs. Previously they may have relied upon the belief that small businesses will not be targeted by cyberattacks, but increasingly SMBs will struggle to do business without being able to prove they are compliant. As this report will go on to highlight, security is an area of key potential telcos should be looking to pursue.
- Technology such as artificial intelligence (AI) and SD-WAN can enable telcos to provide new services to SMBs while keeping cost of acquisition low.

This document was researched and written independently by STL Partners, supported by Cisco. STL’s conclusions are entirely independent and built on ongoing research into the future of telecoms.

SMB markets are attractive due to sheer size and (potential) margins

For SMBs, the potential untapped revenues, though relatively small per business, are sizeable when aggregated across SMBs. For example, companies with fewer than 250 employees made up 99% of all enterprises in the EU.² But why do telcos often struggle in this space, and what should they do to succeed in this market?

First, it’s important to define what we mean by SMBs and how we should segment them. There is no one clear definition, and segmentation often differs across markets. For example, one operator we

¹ To inform this paper we interviewed 10 telco executives globally as well as surveying 100 SMBs, focusing on Europe and North America.

² Eurostat

spoke to in Mexico pointed out that what they classify as relatively large enterprises would be considered SMBs by telcos in the United States. The definition varies, often dependent on the difference in average company size for each region.

For the purposes of this report, we define SMBs as **enterprises with fewer than 100 employees**. We also include the category of firms with 2-7 employees – often called SOHO (single office / home office) or VSE (very small enterprise) – in our definition. However, given their size and needs, telcos sometimes group SOHOs with consumers in their “mass-market” lines of business.

The number of potential SMB customers provides the telco with scale of service and large revenue opportunities. These opportunities come from both the acquisition of new customers, for whom operators provide connectivity and communications services (voice, conferencing, UC), and from upselling additional adjacent services to existing customers. These new services might include:

- **Enterprise mobility:** management and security of mobile devices, including scenarios like bring-your-own-device (BYOD) and virtual desktops
- **Software-as-a-service:** cloud-hosted enterprise software such as productivity software (e.g. Office 365), CRM software (e.g. Salesforce) or accounting packages (e.g. local accounting software)
- **Infrastructure-as-a-service:** compute / storage resources and networking capabilities
- **Cybersecurity and disaster recovery:** email backup and security services including firewalls, anti-phishing and DDOS attack prevention
- **IoT connectivity:** bespoke connectivity solutions for IoT devices (though not the focus of this report, it is a major new area for telco enterprise services).

For most telcos, moving into new services is a crucial move to combat the commoditisation of connectivity. This move is critical in the SMB market, where cost of acquisition of new customers is relatively high, so telcos must offer value-add services to make it profitable.

Telcos’ key challenges in SMB markets: Fragmentation, heterogeneity, “high-touch” engagement

Disparity characterises the SMB market. The divergence of expectations, needs, and technological maturity of SMBs creates fragmentation. Additionally, SMB needs vary by vertical and region, both of which create additional elements of disparity. This market fragmentation has created two crucial challenges for telcos.

1. It’s hard to understand the customers’ needs because they vary so greatly from one SMB to another.
2. It’s expensive to serve them because of the time it takes to understand these needs and develop bespoke solutions to address them.

Both of the above challenges are complicated by SMBs' relatively limited buying power and often limited understanding of their own IT requirements. Despite their smaller budgets, SMBs traditionally require a relatively large investment to win a sale. In comparison to the highly automated, self-service environment of many telcos' consumer divisions, SMBs want and expect personalised, often dedicated (even face to face) sales and support. Along with knowledge of their product suite, sellers may need to help solve wider IT problems or offer technical guidance. Successful SMB sales teams require broad knowledge and time, making it a comparatively big investment for telcos.

It is not just the sales process that needs to be personalised and consultative; SMBs may also require bespoke product configuration and integration. This kind of service would be expected within a large enterprise but becomes prohibitively expensive within smaller businesses unless it is provided by channels with wider monetisation models (e.g. IT support or equipment sales). In short, **SMBs have the engagement expectations of enterprises, with budgets closer to that of consumers**. No wonder that few telcos made the effort with SMBs while their consumer businesses were still growing.

To seize this opportunity, telcos must find a way to bridge the gap between the entirely productised world of consumer, and the bespoke sales and services for larger corporates and enterprises.

There is a disconnect between what telcos think SMBs need and what they actually want

Through our conversations with telcos, we learned that, from their perspective, the top three requirements of SMBs are:

- **Price:** SMBs are highly price sensitive and will evaluate their telco based primarily on the best deal.
 - As a Middle Eastern converged operator put it “the price sensitivity in this market is very strong.”
- **Reliability:** SMBs expect enterprise-grade reliability of service.
 - As a North American converged operator commented, “We surveyed many customers and the key requirement was reliability. This has multiple connotations. Beyond technology reliability, they also want support reliability. If something goes wrong, they want to know they can rely on the telco to fix it.”
- **Security:** SMBs are increasingly aware of their needs in security.
 - A European converged operator noted, “Security is the number one concern for SMBs. Even lay businesses, who might not know what type of cybersecurity they need, understand that security is a growing issue. They ask us questions about whether we have a cybersecurity offering, and whether our network products are safe.”

Price is important – but so is simplicity and ease of purchase and management

This analysis of the top three requirements for SMBs is not incorrect, but there are important nuances. For SMBs, price was a key concern. This isn't surprising considering their relatively limited buying power. However, only 32% of SMBs said that the primary reason for choosing their current broadband provider was price (see Figure 1). While it is conceivable that SMB management do not like to think of themselves as "cheap" and therefore understate how important price is to them, there may be other factors at play.

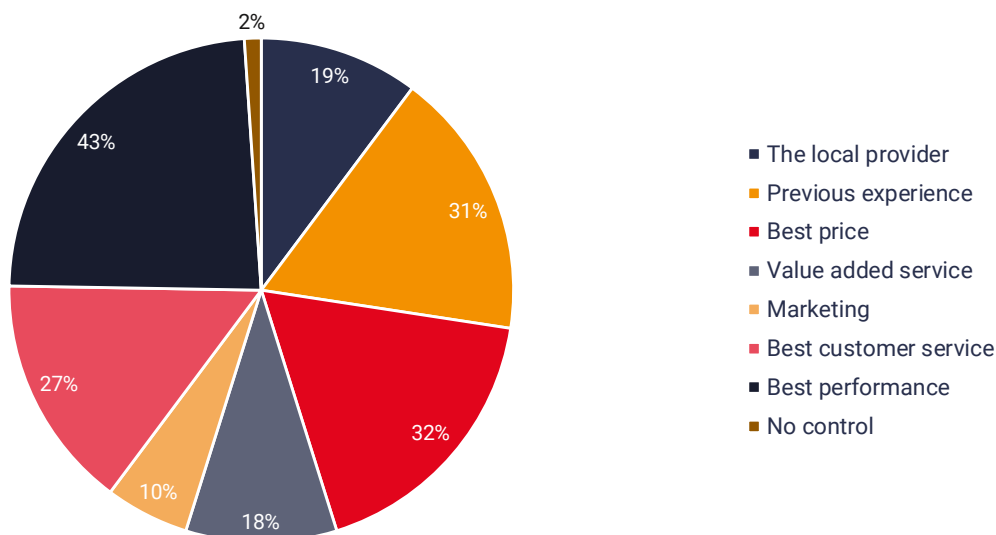
Significant price sensitivity could be explained by their limited buying power. However, it shouldn't be overlooked that most SMBs also have limited time and IT expertise. For most SMB employees we surveyed, IT is an additional, not a core, part of their actual role. So the additional time commitment required to run and manage IT processes is an important factor. This was the case for 54% of the individuals we surveyed, who indicated that they managed everything IT-related in their business, including connectivity, IT hardware (laptops, phones, printers etc.), IT software (email, Office 365, etc.), and cybersecurity.

In our survey, churn of connectivity providers was low, at just over 20% over a three-year period.³ The time drain that comes from switching provider may be a key factor in the relatively low churn rates in the industry. SMBs may be less aggressive in searching for the very best deal because they don't have the time or resources to dedicate to what is unlikely to be considered a priority cost reduction opportunity. The importance of previous experience (31% of SMBs chose their provider based on this) evidences this search for simplicity and speed.

³ Of those that did churn, 50% churned mentioned price proving that it remains an important factor in customer's choice of provider.

Figure 1: Best network performance was more important to SMBs than price when choosing their broadband provider⁴

What was the rationale in choosing your current broadband provider?



Source: STL Partners survey, May 2019: 100 respondents

SMBs value network reliability (and performance) highest

Reliability, and more broadly the quality of network performance overall, was the leading reason for selecting a broadband provider. SMBs are looking to get the best internet speeds, including upload and download times and a reliability of service that ensures minimal drop-outs. This enables real-time cloud access and collaboration and HD video conferencing calls. They are looking for the best price for enterprise grade performance, rather than merely the cheapest deal.

The key message here is that **if you can deliver on your core offer of reliable, fast broadband, then SMBs will continue buying your services – and you might be able to offer them some extras**. Value-add services such as IT software or cybersecurity may not win telcos a lot of new customers – only 18% of SMBs mentioned it as a reason for picking their current providers. But while SMBs may be sensitive to rising prices with additional services, for many the convenience and reduced time spent on all IT-related matters is an attractive prospect. This may be why 65% of SMB customers would consider SaaS offerings from their telcos – proving that telcos have a right to play here.

SMBs are taking security seriously

Historically, SMBs may have been guilty of complacency when it comes to their security, believing themselves unlikely to be targeted by cybercriminals. However, our research shows that this is no longer the case. SMBs are acutely aware of their need for security services, and many saw it as a product that they would willingly buy from their broadband provider. When asked for unprompted

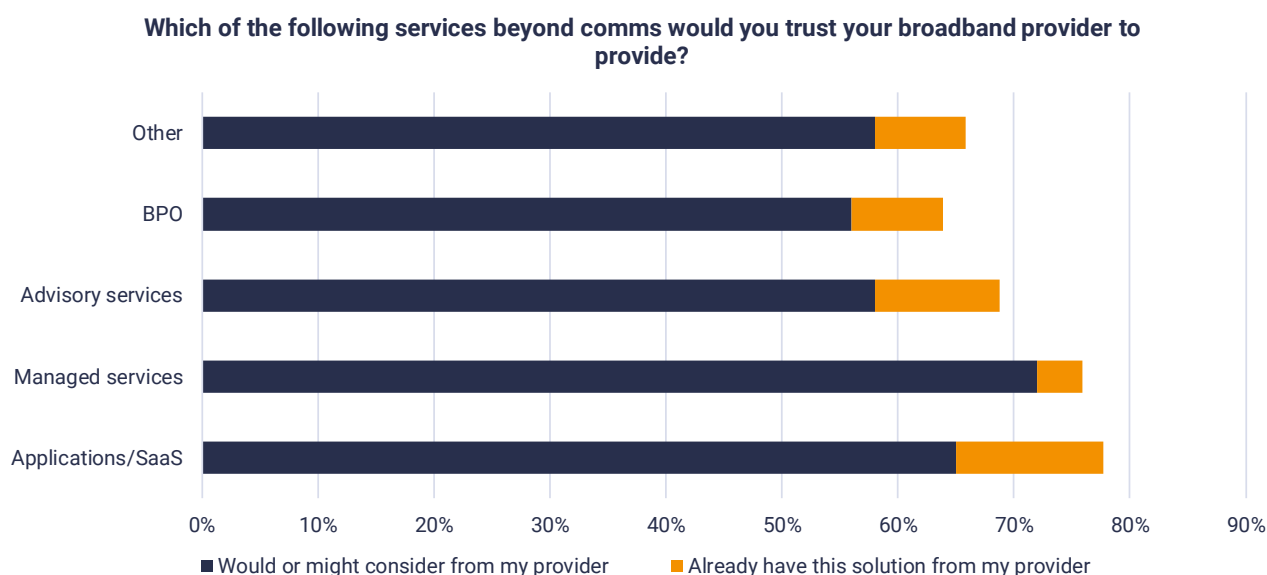
⁴ When asked to identify the single most important reason why they chose their current broadband provider.

comments about additional services they would buy from their telco, 13% of SMBs stated they would buy a form of cybersecurity. Considering 72% of SMBs are aware they have vulnerabilities with their security system, it's clear that SMBs are open to the idea of buying security from their telcos, and that this is a significant problem for them. It is an area of real opportunity for telcos to add value outside of connectivity, which we discuss in more detail in the "Reselling or franchising" section of the report.

Untapped opportunities: Strategies for SMB market success

Our research demonstrates that there is an untapped opportunity for telcos in the SMB space. Since it is typically an area of relative strength for incumbent telcos, those with a smaller share of the pie should be looking to take market share in SMB. Challengers will look to acquire new customers, while all telcos should also focus on expanding share of wallet of existing customers through services beyond connectivity. Figure 2 highlights the opportunity outside of connectivity and communications, indicating the large conversion gap between SMBs that are open to getting additional services from their telco and those that already do. Essentially, **SMBs are open to buying more from their telcos, but so far telcos are not effectively capitalising on this opportunity.**

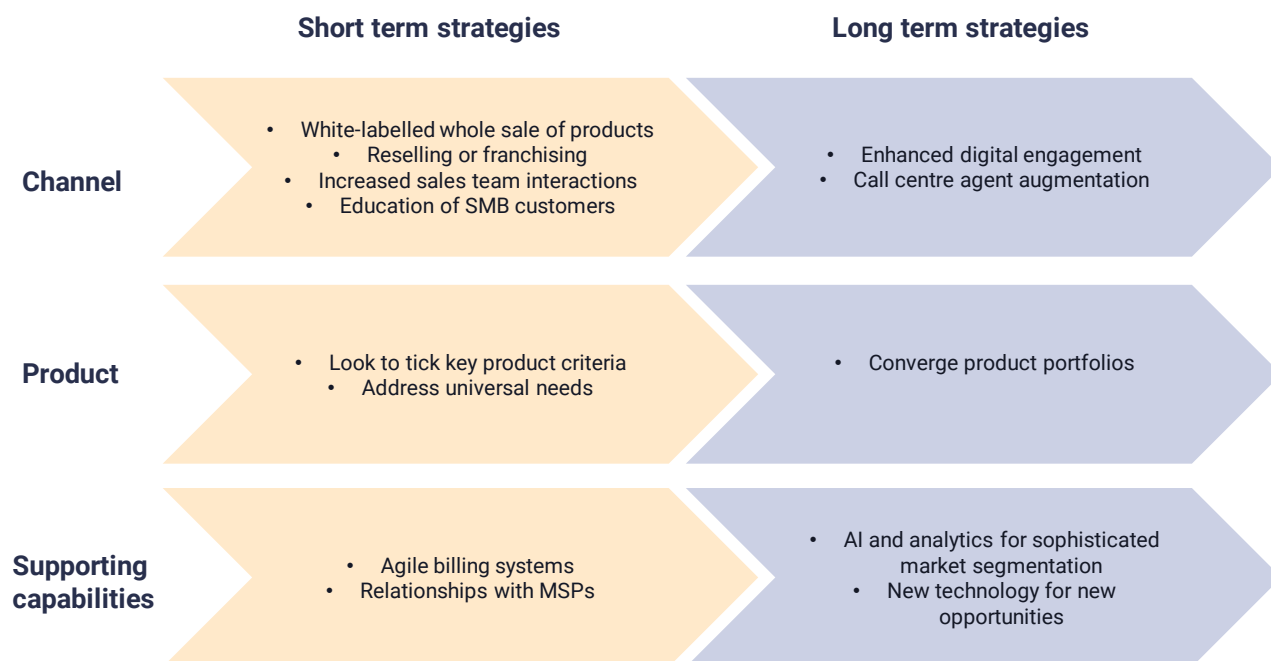
Figure 2: Telcos are not capitalising on the trust SMBs have in them



Source: STL Partners survey, May 2019: 100 respondents

This conversion gap may result from the significant challenges that come with trying to engage the SMB market. Telcos need to combat these before they can focus on growing new revenues in connectivity-adjacent services.

Figure 3 summarises the key short- and long-term SMB strategies we will discuss in more detail later in the report.

Figure 3: The short- and long-term strategies for success in the SMB space

Source: STL Partners

Depending on their existing strengths, the profile and number of their SMB customers, and the type of market they operate in, telcos may have made different progress in some of these strategies already. They also have different focuses and long-term goals. Short-term efforts should be focused on remaining relevant and present in the SMB market, with long-term efforts developed alongside them to complement an overall SMB strategic goal.

Most will mix and match some of these ideas to create an overarching SMB strategy, though some approaches will naturally pair together. For example, a telco that gets most of its SMB revenues from indirect channels may focus on a reselling or franchising channel strategy, while developing supporting capabilities to improve their relationship with MSPs (such as an online portal for MSPs to manage their accounts). Telcos that have already implemented some AI and data analytics capabilities in their consumer business units may wish to both repurpose these lessons for the SMB market, and focus on channel strategies incorporating enhanced digital engagement and call centre agent augmentation.

Channel strategies: Engaging SMBs to provide a “high-touch” experience

Telcos have an engagement problem with their SMB customers. Most of the time, they have very poor visibility of what is going on with their current customers (e.g. whether they are growing or shrinking, opening new offices, changing IT process and practices, etc.) and can only gain an understanding of potential customers’ needs through expensive personal calls and visits. In terms of prospective customers, operators are trying a range of strategies focused on their current channels to cultivate this personalised buying experience in a cost-effective way. These strategies vary in likely impact on the addressable market of SMBs, the level of investment (both time and money) needed by the telco, and the types of sales channels they may help to open.

Figure 4 highlights the six key channel strategies discussed in the next section. All the strategies outlined in brief were described by telcos as part of their current SMB strategy or future SMB strategy roadmap. They look to combat the challenge of how to provide a consultative and personalised sales process in a way that is cost-effective.

Figure 4: Long term channel strategies may require significant investment, but should deliver bigger rewards



Source: STL Partners interview programme, May 2019: STL Partners analysis

Short term channel strategies

White-labeled wholesale of products

For several decades, telcos have allowed their products to be white-labeled wholesale to local managed service providers (MSPs) and systems integrators (SIs). They may have specific specialties such as managed security service providers (MSSPs) or provide broader IT support and solutions for enterprises.

For one Western European telco, this channel was where they saw most of their SMB sales. They suggested their brand, while highly valued by larger enterprises and in specific verticals such as local government, held them back in the SMB space. The telco felt SMBs assumed they would be at the bottom of the telco's priority list, and generally would choose smaller local resellers ahead of a national telco. This perception is so strong that it is shaping telco SMB strategies – even if they have not necessarily validated this with the SMBs themselves.

The telco suggested that SMBs feel they will get more attentive and efficient customer experience from smaller companies rather than (often incumbent) telcos, where they may be valued less (and treated less favourably) than larger businesses. This scenario led the Western European telco to embrace white-labeled reselling of their products, which meant that much of their SMB strategy focused on how to ensure that MSPs and SIs perceived an ease of doing business with them.

Reselling or franchising

Telcos that wish to outsource parts of their sales may opt for a franchising or agent route. In this scenario, local MSPs and SIs sell the telco's services, but operating under the telco's brand. The telco manages billing and collection and pays commissions to the agent.

Here, customers have visibility of who is providing them with their products, but the onus for managing the customer relationship and dealing with troubleshooting lies with the MSP/SI rather than with the telco. When network performance is good, this can be a cost-effective way to maintain brand relevance, increase the addressable SMB market, and gain market share. However, when things go wrong, this can reflect badly on the telco despite their lack of control over managing the customer relationship.

Increased sales team interactions

Some telcos prefer to be front and centre of the relationship with their customers and/or wish to avoid working with MSPs and SIs, who are often their main competitors in the SMB space. This will increase their margins in comparison to the previous two scenarios. However, without outsourcing to very localised MSPs and SIs, they need to come up with other cost-effective ways to engage with their SMB prospects.

Some are opting for relatively high investment routes, such as rolling out more dedicated business branches or including enterprise-trained sales people in their main retail stores. This strategy may be attractive for SMBs that have limited IT expertise, and wish to speak to well-trained sales people to help tailor a bespoke package of services.

In another version of this strategy, telcos take the business branch to SMBs, directly employing field sales people to visit prospective customers and evaluate their IT maturity and needs onsite.

Both strategies generate very high face-to-face time with the customer, but they also require high investment from the telcos. When weighing the cost of this investment against the typical size of individual SMB purchases, it may turn out to be prohibitively expensive at scale, particularly where pressure on margins is increasing.

Education of SMB customers

For a more cost-effective approach, some telcos are running education forums and roadshows focusing on the requirements of enterprises and how their products can help. While investment is relatively small, so too is the potential reach of such initiatives – the clear majority of potential customers won't engage with telcos in this way. As one of our interviewees admitted, this kind of interaction seems to get more traction from larger businesses than from the SMB market. This is perhaps unsurprising, considering the time and money required for an SMB employee for whom IT is not their core priority to travel to such an event.

Key takeaway: Telcos need to nurture both indirect and direct customer relationships

In the short term, STL Partners recommends that telcos follow a channel strategy which does not aim to cut out MSPs and SIs. It means resisting the temptation to see MSPs and SIs as competitors, and instead focusing on improving ease of doing business with them, both with SMBs, but also with channel partners. This relationship can be beneficial for both. For example, a telco that enables MSPs to configure services more easily for the SMBs through a partner portal will reap rewards as the MSP is deterred from swapping their customers to another telco's network if a better deal becomes available. For telcos, working with partners often provides the best balance between cost and good customer service.

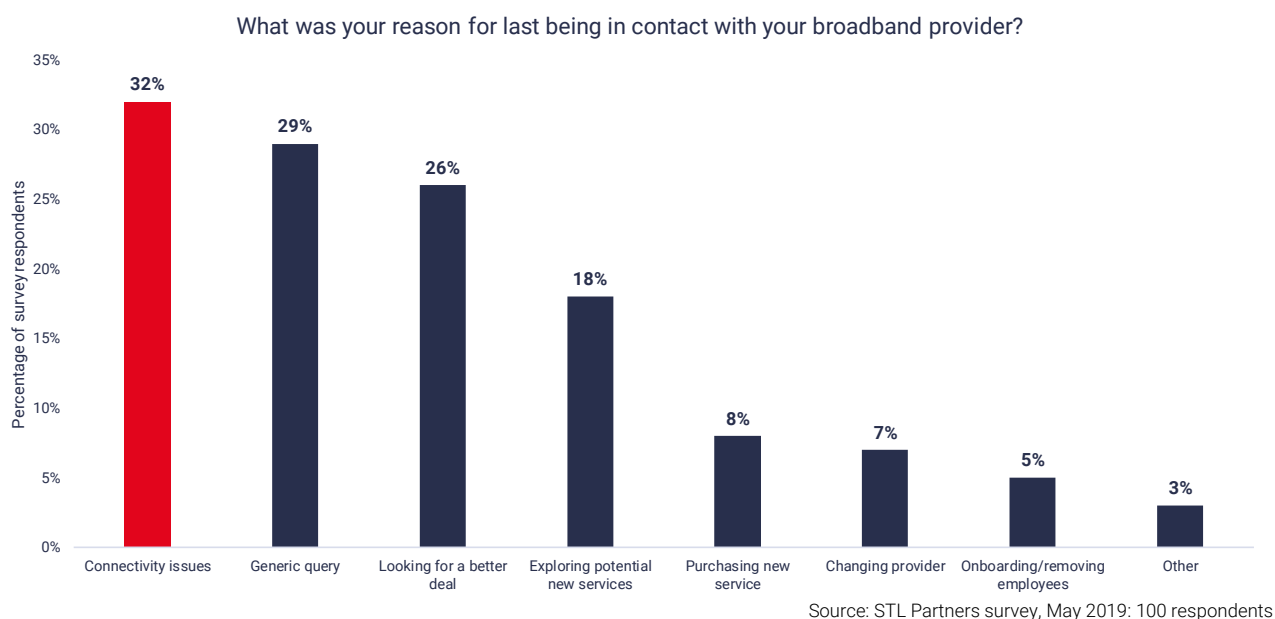
However, this doesn't mean telcos should relinquish a direct customer relationship. They should focus on relatively low-cost contact with their SMB customers via phone and email to improve their direct relationship with SMBs. This may help to mitigate the downsides of indirect channels, including lower margins, less brand exposure, and the regular practice of indirect partners moving end customers between different telcos in search of the lowest prices and best deals.

Regular communication is important not just as a customer acquisition channel, but also for cross and upsell opportunities. The challenge extends to both a frequency problem – i.e. telcos are not in regular contact with their SMB customers – and a relationship problem, i.e. the majority of SMBs get in contact with their telco only when there is an issue and they wish to complain (see Figure 5). Our survey showed that 29% of SMBs had not been in touch with their broadband provider within the last six months. This figure was even higher among SMBs with fewer than 50 employees.

Larger SMBs got in contact for a wider range of reasons, including onboarding employees (12%) or exploring potential new services (19%). The more technologically mature SMBs also speak to their provider more than those that are mainly paper-based.

Telcos should be aware of these differences between different types of SMBs and note the type of communications they are receiving. The opportunity to cross or upsell to customers is much larger if SMBs are getting in contact with a generic query or for potential new services, than if they are getting in contact because they are having issues with their core connectivity offering.

Figure 5: The most common reason for telcos to get in contact with their provider is to complain about network performance



Those with more services from their telco get in contact more frequently. Of those who contacted their provider in the last month, 37% had a SaaS offering from their provider. In comparison, of those who had not been in contact for more than a month, only 7% had a SaaS offering.⁵ The type of communication with those with multiple services is also less negative. They are almost twice as likely to contact the telco looking for a better deal – a conversation much better suited to cross and upsell opportunities.

Long term channel strategies

The above four strategies rely on an expensive strategy of putting a sales person in front of an SMB customer. This sales person may need to be retrained if telcos are going to move beyond their typical connectivity offer and into more solutions-based selling. These are viable short-term strategies, but in the longer term, telcos must invest in digital tools to deliver cost-effective high-touch customer service.

Enhanced digital engagement

First, telcos must further explore digital channels for SMBs, both for customer engagement and relationship management, and the sales process. While previous efforts to build a digital marketplace

⁵ Of all respondents, only 13% had a SaaS offering from their broadband provider.

for SaaS offerings were not successful, telcos should revisit their efforts for the increasingly mature SMB market today.

Digital engagement may include both the development of self-service portals for enquires such as onboarding a new employee or billing, as well as increased correspondence via email, agent chat or eventually, chatbot. Information logged in self-service portals (such as the SMB increasing the number of Office 365 users) must be integrated into telco's data lakes and CRM software to ensure telcos can make use of this data to spark future engagement and up-sell opportunities. If this isn't done, then telcos may run the risk of decreasing the amount of contact they have with certain SMBs, as they consume the service with reduced need to reach out directly to the telco.

While the jury is out on whether SMBs themselves will embrace this less personalised and consultative channel, there is also significant promise for telcos to make themselves easier to do business with when it comes to their MSP and SI partners. A self-service sign-on for the ordering and management of products on behalf of SMB clients will increase the efficiency of indirect channel sales, and reinforce the working relationship between MSP and SIs and telcos.

Call centre agent augmentation

By improving agent interactions, telcos could strike a happy medium between on-the-ground sales and impersonal digital engagement. Telcos should look to augment their contact centres to achieve the "face-to-face" feel, without having to put people out on the ground. As CRM tools become more sophisticated, sales teams should be able to act more effectively as a personal touch point with the SMB.

We've seen this strategy implemented with larger enterprises in the form of account and service managers who act as the personal point of contact between the enterprise and the telco. Now, we can see similar approaches with SMB customers, where CRM tools enable contact centre employees to manage hundreds of smaller accounts in a more personalised way. One North American telco indicated their strategy aimed to divide SMBs into even more manageable groups for call centre agents by only assigning an SMB with a "named" agent when they become a customer of the telco. That agent would oversee onboarding the purchased service and all in-life management of the solution.

By separating out the sales process from ongoing customer and relationship management, agents can specialise more on the cross and upsell opportunities with customers, and in improving their general customer experience, e.g. through removing the need for frequent holding and transferring between departments.

Product strategies: Where to win quick in a fragmented market

We've discussed channel strategies, or how telcos should look to sell to their SMB customers. Next, we want to think about the "what" – what products, outside of connectivity, are gaining most traction in the SMB market.

Short term product strategies

Look to meet key product criteria

Telcos should evaluate some key product criteria when looking for quick wins in the SMB market. Below are some of our key recommendations for what telcos should consider:

- **Their right to play.** This includes thinking about the potential value-add that telcos could offer if they are reselling a product and/or why SMBs would favour a telco to implement this solution over an MSP or an SI. In the case where an MSP or an SI is implementing on the telco's behalf, having a clear right to play should also increase the stickiness of the product, discouraging the regular practice of indirect partners frequently moving end customers between different telcos in search of the lowest prices and best deals. A telco's right to play may be strengthened by the ability to converge their offerings into one simple solution or in the proximity to the network itself.
- **Cloud-native with the ability to install, run and configure the service remotely.** 25% of SMBs said that their IT levels were still very basic, and that most of their work is paper-based. This indicates there is a quick win opportunity for telcos in providing cloud-based or cloud-native services. For this quarter of our surveyed SMBs, whose IT levels are very basic, telcos would need to support them in the beginning of their cloud journey, including with applications like Office 365, cloud storage, and cloud back-up. Yet, there are still significant opportunities for cloud-based products with more technologically mature SMBs (such as cloud-based security solutions). The opportunity here resides in the ability to self-configure services, encouraging ownership of the product and ultimate flexibility of installation. Considering that most telcos have cloud native products in their arsenal already, this area should provide relatively quick wins. It should be an attractive tactical opportunity because of the reduced cost of implementation and in-life support of cloud products. By investing in this area, telcos should be able to generate short-term revenue opportunities, as well as saving themselves money in the long run through remote configuration, monitoring, and support.
- **Appropriate sales channels.** For short term tactical wins, telcos should look to products they can sell through less labour-intensive sales channels. This will mean looking for products that do not require site visits for installation, but which are also relatively intuitive for SMB customers and can be sold in a single phone call. For these types of products, the potential of use of self-service portals may also be attractive for telcos.

- **Credit card option to pay.** Telcos will want to look at products that are a relatively small investment from the SMB. This means that the decision-making process for adding the service should be relatively quick and simple.
- **Pay per use.** SMBs are more likely to make low-effort quick decisions about a product if they are not locked into long contracts. This means telcos adopting “as a service” models. Pay-per-use also enables a simpler account approval process for the telco and less credit risk.

The above criteria suggest several promising tactical opportunities for telcos. One example of a product that checks several of these boxes is the LTE failover upgrade. A mass-market secure connectivity offering (including managed Wi-Fi) can be sold to SMBs with the additional feature of LTE failover, so devices will continue to be connected even if the main connection goes down. This kind of reliability of service is required by SMBs and will enable telcos to resolve network issues without negatively affecting customer experience. As our survey has shown, high network performance has widespread appeal among SMBs, and this could act as a minor upgrade to an existing service. The main drawback to it is the need for a truck roll to install new hardware – something that will require investment and slow down adoption of the product.

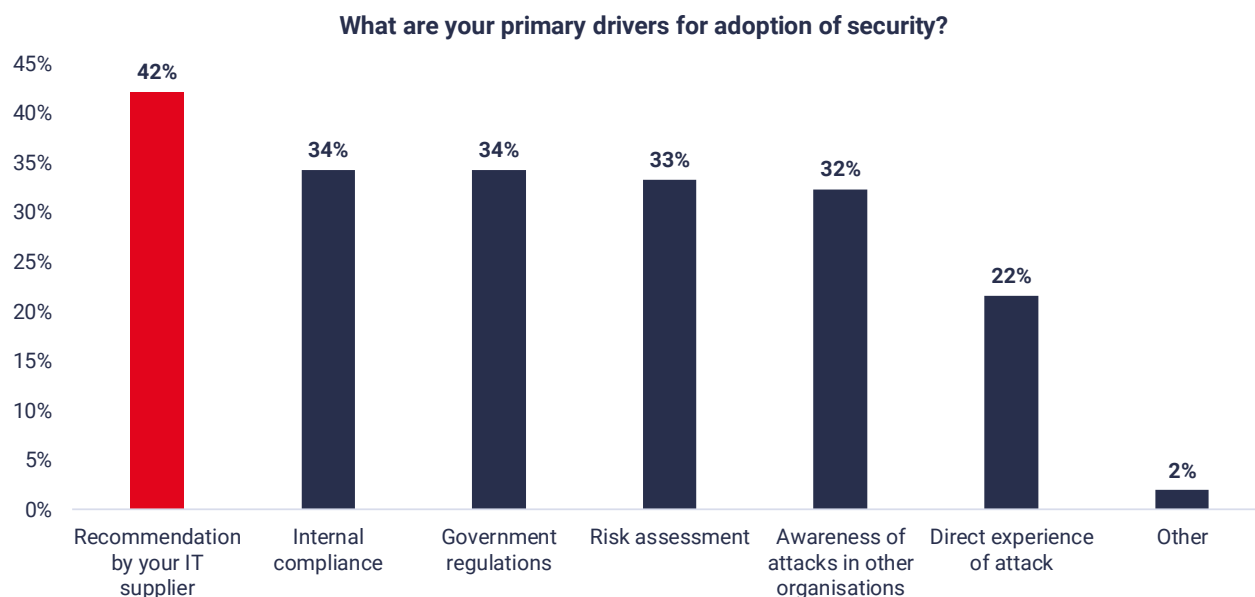
Address universal needs

In the long term, telcos need to better segment their SMB base and assess their wants/needs, but in the short term, they should target products which are attractive across a broad segmentation to help grow both market share **and** share of wallet.

Cloud-based security is an example of a product that checks this box, as well as meeting our key product criteria detailed above. It is one of the few domains where there is some common need across all SMB types – so it’s an opportunity where the product and proposition can be somewhat standardised.

72% of all SMBs are aware they have vulnerabilities with their security system. Of the security systems they do have in place, 17% have no visibility into the status of their IT security, with a further 52% only viewing their IT security status on an ad hoc basis, or no more than once per year. Cloud-based security products enable much more frequent reporting than this – not only is it a good option for plugging current security gaps, but it should also improve SMB’s confidence and understanding in what these systems do to maintain IT security in general.

On top of this, not only do the majority of SMBs acknowledge that they have a problem when it comes to security, but they also see telcos as well-positioned to help them. When asked what products outside of core connectivity they would consider buying from their telco, 32% of SMBs indicated unprompted that they would buy a security offering. In addition, 42% of SMBs said the primary driver for security adoption was advice from their IT provider, over and above internal compliance checks, risk assessments, and government regulation advice (See Figure 6). SMBs could trust telcos to provide both the advice and reasoning behind security products, as well as the implementation of the products.

Figure 6: SMBs look to the IT supplier to advise them about security

Source: STL Partners interview programme, May 2019: STL Partners analysis

The need for cybersecurity prevails despite differences in vertical, IT maturity or size – it matches up well against our short-term product criteria set as well. It can be cloud-native (no on-site installation required), telcos have a clear right to play (thanks to necessary integration with the network for holistic security protection), and the sales process can be straightforward since there is a clearly expressed need among SMBs. With payment via credit card, it can be a small incremental additional to an SMB's bill. This makes it a powerful tactical opportunity for telcos in the SMB space.

Long-term product strategies

Converging product portfolios to drive simplicity and reliability

One operator noted that if an SMB, or even a local MSP or SI acting as a reseller, bought multiple products from them, they would receive a separate bill for each of these services. This prevents clarity in communication with the customer, adds unnecessary business processes, and increases the likelihood of inaccurate billing. As all telcos agreed that there was an opportunity for them to move beyond pure connectivity and providing additional services, it's important for them to figure out how they can converge these offerings and improve ease of doing business with them.

Of course, the first step to offering services outside of connectivity and subsequently converging these propositions, is to build capabilities in these new areas. There have broadly been four different approaches to achieving this.

1. **A pure resell model, acting as a solutions aggregator.** Telcos take products and services from different vendors, such as Office 365 from Microsoft, and aggregate them into a single solution. The investment from the telco itself comes from the retraining of their sales and care teams to understand the products and embrace a solutions-based sales approach, as

well as in back-end systems such as billing. The downside of this strategy comes with the relatively low margins that telcos can expect to gain from reselling the products of others.

2. **Resell, but with additional managed services.** Telcos may resell a product or service but also choose to take responsibility for the customer relationship, including being the point of contact for customer support and troubleshooting.
3. **Internal development of applications.** Telcos may choose to strengthen their product portfolio themselves by repurposing of capabilities from the consumer or larger enterprise space. This may include adding enterprise-grade capabilities such as performance assurance, migration support, and additional security to consumer offerings or attempting to productise more bespoke corporate offerings. This strategy may be done effectively in conjunction with the resale model; resell the products of others, collect information about which products sell the best in your market, and develop a competing offer internally. This will produce higher profit margins than a resell model.
4. **M&A to create coherency between solutions.** In some cases, the difficulty may lie not in the marketing of products, but in having a robust enough catalogue of offerings in the first place. In these cases, acquisitions may enable telcos to bolster their propositions in specific areas, particularly to provide a holistic solution to a customer rather than a fragmented set of products or services. In comparison to buying licenses to resell products, this strategy gives telcos full flexibility to weave together “tailored” solutions, while retaining the productised nature of the offering. Targeted acquisitions will be increasingly necessary for telcos looking to specialise in certain verticals.
 - 4.1. A European converged operator was looking to strengthen their security product offering. They described wanting to achieve “off-the-shelf solutions across the full value chain,” though acknowledged that SMBs may also pick and choose elements of the service proposition. The priority was vertical-specific marketing for blanket products, but eventually they will look to specialise in their product set as well. M&A to bolster vertical-specific capabilities could include fleet management capabilities, accounting software, or vertical-specific CRM tools.

Whichever of the four strategies telcos favour, the aim is to create a broader catalogue of offers for SMBs outside of their core connectivity and communications capabilities. The next step is to take this catalogue and offer it to customers in a simple, converged fashion, such as a SaaS portal where purchasing, billing, management, integration and troubleshooting occur in a single interface. To achieve this, network engineers may need to be upskilled to be able to install and offer support for services outside of connectivity. This will prevent multiple visits from multiple specialists. This is both less invasive for the SMB and will save the telco time and money in the long run.

It is not just product sets that telcos will look to converge going forward. Several telcos highlighted the importance of network convergence to drive simplicity and reliability. Network convergence could play a part in upgrading consumer products and making them acceptable for SMBs. An example of

this would be the LTE failover solution mentioned earlier. As the rollout of 5G continues, the ability to converge networks will mature, and drive an industry-wide transformation of connectivity too.

It is important to note that a key driver from telcos to converge their SMB offerings was a belief that it would reduce churn. This is something they observed in the consumer market. Though the SMB survey did not support this conclusion, it will be interesting to see how converged portfolios affect SMB customer retention.

Supporting capabilities: Where telcos should invest for success in the SMB market

To deliver new channel and product strategies, telcos will need to develop supporting capabilities. For short-term tactical opportunities, this investment should be minimal and should build upon telcos' existing strengths. In the longer term, telcos may need to invest in building capabilities in areas such as sales team re-education and training, or through M&A to strengthen their product portfolio.

Short-term supporting capabilities needed

Maximum output for minimum investment

In the short term, the focus for telcos should be on leveraging capabilities they already have for maximum effect in the SMB market. This includes looking to consumer divisions and larger enterprise divisions and understanding how best to repurpose capabilities for the unique characteristics of the SMB market. When repurposing capabilities, telcos should also think carefully as to which elements of their brand they should leverage in which circumstances.

Telcos should focus on their existing areas of strength. As noted earlier in the report, only when telcos have their core offering of reliable, fast broadband will SMBs will continue buying services and perhaps consider additional services as well. Delivering this must remain a short-term priority for telcos. Other areas of strength that telcos may wish to capitalise in the short term include billing relationship capabilities.

Long-term supporting capabilities needed

AI and analytics for sophisticated market segmentation

SMBs want a personalised experience, both during the selling process and throughout their customer experience. But providing this level of customisation can be prohibitively expensive for these smaller business customers. AI and data analytics will be a key future enabler for telcos to achieve this level of customisation in a cost-effective manner.

Data analytics for market segmentation

The SMB market is highly fragmented. This is a key challenge for telcos who must decide the best way to sell to highly disparate types of customers. Currently, telcos tend to segment the SMB market based largely upon number of employees. This is a highly valuable metric. For example, only 24% of the smallest SMBs we surveyed (with between 2 and 7 employees) have their own dedicated IT resource, whereas for the largest SMBs (with 51-100 employees) the figure was 85%.

The strategy needed to sell services to these two groups of customers will be dramatically different. For the smallest SMBs with no dedicated IT resource, the focus of a sales process is likely to be on educating them on the services that will best serve their business. For larger SMBs with dedicated IT

resources, the process will be more centred around why your telco products in particular will be well-served to meet their specific set of requirements. Segmenting the SMB market based on size is a useful way to ensure that the sales strategy and channel, as well as the products required by the end customer, are successfully and efficiently targeted.

Our survey, however, has indicated that analysing SMBs based purely on the number of employees they have is not enough. Telcos must identify more sophisticated approaches to segment their customers if they are to truly address their needs in a way that feels personalised and customised.

While all the telcos we interviewed segmented their customers based on employee size, several other metrics were mentioned. Some looked to segment SMBs based on their industry, often looking to sell a standardised product but marketed in a vertical-specific way. Others used IT spend as a further possible segmentation metric, determining the potential size of the opportunity.

Our survey identified several other market segmentations that telcos should consider that have a significant impact on what services SMBs want and how they should be targeted:

- 1. Frequency of communication with the telco.** Increased frequency of communication between the SMB and telco indicated a better opportunity to sell value-add services. Building more (scalable and valued) interaction into the products themselves (e.g. through sophisticated reporting) should support insight building and further engagement for other services.
- 2. Number of sites.** Certain services will only be applicable to SMBs with more than one site, including SD-WAN, which we'll discuss in more detail **later in the report**, but which was highlighted as being the central next step in the SMB strategy of one of the telcos we interviewed.
- 3. Technological maturity of the SMB.** Telcos should approach SMBs with different technological maturities differently. For the less technologically mature, the focus will often centre around change management, troubleshooting and support as they implement relatively simple solutions such as email backup. More technologically mature SMBs will want to have access to the kind of cutting-edge technology provided to larger enterprises, such as AI-enabled products.

Of course, this gets interesting when you start combining these factors. As an example, for a security product, you may want to segment by level of GDPR exposure, sector, and existing CSP service adoption. In order to start to segment on this more sophisticated level, telcos should look to leverage AI and data analytics. Machine learning models are well suited to search for trends in data, particularly when the data set is too large for humans to be able to effectively analyse it. The results of such AI initiatives are increasingly well established in the consumer space, but, as recent research by STL

Partners highlights,⁶ enterprise business units have lagged in adoption of AI and data analytics technology.

Enterprise business units should leverage consumer AI initiatives

There is much crossover where enterprise units can learn from successes with AI in the consumer space. For example, telcos can improve the customer experience of their enterprise customers through predictive maintenance of their networks and CPE. We have repeatedly seen the importance of telcos getting their core connectivity offering right, with network performance being the most important reason for SMBs choosing their provider. It makes sense to invest in pre-emptively fixing network problems before customers are aware of them rather than in agents dealing with troubleshooting and complaints. In the simplest of use cases, this could tie in with the LTE failover use case described earlier, where connectivity is automatically switched to LTE if the fixed connection goes down. The logical extension of this is scheduling a truck roll automatically based on the network fault alert to send a network engineer out to fix the problem.

Automatically switching to LTE could be done without AI. However, AI could be used effectively in several ways. Firstly, a machine learning (ML) model could analyse the type of problem and produce a recommendation of whether an engineer is needed on site or whether the problem could be solved remotely. Secondly, if truck roll is required, an ML model could plan the resources needed to fix the problem and time the roll to minimise the cost of sending out an engineer. This should reduce operating costs for the telco and may enable the problem to be solved before the enterprise customer is even aware of the network issue.

A further example of a consumer AI use case being highly applicable for enterprise is predictive and targeted cross and upsell. Through collating data about their customers from numerous sources (information logged by call centre agents, publicly available information such as tax registers, data analytics from the usage of current products they have, etc.) telcos could reach out to their SMB customers with offers specific to their circumstances. This could include targeted upsell campaigns for SMB customers that have onboarded more than 10 new employees in the last year and are clearly growing. This more sophisticated segmenting of the market, and less blanket approach to sales and marketing, will help to provide a personalised feel in a cost-effective way.

There is some tension between AI and automation, and the “high-touch” face-to-face relationship that SMBs wish to have with their telco. In some areas, consumer AI tools will not be appropriate. Often, in enterprise business units, AI will be used behind the scenes to drive efficiency in the call centre and create a more sophisticated CRM. This may include tools such as AI for smart transcription, which reduces the amount of time spent by the agents logging details of the call after they happen. In addition, AI can provide automated suggestions for resolving troubleshooting issues, or upsell and cross sell opportunities in real-time as the agent is on the phone.

Some telcos are also employing smart routing in their call centres. Rather than connecting the first available agent with the SMB customer waiting, an ML algorithm connects customers with an agent

⁶ See [Telco AI: How to organise and partner for maximum success](#).

best able to handle their type of problem, or best suited to speak to them. For instance, agents who perform best when speaking to customers with a lower tech maturity, and who therefore may need guiding through relatively simple tasks like resetting the CPE, will be routed to speak to customers who are still generally paper-based. More sophisticated customers will be routed elsewhere. ML algorithms can analyse successful outcomes between agent and customer, and the smart routing software should become more effective over time. This kind of soft-touch use of AI means that SMB customers still feel they are being treated differently from consumers and have a real person looking after them, but the cost of doing this is reduced.

Telcos can leverage AI externally direct to the SMB, as well as for driving internal efficiencies

So far, the opportunities described for AI and data analytics have focused on internal use cases for the telco to more efficiently handle their SMB customers. There is further opportunity for telcos to take these internal use cases and use them either within their products, or directly as a service for their SMB customers.

Using AI within their products (for example, the proactive analysis of potential security breaches in a security product) may enable enterprise-grade products to be successfully implemented in an SMB environment. Instead of dedicated cybersecurity experts monitoring the network, AI can provide automated recommendations. AI-enabled products can also go some way to emphasising to SMBs that they, as well as larger businesses, are getting solutions at the cutting edge of technology.

Proving their technological pedigree may enable telcos to establish themselves as an important partner as SMBs look to automate further. In general, most SMBs remain largely manual in their business processes, including relatively simple-to-automate tasks such as payroll, accounting, and CRM management. Supporting SMBs in their automation and data analytics journey could be a new potential service for telcos to offer (perhaps in conjunction with MSP partners), providing both technological implementation as well as change management for the company.

In addition, telcos may be able to offer data analytics as a service to SMBs. Telcos have consumer data which would be valuable to SMBs looking to tailor their propositions or learn more about their addressable market. This is a service telcos are already providing in certain areas, primarily with location-based insights for larger companies. However, as long as the consumer data is properly aggregated and anonymised, there is no reason why this sort of service shouldn't be extended to their SMB customers, particularly those larger ones who have budgets to spend. As this domain matures, and as telcos manage the way in which they monetise data externally without consumers thinking their data is being sold without their permission, we would expect to see these sorts of practices expand into the SMB market.

New technology provides new opportunities in the SMB space

As well as AI and advanced analytics, there are other technologies which telcos should consider when developing their long-term SMB strategy. We see three key technologies for telcos in addressing the SMB market:

- SD-WAN

- Edge computing
- 5G

SD-WAN

Across all enterprise segments, including SMBs, organisations are rapidly undergoing digital transformation and adopting technology solutions to solve business problems. A key part of this transformation is a move to becoming more cloud-native. Enterprises increasingly want to store and access their data and applications in real-time from any device and from any location. Furthermore, they want the knowledge that this will be done securely to protect their data and processes from targeted attacks.

These needs have been key in driving the prevalence of SD-WAN, a new software defined architecture which brings increased scalability, flexibility, simplicity and better costs compared to traditional WAN environments. SD-WAN is a part of many operators' strategy for large enterprises. The ways in which SD-WAN applies to telcos' SMB roadmap is outlined below:

- **Improved costs compared to traditional WAN architectures:** SD-WAN enables a cheaper alternative for enterprises accessing broadband services when compared with legacy IP-MPLS and Ethernet networks. Given that price point is a key consideration for SMBs, the ability to lower the cost of the network proposition (without degrading or capping service) is a key differentiator.

Additionally, SD-WAN will reduce the number of dedicated boxes an enterprise must purchase, maintain, and operate on site. On top of this, by removing the need for dedicated (and often proprietary) hardware, SD-WAN can reduce the cost per box by enabling the use of COTS hardware.

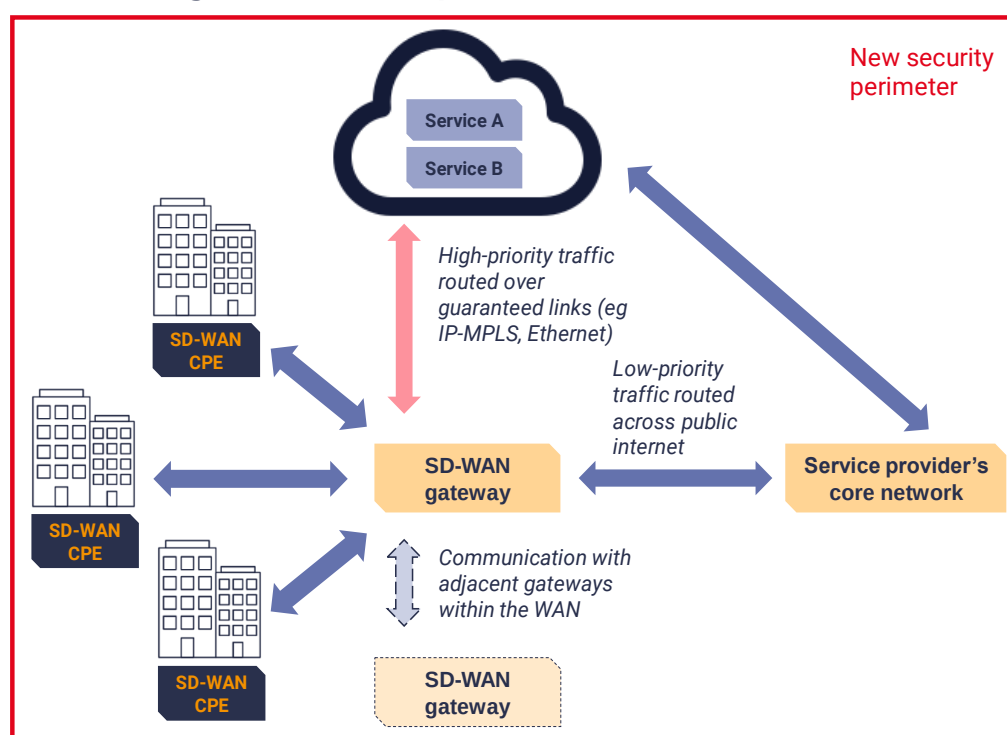
- **Flexibility of service:** SD-WAN promises the opportunity to spin up or turn off applications and services as and when they are needed. The benefits of this to SMB strategy are two-fold. The first is that the cloud-enabled spin up and spin down of applications allows telcos an easy (or at least, easier) upsell opportunity. In place of having to send network engineers to fit and configure multiple boxes for multiple applications, SMBs can purchase applications which are "streamed" directly to their offices.

This leads into the second benefit: SMBs can pay for applications as they use them. This pay-as-you-go or Network-as-a-Service model allows SMBs to be more agile. They can try and test applications without feeling they are locked into long contracts. This can be a strong tool in driving adoption of services in the SMB space. Furthermore, for certain applications, it means the operator can provide the correct amount of capacity as opposed to a fixed level of service (which is often over-provisioned and leads to unnecessary increases in cost).

- **Scalability of service:** the ability to switch on and deploy services/solutions more quickly allows SMBs to scale more efficiently. Adding new employees or even branches to the enterprise WAN becomes much less time-consuming, complex, and expensive. For SMBs, which tend to have little-to-no dedicated IT resources to deal with these complexities, SD-WAN offers a solution for simple scalability.

- **Reliability of service:** a key consideration for SMBs while selecting a provider was performance and reliability. Through enabling software-defined prioritisation of traffic and internet breakout from the WAN gateway, operators can ensure their customers' mission-critical applications do not suffer from quality-of-service degradation even at times of peak traffic. For example, an employee accessing and running an application from the cloud would take priority over another employee watching a compilation of cat videos (see Figure 7).

Figure 7: SD-WAN prioritisation of traffic



Source: STL Partners

SD-WAN has merits for addressing both larger enterprises and SMBs. It will, however, be less applicable to VSE/SOHO customers. Nevertheless, the drive towards virtualisation and software-defined solutions will help progress SMB transformation, and may offer a significant opportunity for upselling and growing share of wallet.

Edge computing

STL Partners has been working within the edge computing space for almost three years now. Through both our consulting and research services, we have gained a strong grounding in both the technological and commercial challenges and opportunities for operators looking to develop their edge computing capabilities. Often, we have explored edge as an opportunity for telcos to “verticalise,” offering enterprises within industry verticals such as manufacturing, natural resources, logistics, etc. connectivity and compute capabilities with the performance of an on-premise solution and the flexibility of the core cloud.⁷

⁷ See STL Partners' edge computing knowledge base, <https://stlpartners.com/edge-computing/>

Often, these potential enterprise customers tend to be the large multinational business, with SMBs being overlooked. However, through our conversations during this research programme, it was mentioned that edge computing also provides a key opportunity for telcos in addressing the SMB market.

For many SMBs, especially those that lack dedicated IT resources and expertise, owning and operating an on-premise solution to handle complex, intensive, or data heavy computation is likely out of reach due to expense and the time needed to manage the solution. Furthermore, for more traditional SMBs whose IT levels are still relatively basic, leveraging a cloud capability may seem too foreign – they do not want their data or workloads being hosted in a different country (or even on a different continent). Edge computing provides a happy medium, maintaining the data sovereignty of an on-premise solution without the large price tag. Furthermore, in markets which are heavily fragmented with a relatively higher volume of SMBs compared to large businesses, edge computing allows telcos to provide a higher level of service to a larger segment of the market compared to generic core cloud.⁸

Fifth Generation networks – 5G

Operators and vendors alike have made many claims about what 5G will be able to achieve and the multitude of opportunities it will open for the telecommunications industry. STL Partners has written extensively about the hype and real potential value of 5G, especially in terms of combating the commoditisation of connectivity. But, beyond the typical 5G applications of enhanced mobile broadband, fixed wireless access and massive IoT (which promise greater speeds, reliability and capacity at lower cost per bit), what is the benefit of 5G to SMBs specifically?

We believe a relatively simple business case for 5G in SMB strategy is convergence. 5G is oriented around converging fixed and mobile networks, and **as previously stated**, convergence drives simplicity and reliability, which are significant factors when addressing SMBs.

⁸ Primarily through edge computing's low latency and caching capabilities.

Conclusion

Despite being a historically challenging, telcos should not be discouraged from trying to tap into opportunities in the SMB market. There is significant evidence that SMBs are open to buying not just connectivity from telcos, but also connectivity-adjacent services, and that telcos are not currently capitalising on this opportunity. With SMBs embracing the current trend of cloud-native products and telcos able to service the market more cost-effectively through data analytics and market segmentation, the historically underserved SMB market is an important opportunity for telcos today.

While exact SMB strategies will be influenced by telco type, market type and broader transformation models, our key recommendations are:

1. **Deliver on your core offer of reliable, fast broadband.** If you do this, SMBs will continue buying your services, and you might be able to offer them value-added services too.
2. **See MSPs and SIs as not just competitors, but also potentially partners.** Telcos should improve their direct relationships with SMB customers, but should also capitalise on indirect channel opportunities. In some cases, reselling or white labeling provide the best balance between cost to the telco and good customer service.
3. **Develop a product portfolio that is attractive to the majority of SMBs.** Telcos should cater to SMBs' cybersecurity and compliance requirements and focus on value-add opportunities where telcos have a clear right to play.
4. **Develop data analytics and AI capabilities.** Many telcos are starting to use AI and data analytics in consumer divisions. Telcos should ensure that SMB business units also capitalise on the opportunities from this technology. Data analytics can guide smarter segmentation of the highly fragmented SMB market, which is crucial to keeping down acquisition cost.

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