

BearingPoint®//Beyond

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# Navigating Complexity:

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A Guide for CSPs' B2B  
Revenue Acceleration

# Overcome existing barriers and reinvent the business model with a digital platform

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We're standing at the brink of a colossal new B2B revenue opportunity for Communications Service Providers. An opportunity, *for CSPs alone*, with an estimated global worth of \$736 billion<sup>(1)</sup> in the next four years.

That's a staggering figure on any scale, representing a sizeable portion of a potential B2B ICT spend of \$4.6 trillion by 2022. But despite the prospect of such a seductive and near-term prize, telecom operators have recorded an average CAGR of -0.4% for their B2B activity in the past five years<sup>(2)</sup>.


So why are the majority of CSPs being so slow to take the initiative and carve themselves a generous slice of revenue pie, before someone else does?

**Because it's not that simple.**

The path to tapping this enormous growth potential is strewn with internal and external obstacles, and twisted by complexities that CSP leaders have been grappling with for some time.

This insight guide provides a blueprint for CSPs to simplify these complexities, overcome their barriers and accelerate B2B business growth. Not only can it explain how one digital platform tackles the challenges holding you back, but it will help you identify and win new revenues, create customer value, remove organizational silos and build an ecosystem to seize the opportunity that awaits.





**By 2022, global enterprise IT spend is expected to reach \$3.6 trillion, and it's estimated that CSPs can capture some 16% of that spend<sup>(1)</sup>.**

# The scale of the opportunity

**CSPs have the potential to capture some \$736 billion of a total enterprise and SMB IT spend of \$4.6 trillion<sup>(1)</sup>. Hard to imagine, when you hear that connectivity will represent just a tiny 5% portion of total available revenues by 2025<sup>(3)</sup>.**

The huge potential comes as a result of the growing adoption of emerging business technologies like cloud, IoT, AI and more, each of which, according to Gartner, represents a two-digit growth CAGR for CSPs in the next four years. Contrast this with the current forecast of just 1.9% CAGR for total traditional telecommunications revenue from B2C, B2B, voice and data from 2017-2021<sup>(4)</sup>.

As the new era of Industry 4.0, smart cars, smart cities and smart everything dawns, the need for seamless connectivity will be immense, as data is constantly streamed, intelligent components talk to one another and speeds become ultra fast. This means emerging technologies and services will become business-critical, for which B2B organizations will need for a trusted, expert supplier.





# Why is the opportunity particularly significant for CSPs?

A BCG survey of 600 B2B businesses revealed that their preferred potential supplier is likely to be their CSP. Some 50% of the organizations surveyed actively said they would like to work with CSPs in these areas. As can be seen below, B2B companies believe CSPs show strong competencies across several decision-making criteria for cloud, IoT, data services, security and more.

But in reality, as revealed by a recent BearingPoint study,<sup>(5)</sup> while 69% of CSPs ranked business model innovation and new digital services as a key focus area, only 26% are actually engaged in developing these new initiatives vs. an average of 34% across all industries.

## Telcos score well across many decision criteria

		Telco	OTT	IT
Most key for B2B cutomers	Network ownership	+	×	×
	Physical customer access/field force	+	×	✓
	Trust	+	✓	✓
	Market Reputation	+	✓	+
	Ability to offer network embedded security	+	×	×
	Exisiting customer base	+	×	+
	Flexibility	×	+	✓
	Online features	✓	+	✓
	Simple and attractive pricing	✓	+	✓
		<div><div>+</div> Strong Competency</div> <div><div>✓</div> Medium Competency</div> <div><div>×</div> Low Competency</div>		

# What's holding CSPs back?

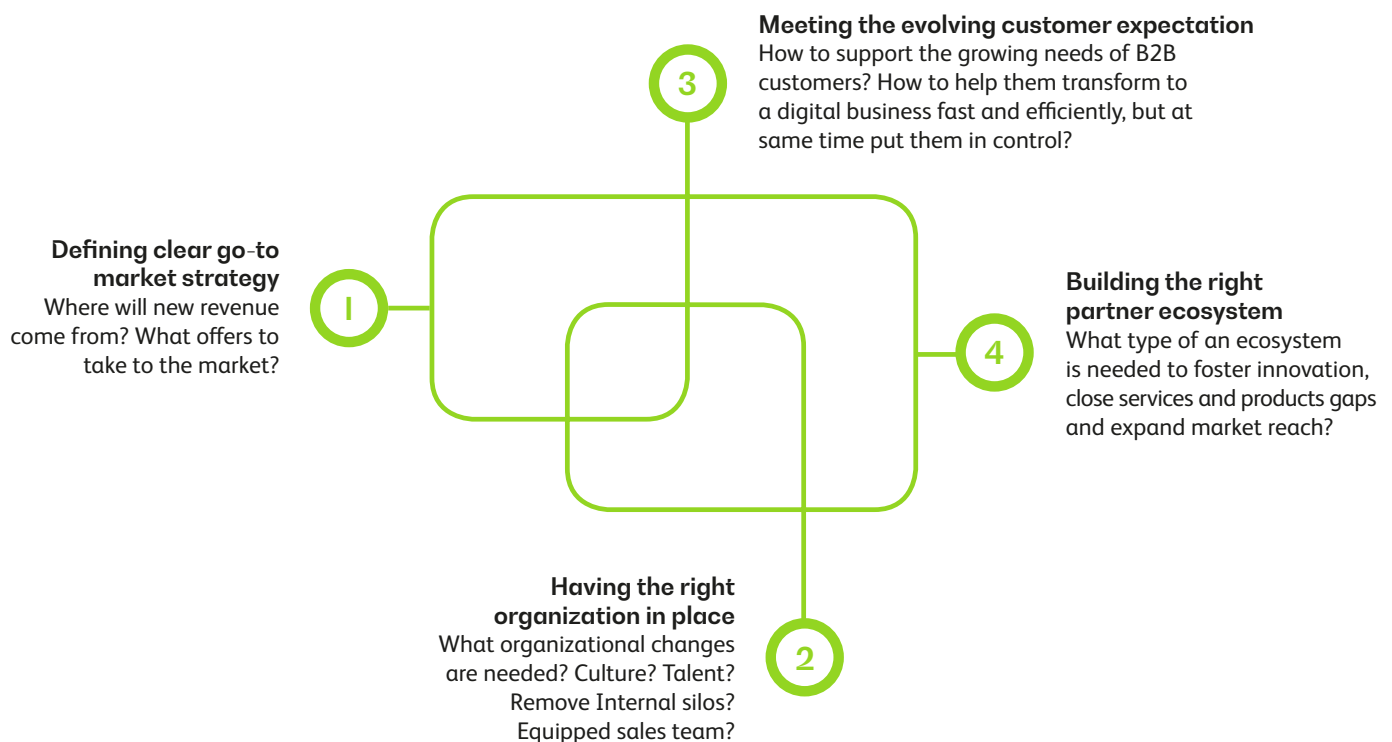
On close analysis of our experience with the telecoms sector, we've been able to conclude that every one of the most significant challenges and growth obstacles faced by CSPs stems from the sheer complexity of today's business environment. There is complexity in every direction, both internal and external - from technology to infrastructure, from a new type of customer to a new breed of competitor.

To address their challenges and help CSPs consolidate their position as a competitive player in the B2B space, we developed the **4 Dimensions of Complexity** framework. The four Dimensions are as follows:

1. Defining a clear go-to-market strategy
2. Having the right organization in place
3. Meeting the evolving customer expectation
4. Building the right partner ecosystem

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## The 4 Dimensions of Complexity





# 1. Defining a clear go-to-market strategy

Protecting the connectivity business isn't enough, and CSP leaders know they need to identify, prioritize and convert new digital revenues in order to own the customer and prevent being pushed out by new or more agile competitors. CSPs need to successfully develop new offerings that are more sophisticated, more compelling, and less easy for competitors to copy, alongside the capabilities that meet customers' increasing requirement for speed and continuous innovation and deployment. This will mean testing and innovating with new business models.

But this is all easier said than done. In the face of a tsunami of new technologies and possibilities, determining where the revenue will come from, and what to take to market first, is like placing bets on the future. To be sure of the best possible odds, CSPs need to focus on four main steps.

## (i) Choosing a winning strategy by carefully identifying differentiation points

These won't be the only solutions a CSP might sell, but they'll be the ones they will win with. CSPs should clearly identify and articulate these differentiators, and the winning proposition, by adopting one of the following:

- **CONNECTIVITY EXPERT** – focus on new technologies such as SD-WAN & 5G and design a solution that fits the customer. Solutions can be different and diverse, but connectivity should be the focus of the offer. For example, providing a global IoT connectivity solution for a corporate, or offering disruptive SD-WAN solutions to counter incumbent IPVPN proposals.
- **ICT PROVIDER** – bundle core connectivity solutions with technologies like cloud, IoT, AI, security and more, focusing on specific segments.
- **VERTICAL EXPERT** – focus on a complete solution to a specific vertical (automotive, health, manufacturing), addressing their end-to-end problem, while integrating and orchestrating partners, technologies and applications to solve it.

Each one of the above routes involves different levels of investments, resources and talents, while simultaneously requiring a clear understanding of the segment, customers' needs, and the associated revenue potential.

**(ii) Learning from digital giants specifically with regard to speed and frequency of new launches**

According to TM Forum research in 2018, it takes the average CSP 12-18 months to procure just one service. This is simply too slow. In order to compete in the digital economy, CSPs not only need to drastically reduce their time to market, but also increase the number of new products and services they offer.

Contrast this with the likes of AWS; whose CEO, Andy Jassy, acknowledges that “the pace of innovation is getting faster and faster,” adding that AWS launched “a little over 1800 significant services and features in 2018, up from 1400 a year ago.”

**(iii) Embracing rapid innovation**

Alongside the above, CSPs need to experiment with new ideas, new services, new pricing models and new customer segments at speed. Taking their cue once again from successful digital players, there is potential to innovate at pace through a growing number of iterative, light weight MVPs - similar to the model adopted by the likes of Dropbox and Uber.

**(iv) Building pre-packaged solutions to better address the evolving needs of both SMB and Enterprise customers**

Creating pre-packaged bundles will both increase output and improve efficiencies of the business. However, to optimize both, the packages need to be created with customer needs in mind. Be sure they are targeted - linked to specific outcomes and to a limited scope; easy to understand and buy - using digital channels and a very clear cost structure, keeping them simple to fulfill and to bill.





## 2. Having the right organization in place

Digital requires a new way of working. In order to innovate, develop, launch and monetize new products and services faster, CSPs need to be confident they aren't hampered by silos, disconnected business processes and systems, or a lack of the right talent or skillsets.

However, changing culture and closing talent gaps requires time, and can involve big organizational change management projects. Here we focus on two areas that CSPs can address quickly and reap swift rewards.

### **(i) Removing internal silos and leveraging existing assets**

In most cases the average CSP is a very divided organization, originating from a combination of traditional telco customer segmentation (fixed, mobile, consumer, B2B), and the merger and acquisition of other disparate companies with different operational and IT systems. According to the Ovum Telecom Billing Landscape survey, only 18% of CSPs have fewer than 10 billing systems, while 12% have more than 1000.

When this is the reality, it's extremely difficult for CSPs to support their customers in the most optimum way. Instead, moving forward, they need to think about how they can leverage their assets, harness their investments, earn a higher return on their investments, balance revenue growth with efficiency, get closer to their customers, and bring their different IT systems together on one digital platform. In short, CSPs need to operate as one single, well-aligned entity.

### **(ii) Equipping your sales teams to drive growth**

The dynamics and hyper-quick change in today's business environment has led many organizations to conclude that they lack the right sales talent to grow and develop their business. The belief has even triggered internal debate as to whether it's better to remove the need to invest in a sales team altogether and focus on selling via digital channels.

However the reality is that three quarters of business buyers, across all sizes of organization, still prefer to speak to a sales rep when buying a product or service for the first time<sup>(6)</sup>.

Therefore, CSPs need to invest in equipping their sales team with the right IT tools that will guide them through the process of selling new and complex offerings, and allow them to successfully and seamlessly complete the process from price to quote, to order, to revenue.

# Case Study

## A1 Austria: removing internal silos through OSS transformation

A1 Telekom Austria needed to address the complexity of its OSS landscape. A long history in the telecommunications space meant the business comprised many disparate systems and complex underlying business-fundamental processes. It needed radical transformation. So a single streamlined, automated platform solution was implemented for consolidated management of all service order communication to its underlying OSS – its “Next Generation Service and Resource Order Management” solution. Leveraging the BearingPoint//Beyond Infonova digital platform enabled the creation of a non-disruptive solution layer, allowing single services to be seamlessly swapped onto the new system without service disruption or outage. It has also enabled A1 Telekom Austria to terminate legacy OSS systems with minimal risk and without impacting daily business operations.

[FIND OUT MORE](#)



### 3. Meeting the evolving customer expectation

More than 90%<sup>(7)</sup> of businesses today are either planning or executing their digital strategy - often involving the adoption of new business models, introduction of new services, and improvements in efficiency through new emerging technologies. However, like some CSPs, they also lack the internal knowledge and talent to help them on their journey to successful transformation.

What's more, fewer and fewer buyers are wanting to purchase products and services in the traditional, transactional way, and are starting to look beyond connectivity solutions to a complete suite – cloud, IoT, AI and more, to meet their wider needs, and meet them fast.

All of this means they are looking for trusted expert partners to guide them through their digital transformation journeys, while simultaneously demanding more empowerment, with flexible solutions, higher visibility, self-serve capabilities and better control.

This is where the high levels of trust already enjoyed by CSPs can be leveraged to their advantage. By offering a complete solution that provides and manages an array of digital services, whether their own or from third party partners, CSPs have the opportunity to assume the role of orchestrator, grow their offering, and open up far-reaching revenue and growth potential.



## 4. Building the right partner ecosystem

To be able to address the growing expectations of today's digital business, CSPs will have to move from selling products and services to selling solutions. They'll have to be more focused on their unique differentiations, accelerate speed of innovation and increase frequency of launch to market, while making the most of their existing assets. However, they will not be able to do it alone. Few innovations are created solely in-house. The real game changing ideas are most likely to come from those already expert in the field. CSPs will therefore have to move away from the old linear value chain to building joint solutions and go-to-market strategies with a growing partner ecosystem. Indeed, the [BearingPoint Ecosystem survey](#) found that over 50% of CSPs believe that working with an ecosystem of partners will help them grow revenue by more than 16% in the next two years.

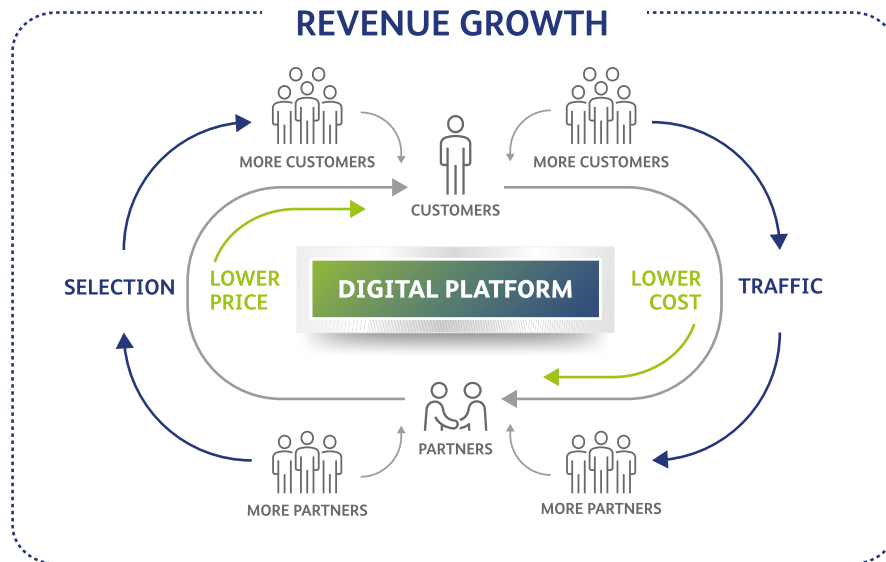
Embracing a collaborative and co-innovative ecosystem can bring critical benefits:

- (i) **Enriches solution offering**, closing the knowledge and capabilities gaps of new technologies such as cloud and AI, and acting as a catalyst for innovation
  - (ii) **Opens up new go-to-market channels** through a growing network of channel partners
  - (iii) **Removes resources constraints** and closes skills gaps
- However, simply working with partners using the traditional model of vendor-service provider/system integrator will not generate the results CSPs will need to thrive. Only by adopting a digital platform business model will CSPs be able to unleash the true value of the ecosystem. In fact, BearingPoint [Institute research](#) found that companies that adopt digital platform-based business models grow at *twice the rate* of those that don't.



**(iv) Establishes a network effect**

For a partner ecosystem to create value and generate revenue, it needs to operate on a digital platform business model. The multi-sided interactions between members cultivates innovation and drives new ideas and offerings, creating a network effect and economics that are far harder for competitors to copy.



Adding more partners in the ecosystem diversifies and increases the attractiveness of their offerings, which in turn attracts more customers. More customers attract more partners to join the ecosystem, and so the virtuous cycle continues. The network effect will multiply and increase the collective reach farther if platform partners launch the ecosystem offerings to their own respective customers.

**(v) Creates a more efficient business**

As the cost of operating the platform drops, the ecosystem and partners are able to offer more attractive pricing to customers.

## Case Study

### BT offers multiple cloud solution via a single platform

In the highly competitive cloud compute market, BT was looking for a way to stay ahead of the game, implementing its Cloud of Clouds strategy to give global organizations access to multiple cloud providers. Through bringing together a combination of different cloud (e.g. AWS, Azure) and other third-party application providers, global customers would be empowered to adopt cloud in a simple and centralized way. BT chose BearingPoint.//Beyond's powerful Infonova digital platform to underpin its Compute Management System (CMS) – to connect customers to diverse cloud services through a “single pane of glass”.

[FIND OUT MORE](#)

## How we can help simplify the 4 Dimensions of Complexity

**The Infonova Digital Business Platform offers CSPs the opportunity to untangle and overcome their complexities with one single SaaS based solution. The platform is designed to help reinvent the business model for a smarter, faster, more customer-focused organization, ready for a future that continues to evolve at speed. Here's what it enables for those ready to take the next step.**





# 1. Define a clear go-to-market strategy

As we've seen, CSPs need to focus on their growth strategy by identifying, designing and easily introducing new digital services into the portfolio, and accelerating the speed and frequency of new offerings. By linking BearingPoint Digital Strategy methodology with the unique Infonova digital platform technology, CSPs can identify the use cases that will allow clear differentiation.

The platform also allows CSPs to embrace rapid innovation and experiment with new ideas - giving them the agility to start small, test the market fit, monitor success, use short iteration cycles to adjust, then scale up fast. What's more, it enables the rapid build of pre-packaged solutions by simply bundling pre-configured offers – which are easier to understand and sell, and address higher volume target markets with repeatable offers.

## 2. Have the right organization in place

Although essential to reduce complexity, the removal of internal organizational and systems silos comes with high associated transformation risk and cost. The Infonova Digital Business Platform addresses this directly by acting as an overlay to internal IT systems and silos. Using open APIs and a microservices integration architecture, it grants the necessary visibility of processes, and automation of service fulfillment over multiple environments.

To guide CSP B2B sales teams through the process of selling complex solutions and driving growth, the Infonova Digital Business Platform exposes all available pricing and solution combinations, helps the team configure technically fulfillable orders and automates the whole configure-price-quote-order process, ensuring seamless, error-free business and sales processes from quote to order to revenue (including complex solutions and cross partner solutions). CSPs also have the capacity to easily add new services, solutions or partner offerings without increasing sales and order complexity.

### 3. Meet the evolving customer expectation

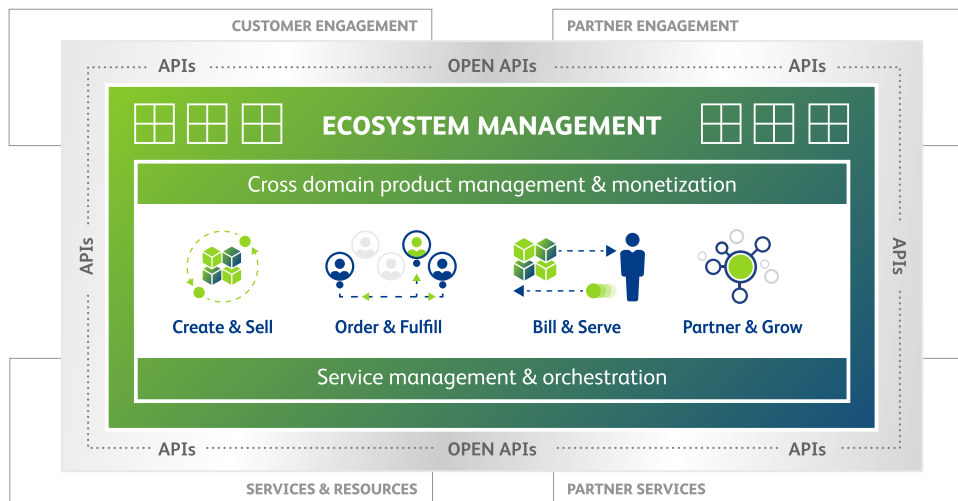
The Infonova Digital Business Platform enables B2B customers to purchase solutions for their digital journey from one trusted and preferred partner. It also empowers B2B customers to purchase solutions and modify existing offers (within business and technical boundaries) on a self-serve basis, and gives them the business transparency they need across product and service inventory, order status, unbilled usage and billing.

### 4. Build the right partner ecosystem

With its unique ecosystem orchestration capabilities, the platform addresses resource constraints and closes skill gaps. This digital platform business model enables multi-party innovation, easy onboarding of new services and channel partners, and seamless automation of the end-to-end joint-selling business process, including create-sell-fulfil-monetize and settle. The adoption of a digital platform business model gives the flexibility for channel partners to add and sell their own offerings on top of the CSP's, thereby creating the true network effect, while the often complex settlement agreements between different service partners are managed effortlessly.



# Infonova Digital Business Platform At A Glance



## Reinvent the business model

Grow revenue using our combined methodology and technology

## Orchestrate and monetize digital offerings with an ecosystem of partners

Enables seamless end-to-end automation of business and sales processes from ideas to revenue

## Remove technology and organizational silos

One single platform overlaid across diverse IT systems, environments and partners, using open APIs and microservices integration architecture

## Accelerate speed to market

A flexible product catalogue and multi tenancy capabilities mean CSPs can test new ideas and introduce new offerings at speed

## Reduce risk and cost

A SaaS based solution that allows CSPs to start small with the most pressing business problem and scale up with success

## Better serve customers

Brings organizations closer to their customers with a single data model and 360 degree view, giving customers improved visibility and support

# Beyond the complexity

Most CSPs are well aware of the B2B opportunity ahead, and are all too familiar with its inherent challenges, but up to now, they've had a hard time operationalizing a strategy.

However, time is running out. With 5G on the horizon, McKinsey predicts that network-related capital expenditures will have to increase by 60% from 2020 through 2025, roughly doubling the total cost of ownership in that period.

Without swift action, CSPs will almost certainly fall behind while OTT and tech players will do everything in their power to dominate the B2B space.

So, the time for CSPs to streamline, refocus and reinvent is now.

Start by defining the winning strategy that will help you focus on where the new revenue will come from, and accelerate your speed to market and frequency of launches. By harnessing a platform-based ecosystem of partners, you can remove internal silos, leverage your existing assets for a better return on investments, get closer to your customers and seize the B2B opportunity that awaits.

**We can help you get there.**

**CONTACT US**

**BOOK A DEMO**



# About BearingPoint//Beyond

BearingPoint//Beyond helps organizations reinvent their business model and achieve growth through innovation. Our SaaS digital business platform solution provides CSPs with the start-up advantage to capitalize on Cloud, IoT, 5G and AI and move rapidly from ideas to concept to revenue, with minimum risk and cost. Based on opensource, open APIs and the award-winning Infonova software, the platform enables you to build connections between systems and partners, better serve your customers, and become more agile in the face of digital disruption.

We serve customers across Asia-Pacific, Europe, Africa and the Americas, spanning industries from telecommunications, media and entertainment, to tech and IT, financial, and automotive.

BearingPoint//Beyond is part of BearingPoint, an independent management and technology consultancy with European roots and a global reach. A worldwide consulting network with more than 10,000 people, BearingPoint supports the world's leading companies and organizations in over 75 countries, engaging them to achieve measurable and sustainable success.

**For more information about BearingPoint//Beyond  
and how we can help transform your business, get in touch with us.  
[www.bearingpointbeyond.com](http://www.bearingpointbeyond.com)**

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