

SHOULD TELCOS BECOME MORE LIKE AMAZON?

An integration and automation perspective



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PREFACE

As Telco executives explore new services and roles for their business in today's dynamic digital ecosystems, the point of reference when setting strategic priorities and considering the competitive landscape is increasingly shifting to global service providers in the cloud computing space.

But how far should this be taken? Does it make sense for a traditional Telco to aspire to become the next Amazon, Google or Microsoft? If not, what can be learned from players such as these to help transform a traditional Telco business to compete and cooperate with others in the new and different ways now required?

These questions and others are explored in the remainder of this paper, with a particular emphasis on what's needed from an integration and automation perspective to fully exploit opportunities stemming from 5G and other important market developments.

KEY POINTS

Telcos need to learn from global cloud players, but not become like them

- 01 Global cloud service providers play a central role in today's dynamic digital ecosystems, and demonstrate how success is driven by an ability to move and change quickly, and partner effectively. The trick for Telcos is to learn from them selectively, while continuing to differentiate.

The key lessons are concerned with modern delivery approaches

- 02 While scalability, resilience and QoS remain paramount in the context of core infrastructure, with a continuing reliance on a traditional hard-core engineering approach, more agile and iterative delivery is required to compete successfully with many newer digital services.

Joined-up, automated and intelligent processes are key

- 03 Companies like Amazon could not operate at such huge scale in collaboration with partners to deliver a rich yet hands-off customer experience without intelligent end-to-end automation. The right mix of AI-enhanced automation approaches allows Telcos to achieve the same.

A mindset shift may be required to focus on business-enablement

- 04 Spend on process automation has historically been motivated by the need to drive efficiency and reduce costs, but this is changing rapidly. If you haven't done so already, now is the time to include top-line benefits when planning and assessing potential investments in this area.

It's important to be up to speed on the 'art of the possible'

- 05 While AI-hype can be a distraction, the use of machine-learning in a process automation context is now well-proven and can be genuinely transformational. Even if you are familiar with the key concepts, it's often still worth speaking with vendors about emerging ideas and use cases.

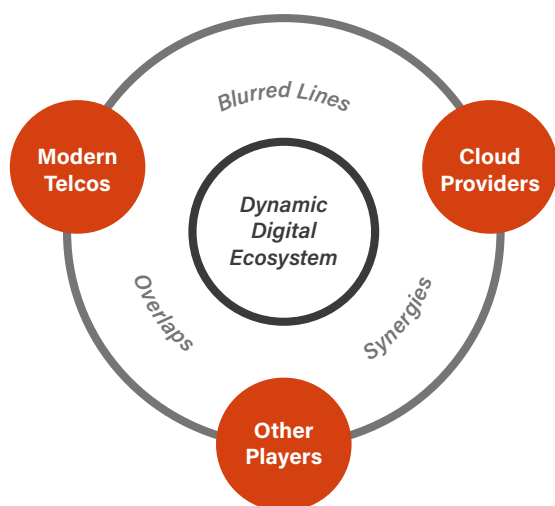
THE TELCO 'PURPOSE AND RELEVANCE' DEBATE

Some say that Telcos should focus purely on connectivity and leave higher-value services to cloud providers and content companies. Others take the opposite view that communications services are integral to pretty much everything in today's digital world, so telecoms companies should aim to compete with cloud providers head on. Taking this logic a step further, it's not uncommon to hear the opinion that Telcos should aspire to become more like global cloud players such as Amazon, Microsoft and Google.

But does it make sense for Telcos to even try to emulate companies like these? The big names in this space typically entered the cloud market with a global perspective and a consistent, open, software-defined infrastructure from the outset. That's quite different to most Telcos who have a long history - for good reason - of building and optimizing discrete systems and processes tuned to the requirements of specific markets, products and business functions. While steps have been taken to harmonize and rationalize, not least in relation to 5G, you can't 'magic away' decades of heritage. But nor should you try to.

Telcos are good at many of the things global cloud providers are still struggling with - local market insights, presence and credibility, knowledge of how to build genuinely 'bullet-proof' services, comfort dealing with complex regulation, and incumbency across many different customer segments. Plus they can deal with many aspects of security, QoS, and other fundamentals in a fully embedded and seamless manner at the network level.

And let's not forget that 5G networks are designed to allow processing at the network-edge, e.g. by utilizing compute installed in radio base stations. This opens up huge possibilities, and not just in relation to next-generation mobile services. Unique opportunities now exist for mobile providers in areas ranging from commercial IoT services to enabling smart public infrastructure.



With this in mind, Telco's can certainly learn from companies like Amazon by examining some of the things they do to drive success, but this needs to be done thoughtfully and selectively. The overriding objective is for Telcos to co-exist with global cloud providers and others, while playing to their own strengths. And the framework within which this needs to happen is the highly dynamic digital ecosystem, where this afternoon's supplier can be tomorrow's partner, and vice versa. Success in this environment dictates levels of openness, agility and interdependency that challenge the traditional Telco model and mindset.



Key Takeaways

- Telcos are good at many of the things global cloud players still struggle with.
- The aim is to co-exist with global cloud players, while playing to Telco strengths.

LEARNING FROM OTHER ECOSYSTEM PLAYERS

While there's no doubt that companies with a traditional Telco heritage can teach some cloud players a thing or two about resilience, performance, QoS and so on, the reverse is also true. Something that all of the global cloud providers have in common, for example, is the institutionalized use of modern delivery methods. This is also key to longer-term Telco success.

Keys to sustainable success

Exploiting the digital ecosystem opportunity



Why is this the case? It's because some traditional Telco traits and habits can become an impediment when trying to extend your portfolio and leverage partnership synergies. The engineering-centric approach in which nothing can be brought to market until it's close to perfection with 'dial-tone' levels of availability and resilience is neither viable nor necessary in relation to many digital services. Rightly or wrongly, the 'good enough' principle prevails in most cloud environments, with an expectation that once a 'minimum viable product' has been launched, it will be extended and enhanced on a continuous basis thereafter, based on results and user feedback.

Embracing this kind of approach, e.g. through the use of Agile software development, DevOps and continuous delivery, can be jarring if you have grown up in a Telco environment. It's therefore not unusual for engineering, delivery and operations staff to rail against it. But as 5G efforts in particular are demonstrating, modern platforms and methods make working in this way perfectly possible, even at scale in a highly regulated environment.

Modern delivery methods



The word 'intelligent' on this graphic is important as we shall see.

Another important aspect of modern delivery is effective integration and automation, especially given the interconnected nature of today's service and process landscape. Modern techniques and solutions in this space move beyond just efficiency and cost saving. They are increasingly used to enable the kind of speed, responsiveness and agility needed to meet customer expectations, deliver new and innovative services, and work with partners in a flexible and frictionless manner.



Key Takeaways

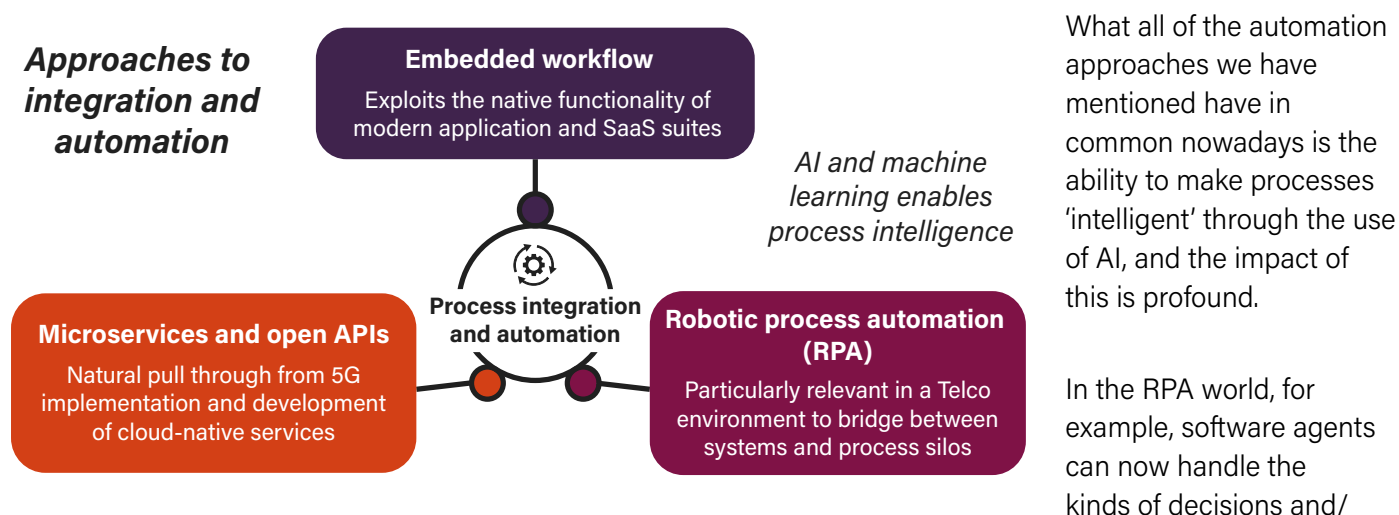
- Traditional approaches can undermine competitiveness.
- Modern delivery methods have to become an integral part of the way you innovate, deliver and partner.

FOCUS ON JOINED-UP, AUTOMATED AND INTELLIGENT PROCESSES

Taking Amazon as a familiar point of reference, it could not operate at such huge scale in collaboration with partners to deliver a rich yet hands-off customer experience without full integration and intelligent automation across its entire business. Telcos can aspire to emulate this, but for practical reasons a mix of automation approaches will be required.

At the simplest level, you can take advantage of workflow embedded in business applications, and this can be a driver for modernization in areas such as marketing automation, CRM, ERP, field operations and the like. As you continue to invest in 5G and brand new services built from the ground up in a cloud-native manner, it will of course be natural to exploit microservices architectures and open APIs.

Given the history behind most established Telcos, there's then the question of how best to integrate and automate across existing system and process silos, e.g. those that exist at OpCo, product or business group level. Traditional batch-based data exchange or custom integration is an option here, but a better one in many cases is robotic process automation (RPA). This allows seamless and scalable integration and automation across disparate application environments, often without the need to modify underlying systems.



or customer interactions that have traditionally depended on humans. Spawning such agents many times over enables activities requiring 'judgment calls' to be scaled in ways that were previously impossible or prohibitively expensive. Whether it's time to market for new services, optimizing the customer lifecycle, or streamlining operational aspects of the business, the possibilities for boosting business performance are wide and varied.

Key Takeaways



- Companies like Amazon illustrate the need for advanced automation.
- Automation across silos is particularly required in a Telco environment.
- AI and machine learning now enable intelligent automated processes to be defined and implemented at scale.

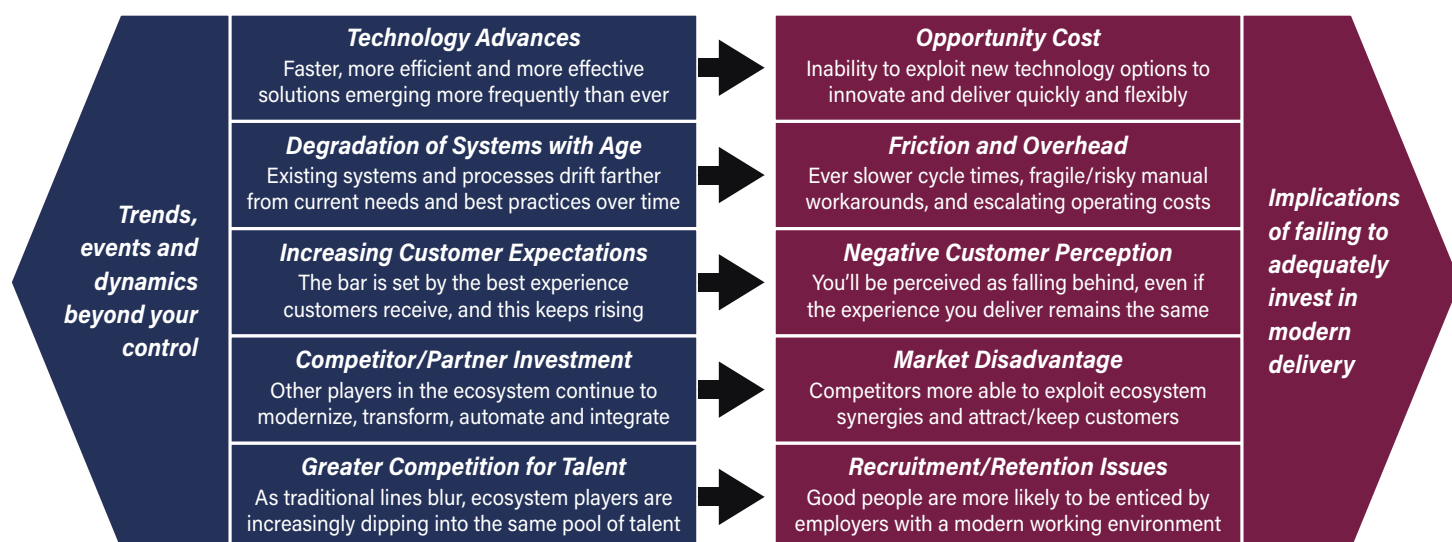
SHIFTING TO A BUSINESS-ENABLEMENT MINDSET

With a heritage of structuring so many parts of the business as highly optimized silos of operation, most established Telcos have been on a rationalization and harmonization journey over the past decade or so. Mostly, however, this has been motivated by the need to drive efficiency, increase the level of reuse and repeatability, and take cost out of the equation wherever possible. To date, shareholders have been happy with this approach, and incremental reductions in operating expenses have been applauded as progress has occurred.

But the game is changing, and very rapidly. You are now operating in the same space as those global cloud providers that have seamless and automated operation deeply embedded in their DNA. The inescapable upshot is that the levels to which modern delivery methods and intelligent automation are embraced directly determines competitiveness in today's digital ecosystem.

In line with this, as illustrated in the graphic below, standing still or doing the minimum mandated by 5G means falling behind, which can in turn translate to a significant opportunity cost.

The impact of underinvestment



Against this background, if you haven't done so already, now is the time to include top-line and competitive impacts when considering and prioritizing potential investments and making decisions in relation to modern delivery and intelligent automation.



Key Takeaways

- Shareholders have been happy with incremental cost savings from automation, but the game is changing rapidly.
- Standing still or doing the minimum required for 5G means falling behind.

ADVICE TO TELCO BUSINESS LEADERS

Our thesis in this short document is that it doesn't make sense for traditional Telcos to aspire to become the next Amazon, Google or Microsoft, but it is essential to take lessons from such companies on what it takes to operate effectively within a modern digital ecosystem.

As part of this, you can learn from the way global cloud providers and other successful cloud players exploit modern delivery methods, including intelligent automation, to create agility, openness and high-scale efficiency throughout their business.

Capabilities here are critical as you look beyond traditional KPIs such as ARPU, customer satisfaction and churn. While managing these remains important, different metrics come into play as your business diversifies and services become more complex and collaborative. Looking to the future, lead indicators such as partner and developer satisfaction will play more of a role, as will tracking and optimizing margins at a service, customer and account level and when multiple parties are taking their cut.

In this respect, it's not just the execution benefits of modern delivery and advanced automation that matter, but the increased business visibility that's yielded along the way. And imagine what can be achieved if intelligent processes can make automated decisions on-the-fly based on live data in line with the metrics that are important to you.

So what does all this mean in practice for someone in a Telco leadership role? One challenge here is that it's easy to talk about embracing modern approaches, but it's not always obvious how this can be done in a highly demanding, complex and regulated Telco environment. Experienced executives are often and understandably wary, for example, of claims that entrenched business practices relying on silo-based systems and data can be transformed into the kind of joined-up, intelligent processes we have discussed - at least without needing lots of integration cost and effort.

The good news is that IT vendors in this space are generally more than willing to talk you through the practicalities and provide examples of the solutions in action. Take advantage of this to bring yourself up to date, fill gaps in your knowledge, and help you generate ideas or reconsider familiar problems in new and different ways.

Even if you have experience of RPA, for example, you might be surprised at how AI is transforming what can be done with it. Related to this are concepts such as scaling the use of intelligent software agents to create a 'digital workforce.' Ideas like this can transform the way you think about digitizing processes on both the business and operations sides of the organization.

With that, we hope our whirlwind review of advancements in modern delivery has been useful, and wish you well as you look to take your business forward into the next era of Telco evolution.



Key Takeaway

- Imagine what can be achieved if intelligent processes are able to make automated decisions in line with your priorities.

FINAL TIPS:

1. Study the behavior of global cloud service providers
2. Learn about recent technology advances from IT suppliers
3. Focus on the top-line as well as bottom-line impact

ABOUT US

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