

comviva

THE NEXT DIGITAL RUSH

Welcome to the > **Next Digital Rush**

Enabled by 5G deployments, increased cloud adoption, and higher uptake of AI, Metaverse & Edge, the telecom industry is entering into an era of accelerated change.

Welcome to the “Next Digital Rush” – The next wave of business value creation will be driven by new waves of technology, new ways of working and new ways of engaging with customers, creating unprecedented change, opportunity and threat.

Service providers have sailed through various transformations in the past and came out much stronger than ever before. Even today, CSPs that reimagine the customer experience, restructure their business model, and rethink the technology foundation are most likely to capture the burgeoning next digital wave.

Contents

EXECUTIVE SUMMARY	04
THE NEXT DIGITAL RUSH IS HERE: CSPS must think beyond connectivity to capture it	06
THREE APPROACHES TO MINING GOLD FROM THE DIGITAL RUSH	07
QUICK TAKE: The anatomy of a modern BSS	13
UNLOCKING THE MODERN BSS	14
STARTING TODAY: From a traditional to modern CSP	18
METHODOLOGY AND DEMOGRAPHICS	20

Executive Summary

The new realities of the post-COVID world – breakneck time to market, creating new revenue growth opportunities, simplifying business complexities, and providing meaningful and personalized experiences – are forming the basis of the next digital rush.

Key findings include:

Diversify to amplify

as competition intensifies and margins get tighter, **80%** of CSPs believe in diversifying their business to amplify growth and aim at generating **25%** of revenue from new business service models in the next three years.

B2B - The next engine of growth

as telcos continue to move beyond connectivity, there is a favourable shift from consumer to enterprise business, with **62%** of CSPs banking on the enterprise segment to unlock future growth.

Speed is the new currency

with **78%** of CSPs considering it as a top business priority. The days of CSPs' relentless focus on reducing costs for operational growth are over. Time-to-everything matters more than any other strategic imperative.

Customer experience

is the new battleground of business success, with **72%** of CSPs planning to double down on customer experience (B2B and B2C) to win today's and tomorrow's customers.

The path to true transformation for telcos goes through BSS

and that's where most CSPs (**63%**) get stuck. As a result, **59%** plan to modernise their BSS to support new business service models in the next 12 months.

As lines between industries are increasingly blurring, CSPs must move beyond the traditional connectivity-driven products and services, and **foray into adjacent industries** to capitalize on new opportunities.



OUTSIDE-IN

UNLOCKING THE NEXT DIGITAL RUSH

INSIDE-OUT



Accelerate time-to-market with more innovative products, services and use-cases and offer **more choices** and **flexibility** to consumers and enterprise customers to deliver a **superior experience** across all touchpoints.

The Next Digital Rush is Here

CSPs Must Think Beyond Connectivity to Capture It

As connectivity is being treated more like a utility, it is becoming increasingly difficult for CSPs to differentiate themselves in the market, as 73% of companies agreed. This means shifting business focus from the fringe of the network into the center of the customer experience. That's why 80% of service providers plan to diversify their business and estimate that 25% of their revenue will come from new digital business service models in the next three years.

DIVERSIFY TO AMPLIFY GROWTH

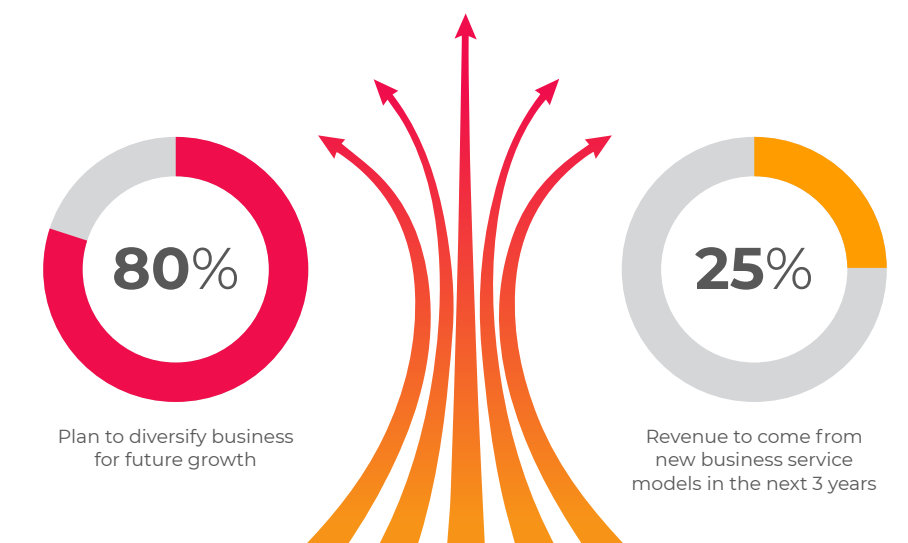


FIGURE 1 *Source: Comviva Research Centre*

We want to really up our game. Telcos need to move out of the traditional telco model and move up the value chain because they have been and continue to face significant competition from OTT (over the top) players, such as Google and Facebook, which are reaping all the benefits of an increasingly digitised world without paying a cent in the connectivity part of the equation.

Hatem Dowidar, CEO of Etisalat, recently to CNBC

Three approaches to **Mining Gold** from the Digital Rush

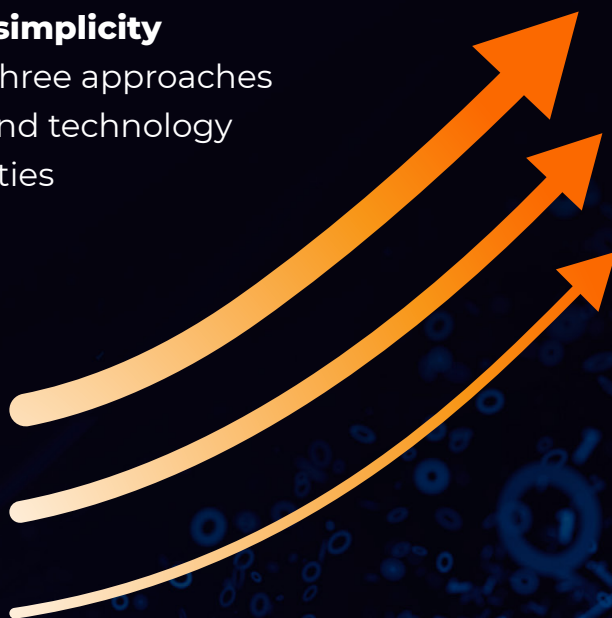
Source: Comviva Research Centre

**Flexibility,
scalability and simplicity**
are at the heart of the three approaches
to reduce business and technology
complexities

Prioritizing data monetization
for new business, revenue
growth opportunities

Being relevant to B2B customers
by creating new and innovative
use cases

Accelerating personalized
customer experience to win
today's and tomorrow's customers



01

B2B: A beacon for new revenue growth

CSPs have hit a roadblock and realised that they can't go too far, relying on their B2C segment. With saturating mobile offerings, competitive pricing, and the new tech giants disrupting the ecosystem, CSPs are clear that they need to capture the enterprise opportunity to keep up with their ambition of radical growth. Our research finds that 62% of executives are bullish on the enterprise business for new revenue growth (see figure 2).

To unlock new growth opportunities, CSPs must do three things: open up their networks, monetize data, and be open to partnerships. Opening up networks will allow other companies to develop and launch new services and applications, driving innovation and growth. Monetizing data will help CSPs to generate new revenue streams from the vast amount of data they collect. And finally, CSPs must partner with companies that can help them make the most of their data assets by creating new products and services. They must evolve from a connectivity-oriented mindset to a solution-oriented mindset to be relevant to their current and future customers.

CUSTOMER SEGMENTS WILL DELIVER THE MAXIMUM REVENUE GROWTH IN THE NEXT 3 YEARS

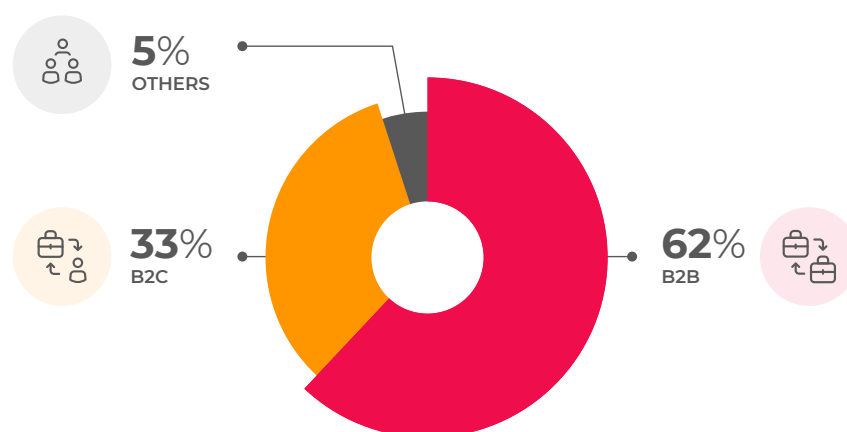


FIGURE 2 Source: Comviva Research Centre

An operations head of a CSP in the United States talked about their strategy of focusing on vertical-specific opportunities: "We are ramping our offerings for enterprises and have identified high-growth markets such as healthcare, financial services and media and technology as the next growth frontier." It will be a journey for telcos and we anticipate CSPs to take multiple approaches - some would become enterprise technology providers, while others serve specific use cases such as AR/ VR. The idea is to create new use cases on top of the connectivity layer.

Telcos must transform their portfolio in alignment with an enterprise' needs for edge computing, premium connectivity and private networks, to create a distinct value proposition and ready to go use cases for different verticals, such as smart factories, smart healthcare, etc. As part of its 'Telco to TechCo' evolution, Vodafone is positioning networking as an enabling foundation for digital business offerings. The company plans to accelerate its efforts to digitise business operations, 'platformise' its core offerings, and work with partners to execute the (long-awaited) promise of network/IT convergence.

02

Speed: The biggest competitive advantage

Market changes that once took decades, now transpire in weeks and months. In a world where speed is king and competition is fierce, new revenue streams will be increasingly generated by those who can move at the speed of light. Therefore, 78% of CSPs aim to accelerate time-to-market for new digital services as a top business priority in the next 12 months (see Figure 3). There is, however, a difference between what CSPs want and their ability to deliver; 68% of companies take 2-6 months or more to bring a new product/service to market.

THE CATCH-22 SPEED MANDATE



FIGURE 3

Speed to market is everything. We know we must move fast, but we are often stuck in organisational silos and slow decision-making. If we don't respond fast to the market and technological changes, we risk facing another decade of decline in business growth.

The Technology Head of a large CSP in Malaysia



Questions leaders must ask themselves

- What does the speed imperative mean to our industry and business?
- How much is the penalty we are already paying by being slow?
- What changes must we make in digital transformation processes, business models and technology infrastructure to respond fast enough to market changes and new developments?

Answers to these questions will set the speed context for the organisation. Speed is an enabler of greater efficiency, productivity and profitability, and to master the burgeoning digital rush, CSPs need to be firm in their mission.

03

Personalized customer experience: The key scaling revenue growth

It's no secret that customer experience is critical for business success in today's digital age. But many CSPs struggle to meet digitally empowered customers' expectations, as agreed by 68% (see Figure 4). They must aim not only to provide network speed, but also to deliver a personalised digital customer experience. CSPs are confident in turning things upside down, as 72% commit to improving customer experience and loyalty in the next 12 months.

IS YOUR CUSTOMER EXPERIENCE FALLING SHORT OF CUSTOMER EXPECTATIONS?

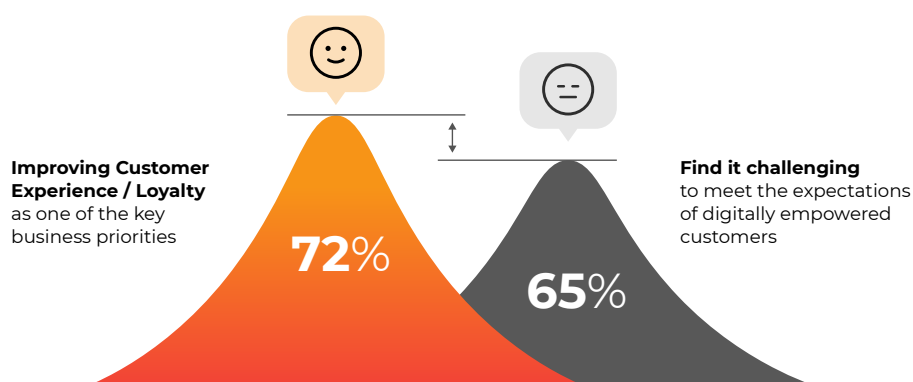


FIGURE 4

This entails simplifying an experience from onboarding and instant provisioning of compelling offers to delivering enhanced self-service and support to resolve queries, subscription renewals, billing actions, and more. How can you make the customer journey simplified?

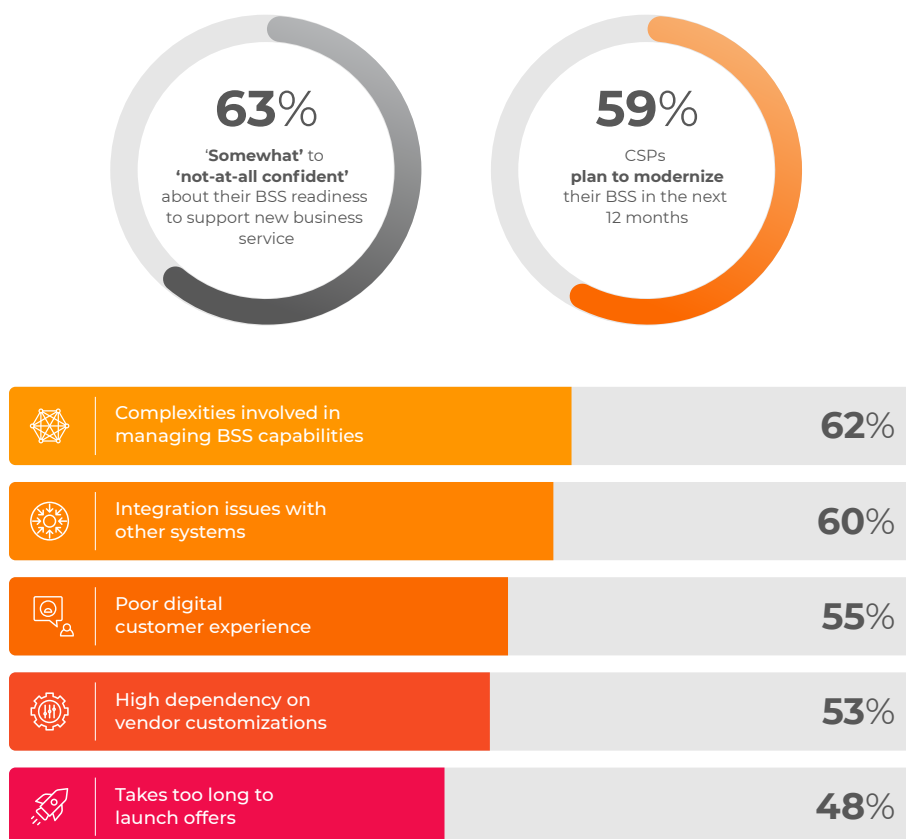
The new digital imperative is clear: Meet your customers on their terms, deliver great experiences anytime and anywhere they choose, and be the first to get there. This requires a deep understanding of the customer journey, as well as the ability to anticipate and solve problems along the way. Design thinking is a powerful tool that can help CSPs achieve this goal. By taking a human-centered approach to problem solving, design thinking helps CSPs clarify customer needs and identify opportunities to improve the customer experience. What's more is that design thinking encourages collaboration between different stakeholders, which is essential for ensuring that the customer journey is smoothly integrated across all touchpoints. With design thinking, CSPs can create a more seamless and satisfying customer experience from start to finish.

Progressive CSPs are already moving ahead. Orange Poland's digital offering, Orange Flex, aims to capture a new customer segment by providing flexibility to consumers. With the new digital offering, consumers download the app, choose their offer, take a picture of their ID, take a selfie, and become Flex customers. It is a contract, billing, and shop-free experience. Customers can leave whenever they wish. With more choices than ever, tremendously low switching costs (especially when they're free), and universal access to new services, it is the experience that makes customers stick.

04

Rethink the business backbone: Modernising BSS for a modern business

CSPs understand the need to gear up for the next digital rush, but they're often stuck with their extensively monolithic BSS infrastructure that's holding them back in their mission to become a TechCo. While 75% of companies agree that their outdated BSS is a hinderance in their future business growth, 68% feel that without BSS modernisation, they will be unable to target new digital business opportunities. CSPs need a BSS that is purpose-driven and has the customer journey at the center, which will help them in streamlining processes and providing a single view of the customer. Moreover, a BSS that is centered on the customer journey will enable CSPs to anticipate needs and provide a more personalized experience, positioning themselves for future growth.

THE PATH TO UNLOCK
THE NEXT DIGITAL RUSH**FIGURE 5** *Source: Comviva Research Centre*

The sobering truth is that most BSS environments are deeply complex, with legacy software requiring extensive updates and testing across interconnected systems. From complexities in managing BSS to integration with other systems to poor digital customer experience, CSPs face several issues with their traditional BSS.

It took us years to develop the system due to countless issues. As a result, we could hardly realise the full benefits of vendor customisations.

The Operations Head of the European CSP

To stay competitive in an ever-changing market, CSPs need a new technology foundation that can support the launch and monetisation of products, and roll out functionalities quickly. As a result, nearly 59% of CSPs plan to modernise their BSS in the next 12. If your ancient BSS is holding you back from future business growth, it's time to modernise it.

Quick Take:

The Anatomy of A Modern BSS

Each modern BSS can do vastly different things, but they all share a similar basic anatomy. CSPs must understand how a modern BSS fundamentally differs from a traditional BSS (see figure 6). Comviva defines a modern BSS as modular with flexible components that can be easily integrated using standard APIs and having a constant architecture that provides the required scalability to CSPs. Three distinguishing characteristics of the modern BSS prepare them for the future: flexibility, scalability, and simplicity. These characteristics are the basis of any transformation program, and CSPs that embrace them and apply them experience a dramatic improvement in their go-to-market strategies.

UNDERSTANDING THE MODERN BSS

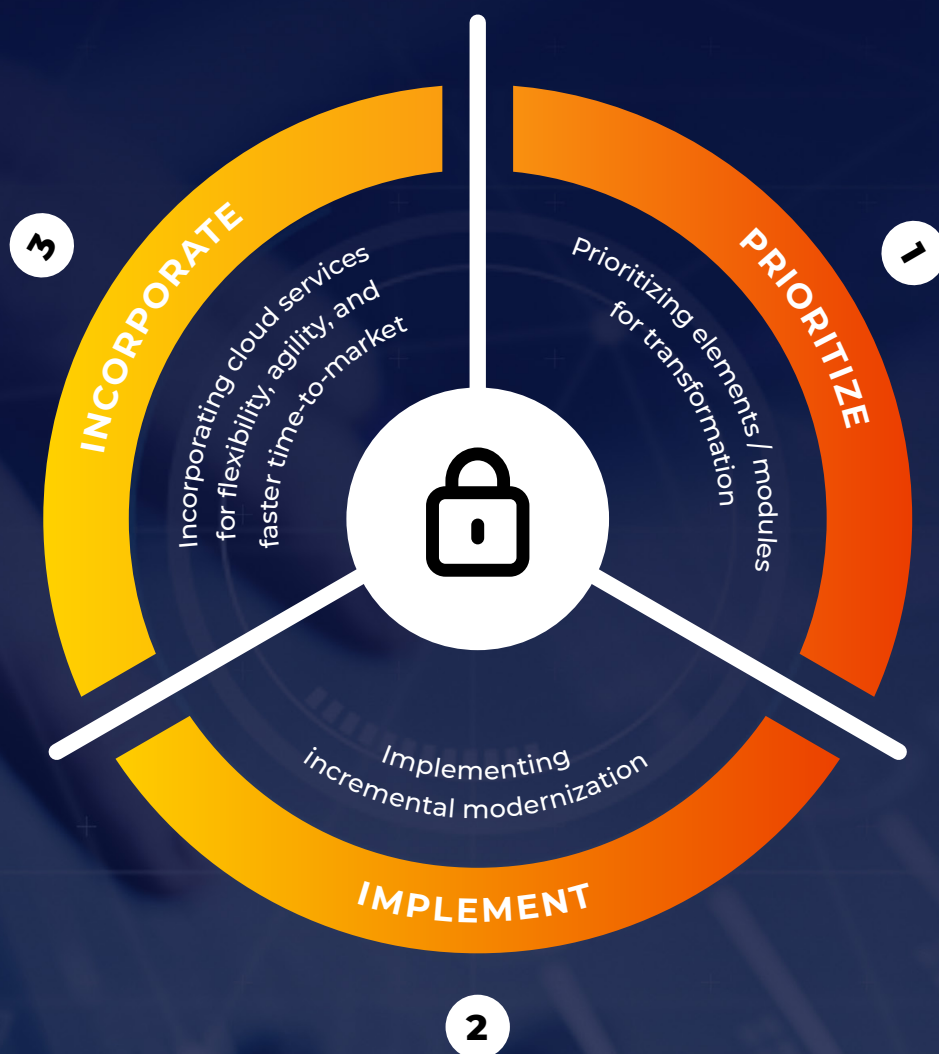
KEY ATTRIBUTE	LEGACY BSS	MODERN BSS
Architecture	Monolithic applications	Modular components according to business requirements and commercial use cases
Scalability	Limited scalability around capacity and API performance	Highly scalable architecture around component architecture
Business Models	Dedicated deployment around a specific, focused business model	Flexible support for additional and Future business models and product Portfolio extensions
Experience	Dedicated client application, mainly for agent based customer interaction, resulting in inconsistent customer experience	Omni- channel customer experience, especially for new digital channels
Deployment	On-premises deployment with dedicated infrastructure and customized integrations	Cloud-based or hybrid deployment also covering requirements for data protection
Process	Manual or batch processes with limited flexibility	Automated process with real time integration and information

FIGURE 6 Source: Comviva Research Centre

Unlocking The Modern BSS

How can CSPs overcome legacy BSS challenges to be more agile, react swiftly to changing market conditions, and provide the best customer experience?

**CSPs are prioritizing
3 key areas for BSS modernization**



Extend but not Rip and Replace

BSS infrastructure is so ingrained, complex, and mission-critical that CSPs often don't dare risk cutting 'Wire X' because they simply don't know what will happen. With this in mind, many CSPs are pursuing a more gradual strategy – investing in smaller-scale infrastructure that runs alongside existing BSS, and slowly migrating customers while delivering the existing experience (see figure 7).

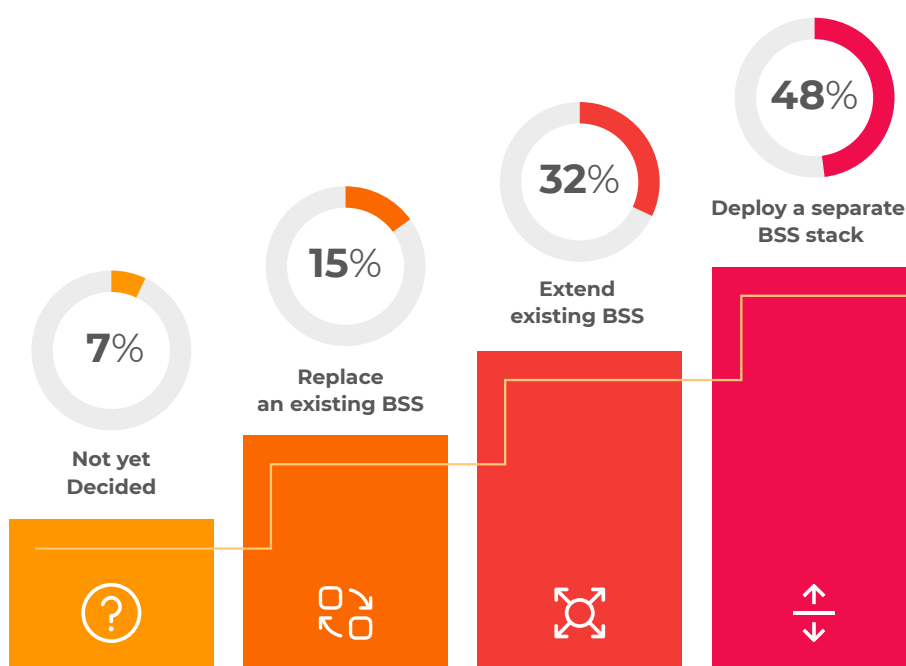


FIGURE 7 Source: Comviva Research Centre

We are building a parallel stack with the in-built capabilities of an ecosystem that can provide additional services such as mobile virtual network enabler (MVNE) for our partners. We'll either adapt modules on top or deploy entirely new stacks depending upon what is needed, helping us innovate faster and test out ideas before migrating any service over to the platform.

Head of Enterprise Architecture for an Asia Pacific operator

An incremental approach to BSS modernisation will enable greater competitiveness, faster time to market, and reduced risk and migration costs, while allowing business as usual for CSPs.

Prioritise BSS elements / components for transformation

Some components need more immediate attention than others (see figure 7). Leaders cited client management as needing the most transformation (78%), followed by product management (62%), partner management (60%), revenue management (55%), and sales management (52%).

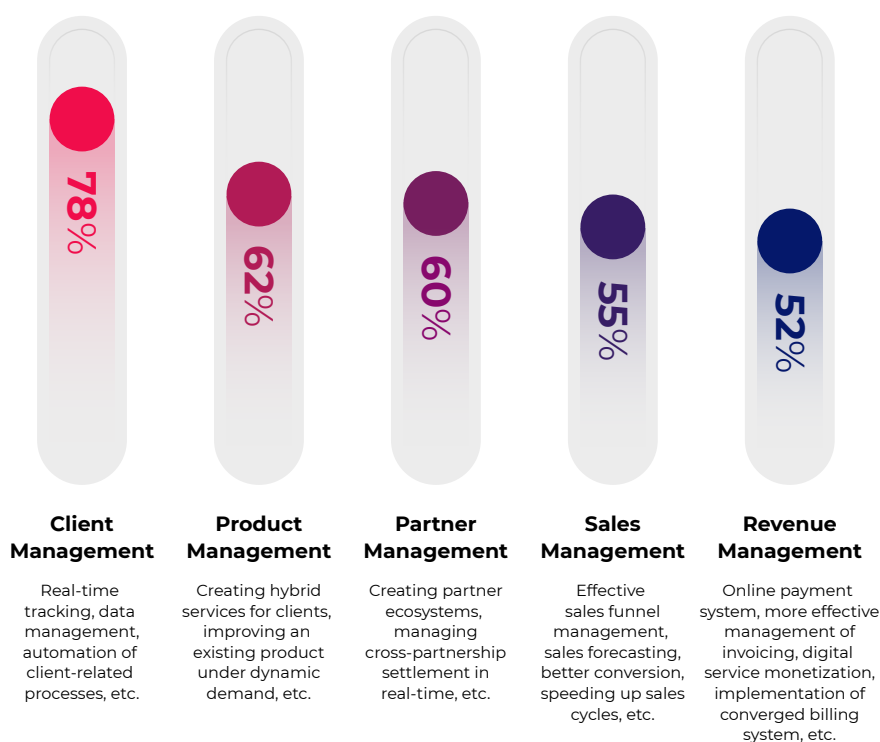


FIGURE 8 *Source: Comviva Research Centre*

Consumers want products and services to flow smoothly into their lives, when and if they need them. This entails a seamless client management experience from onboarding and instant provisioning of compelling offers to delivering enhanced self-service and support to resolve queries, subscription renewals, billing actions, and more.

CSPs with archaic BSS often struggle with providing a seamless payment experience to customers. CSPs need to shift their focus from end-of-cycle billing systems toward real-time ones. Payment is an experience and not just a transaction for customers, as cited by the digital head of a European CSP. By adopting a unified approach to client and revenue management transformation, CSPs can simplify billing and customer service processes, and merge scattered portfolios of products into one place.

Cloud: The genesis of modern BSS

The transition to a cloud-based BSS is already underway. Our research shows that 79% of executives surveyed are more likely to consider a software-as-a-service model for their modern BSS. A cloud-native architecture will help CSPs become more agile and flexible in targeting new opportunities in the digital economy.

The adoption of cloud-native BSS is inevitable.

We understand the shift towards cloud requires new thinking, business models, and ways of working and we're up for this challenge. We have already started migrating revenue management, sales, customer management, marketing, and e-commerce applications to the cloud.

CIO at a South Africa-based CSP



Likely to consider a
software-as-a-service model
for BSS modernization

Starting Today: From Traditional to Modern CSP

CSPs today find themselves at crossroads: they can either tinker around the edges to achieve incremental gains, or make a bold choice to capture the next digital rush by reinventing their business value creation and firmly committing to it. CSPs that seize this moment of change will have a front-row seat for the shift in new business value far into the future. Below are the recommendations to help leaders get started on making the necessary changes for a modern BSS infrastructure:



Pick your **new business services battleground** smartly

How do you want to move beyond being a connectivity provider? Do you want to expand into reselling software & hardware (unified communications, storage, security, etc.), managed services, etc.? Trying to be a jack of all trades and master of none will create further complexity in your BSS infrastructure. It's important to pick your battles smartly when looking to develop new business service models, and modernise your BSS accordingly. These new business service models should help simplify BSS modernisation and not add complexity woes.



Innovate with **partnerships**

Partner ecosystems will become increasingly important in future business growth, as agreed by 70% of respondents. For CSPs to deliver new and emerging use cases, partnerships with cloud providers, hardware and software providers, other industry players (insurance, banking, retail, etc.) and even other CSPs are needed. Some have already moved ahead. Telekom Malaysia is working with Telefónica Tech, an ICT services division of Telefónica, to develop a global cybersecurity strategy for the Malaysian market.



Be fast, not furious.

While it's true that CSPs need to match the speed of change in the marketplace, mimicking the infrastructure of digital unicorns is a recipe for disaster. With their roots in the industrial era and very different end goals from digital natives, traditional businesses need to set their own pace for BSS transformation. Undoubtedly, CSPs need to transition from being connectivity leaders to commanding as digital service providers. However, the goal should not be to become like them, but to find their true direction.



Adopt a new mindset for BSS: From business-serving to business-changing

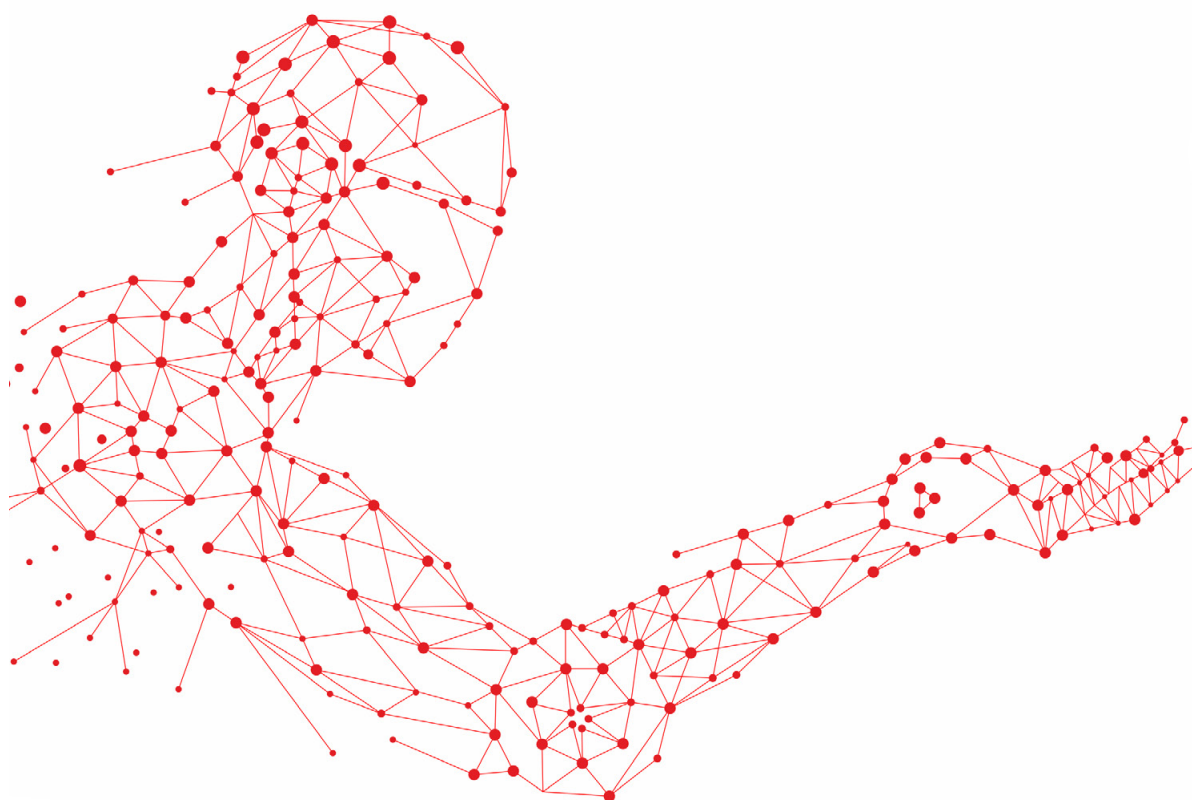
As business priorities quickly shift, so must the priorities and role of BSS in organisations. CSPs need new metrics to assess whether the overall business is becoming more innovative with a modern BSS. Many existing KPIs are still focused on downtime, response time, etc. To succeed in the digital economy, BSS metrics should be focused on customer acquisition and retention, discovering new business value, and enabling business agility and innovation.

Methodology and Demographics

Comviva commissioned **Curious Insights**, an independent global market research firm, to conduct an online panel survey with 75 senior IT and business executives at CSPs around the globe. The sample was distributed across North America, Europe, the Middle East, Africa, and the Asia Pacific. In addition to the quantitative survey, Curious Insights conducted five in-depth interviews with CSP executives. The resulting insights offer a variety of perspectives on BSS modernisation.

About Comviva's Research Centre

Comviva's Research Centre examines current and future trends that will shape the future of the telecom industry. The Centre provides thought-provoking research and analysis of business and technology trends and dynamics, and collaborates with a wide range of business, technology, and academic thinkers regarding what the future of telecom will look like as technology changes every aspect of the industry.





About Comviva

Comviva is changing the world through digital experiences. Our innovative portfolio of digital solutions and platforms brings greater choice, faster time to market, and flexibility to meet our customers' evolving needs better as they drive growth, transform, and bring efficiency. From maximizing customer lifetime value to enabling large-scale digital transformation, we partner globally with communications and financial industry organizations to solve problems fast and transform for tomorrow. Comviva solutions have been deployed by over 130 Communication Services Providers and Financial Institutions in more than 90 countries. They have delivered the benefits of digital and mobility to billions of people around the world.

For more information, visit us at www.comviva.com



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