

4 strategic priorities for African telco operators in 2020

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African telco operators face a landmark five-year period as they strive to reimagine their business models and build new capabilities that will ensure their future success.



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Currently, non-traditional market entrants are putting pressure on telco operators' profit margins, forcing them to look at ways of quickly delivering new services to meet customer demands.

The introduction of telco operator-enabled IoT networks and the upcoming rollout of 5G is also creating a new battleground for connecting a sensor-based world. The potential benefits to telco operators for 5G rollout are immense: total revenue from 5G is expected to reach \$1.6tn by 2026, while the revenue opportunity for telco operators to use 5G to address industry digitisation is as much as \$582bn

However, to unlock this, telco operators will need to reimagine their business models: 72% of 5G growth potential requires operating model transformation.

The key to success in the experience economy is building intelligent enterprise capabilities that connect experiences with operations, and operations with data to guide business decisions.

An intelligent enterprise collects insights from customers, employees, products and brands at every touchpoint, and uses powerful technologies to sense opportunities, risks and trends before turning this intelligence into action.

In the year ahead, telco operators need to transform their business models by changing focus from products to customer-centric experiences. It's vital that they start closing the gap between insights and actions by listening and adapting to customer needs while operating on a single intelligent experience platform.

Once telco operators can anticipate and deliver on the needs of customers, they can start transforming their generic sell-to and sell-through business models into an ecosystem approach that can build success in markets other than traditional connectivity.

In light of this, telco operators need to look at four key priority areas for 2020 and beyond, namely:

1. Putting the customer first

Customers that have become accustomed to the digital experience provided by Internet companies are expecting the same of their telco service providers. By 2025, successful telcos will gain and retain customers by providing proactive digital customer experiences across all touch points, delivering tailored solutions and services to consumers and enterprises.

To get there, telcos need to enable automation and high levels of personalisation to improve customer experiences at the right cost, using tools like chatbots and machine learning technologies. By developing a deep understanding of customer behaviour, telcos can transform their businesses by expanding in adjacent industries and markets while adopting new business models.

2. Fostering operational excellence

Over the past decade, average revenue growth among telco operators has been slowing down as over-the-top (OTT) providers and other disruptors put pressure on traditional revenue streams. Telcos are now faced with huge capital expenditure from the rollout of 5G infrastructure at a time when operational expenses are increasing. In the past, telcos have faced high maintenance costs and low return on investment along the asset lifecycle, mostly due to broken processes and inconsistent or inaccurate data. The 5G requirement will only add further pressure.

The introduction of digital twin technology brings greater visibility of contingent workers, equipment, network sites, spare parts and cables to equipment providers, maintenance contractors and tower owners. This opens the door to an operating model that enables greater sharing and collaboration.

And with new technologies for managing connected assets, telcos can streamline infrastructure operations by creating a digital representation of the network sites in the cloud, giving them granular data over the financial and operating performance of individual towers and other assets.

3. Diversifying revenue streams

Telco operators are under no illusion that basic communication services - 'connectivity only' - is the future of their business success. Telcos need to elevate their position in the value chain by going beyond just a 'dumb pipe' business model.

By 2025, the most successful telcos will transform into digital life providers, data brokers, digital transformation enablers and cloud service providers.

To get there, telco operators need to optimise new revenue streams targeting consumers and enterprises. Mergers and acquisitions will extend their capabilities and unlock new markets or geographies, but it's important that telcos have a digital core that can seamlessly integrate new service offerings without affecting the customer experience.

An ecosystem model that enables telcos to adopt, enable and retain digital partners and their innovations will open up telcos' own strengths and capabilities to the ecosystem to create a powerful collaborative approach to the market.

4. Enabling intelligent connectivity

Faced with steep infrastructure costs and uncertainty over how to maximise return on investment into 5G technology, telcos need to carefully consider the business case for 5G. In these early days, the key is to operate 5G networks as efficiently as possible while maximising revenue potential from new features made possible by this next-generation technology. A combination of the intelligent enterprise model and the telco industry's intelligent connectivity provides the clearest path to new business models and revenue streams for 5G.

By 2025, telcos could become leading enablers of the intelligent enterprise for other industries, with networks becoming smarter, more virtual and closer to zero-latency. Telcos will use new technologies to anticipate congestion, predict failures and even self-heal.

The key to achieving this is to start optimising infrastructure management now. Predictive models that minimise equipment downtime and improve network performance can be enabled by developing a single, holistic view of real-time, repeatable and pre-emptive insights.

We may also see new models of co-innovation around 5G, bringing various role-players into a collaborative coalition that accelerates innovation around edge computing, smart cities and other value drivers enabled by 5G.

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