

BEING RESILIENT

BOLD TELCOS
WILL LEAP
AHEAD IN
2020

Infosys®
Navigate your next



Telco revenues are under constant pressure just as demand for connectivity has risen astronomically due to COVID-19 restrictions. Network traffic — including video, entertainment and shopping — has consumed network capacity like never before, with levels spiking anywhere from 50% to 100%.¹

In the UK, BT claims that fixed network traffic has climbed as much as 60% during March 2020. There has also been a 700% increase in the number of videoconferencing apps globally.² Zoom Video stock, for one, has gained roughly 17% since February 19 as people turn homes into offices.³

Yet, while consumer and residential demand peaks, business demand is falling as central business, commercial and industrial districts go dark — either because employees are working from home or businesses are shuttering entirely. In April 2020, research firm Analysys Mason predicted that telco revenue will decline by 3.4% in 2020 as a result.⁴

The fact is, most business usage has now moved to residential, earning

lower margins for telcos through consumer broadband contracts. And while Analysys Mason sees a modest return to growth of 0.8% in 2021,⁵ this will be driven more by consumer, not business, demand.

Rather than wallowing, however, telcos should see the situation as a great opportunity. Clearly now positioned as an essential service, bold telecom operators can make great strides forward by connecting businesses large and small and helping them engage with their customers in ways they may not have attempted before.

A window of opportunity

Corporate productivity is now more closely tied than ever to the ability of networks to connect with business applications and collaboration technologies.

By wiring up people to machines and applications, telcos can become the quiet force in everything from business operations to client calls and boardroom meetings.

With critical connectivity as an asset, telcos everywhere must work quickly. They have a very small window of opportunity to shore up long-term revenues, win customer trust and provide value-added services to businesses both small and large. The ability for network resiliency and flexibility will be a crucial part of this new paradigm. As things settle, telcos' reputation for helping millions of businesses work through the storm will ensure the long-term viability of their business model. It will also put them in a position to compete with nimble digital natives across finance, high tech and health care industries.

By wiring up people to machines and applications, telcos can become the quiet force in remote business operations

As part of this strategy, there are two segments of the workforce that telcos can go after:



New market potential

First, there are those SMBs and home offices that haven't always required ultrafast, always-on connectivity. Most have been able to operate with current levels of latency, speed and supply. Health care specialists, fitness instructors, schools, doctors and solicitors all fall into this category. Telcos are in a prime position to offer this segment a broader range of business packaged services, including connection to business applications and a suite of collaboration products. They can also offer data and privacy services while making this available anywhere and at any time. If they get this strategy right, telcos won't just provide connectivity to businesses but will also open up long-term revenue streams to a large part of the SMB and small office/home office market.

With connectivity as a bargaining chip, telcos can broaden their offerings by establishing commercial constructs and partnerships. It might be that Verizon or T-Mobile, for example, decide to team up with mobile payments, videoconferencing and social forum cloud providers to provide fitness instructors a flat-fee subscription for a bundle offering. This will simplify the offering for each business client and bring a complete solution that enables the business to operate without limitations.



Solving business pain points

Second, as remote working becomes the prevalent option to operate differently, workers will familiarize themselves with a range of digital tools and collaboration technologies. Businesses will invariably question the need for the premium levels of connectivity and real estate used today. Of course, this will depend on business connectivity demand revival patterns, but if workers spend much of their time working from non-office locations over the next few years, paying for office high-speed fiber connectivity and real estate just won't make sense.

Telcos can offer wide-scale business broadband to employee's homes, with reduced rates for on premises locations

This is both a challenge and an opportunity for telcos. Though for many this isn't a new concept, given that numerous corporates have progressed to working from dispersed locations, implementing it at scale definitely is. Providers that think carefully will keep an ear to the ground, sensing the social zeitgeist and offering new commercial or service propositions that combine product, solution and service on a case-by-case basis. It might be that an offering that includes wide-scale business broadband to the homes of a firm's 20,000 employees makes sense, with further connectivity on premises at a reduced rate. Some telcos have already made a tentative step into this area, building "secure borderless workspaces" that offer comprehensive solutions, including unified communication packages and VPN capabilities, while providing advice on how to set up and troubleshoot home office products.

Helping the government

All of this will influence the timing of 5G rollouts and other infrastructure investments, many of which are currently on hold as the lockdown continues. Analysys Mason predicts that major infrastructure changes will be postponed until at least 2021,⁶ though some of the big players such as Verizon and AT&T are proceeding ahead with pre-COVID road maps. Business strategy will also affect how much extra capacity telcos will have for helping governments through the crisis. This is an important factor. There is a prominent role that telcos can play in mobile and data tracking to support health care and virus contact tracing. Many have already taken steps. Telefónica and Vodafone are using anonymized big data to track the movement of people in Spain, predicting where the virus will spread to next. Vodafone is also sending public health alerts to 1.3 million users in the Czech Republic through an emergency app, Zachranka, and Google and Apple will be launching similar features in the near future.⁷ Others can do the same. If telcos get this right, customers will reward their zeal and governments will be more willing to help them if another crisis paralyzes the market.

The changing face of call centers

Telcos can also make more ground in call center operations around the world. They have already been able to provide a good level of service to most businesses and now have first-hand experience of how geographically dispersed operations can hum along quite happily without the need for centralized locations. To make even more of an impact, even with today's

networks, telcos can offer optimized collaboration tools and call center applications. As the new normal moves from office locations to homes around the world, telcos can further shore up revenues by providing always-on connectivity along with secure tools and applications coupled with a managed service offering.

The digital workplace — anywhere, anytime and always on, at scale

Overall, and because of the uncertainty and speed at which life is changing on a daily basis, telcos will have to reframe themselves as providers of solutions that are made available “anywhere, anytime and always on, at scale,” much in the same way that cloud service providers such as AWS guarantee cloud service uptime. This is especially true of offerings sold to SMBs, which can use these packaged telco offerings to maintain business operations 24-7-365. In this model, end users learn, buy, use and pay for services all in the same digital shop front. Employees of the client will be able to build, sell, deliver, operate and serve products in much the same way.

For this to work, telcos must make investments to ensure connectivity is the focal point for any service delivered from point A to point B. It will also be important to treat all sorts of traffic in much the same way. For instance, video streaming, gaming and business conferencing will all have equal bandwidth and quality, though firms can also sign up for services where business video and collaboration (or other special occasions) are front of queue.

Business operations are changing. The axis has tilted toward remote

working, and bundled packages built upon a foundation of always-on connectivity will become ever more popular. Telcos that jump through the window of opportunity can gain market share while offering tailored service propositions to cash-strapped businesses. Rather than take a beating until the economy rebounds, now is the time for telcos to make hay while it rains, proving that they deserve their new role as humanity's essential utility.

References

1. [Covid-19: EMEA telecoms will prevail, but not completely unscathed](#), April 6, 2020, S&P Global Ratings
2. [Network resilience and telecommunications as essential service during coronavirus \(covid-19\)](#), April 16, 2020, CMS Law-Now
3. [3 tech stocks to buy for April 2020 and beyond](#), Aditya Raghunath, April 5, 2020, The Motley Fool
4. [Covid-19 will lead telecoms revenue to decline by 3.4% in developed markets in 2020](#), Stephen Sale, Rupert Wood and Tom Rebbeck, April 15, 2020, Analysys Mason
5. See Ref 4
6. Ibid
7. [Four methods telco firms are navigating Covid-19](#), April 7, 2020, CG2 Brain

Authors

Anand Santhanam

Vice President - Infosys
AnandS@infosys.com

Shobhit Bhatt

Associate Vice President - Infosys
Shobhit_Bhatt@infosys.com

John Romano

Vice President - Infosys
John.Romano@infosys.com

Brett Ellison

Associate Vice President - Infosys
Brett_Ellison@infosys.com

About Infosys Knowledge Institute

The Infosys Knowledge Institute helps industry leaders develop a deeper understanding of business and technology trends through compelling thought leadership. Our researchers and subject matter experts provide a fact base that aids decision making on critical business and technology issues.

To view our research, visit Infosys Knowledge Institute at infosys.com/IKI

For more information, contact askus@infosys.com



© 2020 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names and such other intellectual property rights mentioned in this document. Except as expressly permitted, neither this documentation nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printing, photocopying, recording or otherwise, without the prior permission of Infosys Limited and/ or any named intellectual property rights holders under this document.