Disrupt. Or be Disrupted.

By: David Walsh

How we communicate is being as disrupted as everything else we do. CSPs have figured this out and are taking advantage of these new opportunities. Those who do not transform and drive the disruption will be obliterated by the digital revolution.

As the pace of global connectivity continues to accelerate, it's time for communications industry leaders to look far beyond their traditional networks and services. They must not only recognize the challenges, but act to leverage the massive opportunities opening up in this increasingly digital world.

Digital disruption is changing how we live, and is revolutionizing nearly every traditional business model. It's creating new companies that rise to billion-dollar valuations and market capitalizations, and crushing longstanding incumbents.

Until CSPs fully understand and engage in the dramatic changes impacting their own enterprise customers, they cannot reinvent themselves to serve and attract the challengers. Instead of flourishing, they will shrink and retreat, unable to create the scale necessary to remain relevant.

This means that CSPs are seeing their previously secure business models being ripped up by challengers, who understand the new dynamics of the digital economy. Change and innovation are creating disequilibrium across both the developed and developing world.

Winners and Losers — the Numbers

Amazon decimated the retail market and reinvented the cloud computing market despite making numerous mistakes along the way. The company tried to compete with Shopify and e-commerce platforms, hotel booking sites, payments platforms, auction services, and smartphone providers. Although it failed at most, it failed fast, learned from its mistakes and pivoted. As a result, Amazon today has a larger market share than its top three competitors combined.

In the hospitality world, Airbnb's pre-IPO valuation is now higher than Hilton, InterContinental

Hotels Group and Hyatt's market cap, and at times, is as big as or bigger than Marriott's. Yet Airbnb owns no hotels!

Spotify has turned the music industry upside down, and is larger than all major labels combined. Why? Its service provides a better, more convenient, more intelligent, useful and enjoyable experience to consumers and a new means of generating revenue to artists and producers. After a $50 billion slide over the last 15 years, Spotify's innovators saw that with six billion smartphones, it would only need one out of every six subscribers to use Spotify in order to build a $120 billion business.

Today, streaming accounts for 70 percent of the traffic on the Internet, which CSPs have to support with multi-billion dollar investments in next-generation 5G/LTE networks.

In 2000, Netflix was offered to Blockbuster for $50 million. The now practically dead video rental company declined the offer. Netflix is currently worth $70 billion and is very much alive, larger than all traditional content delivery companies (including iconic "television broadcasting companies" like CBS).

Elon Musk was not the founder of Tesla, despite urban legend. But he quickly and very successfully reinvented Tesla. The company's 2008 launch of the Roadster was a disaster. But today, Tesla's value is as big as General Motors, a company established in 1908.

Tesla's success is not rocket science, as its cars are more efficient ($13.66 for a full charge vs. $80 in fuel); faster (0-60 in 2.5 seconds); safer (stronger than utility poles); healthier (medical-grade air fills the cabins no matter what the air quality outside); cheaper (expected price of $35,000); easier (eventually driverless).

That brings us to Uber, where the pre-IPO valuation is nearly $70 billion, more than all the large rental car companies combined. Once again, Uber is a digital company, a digital disrupter despite owning zero cars.

Owning the assets is not where the value is today. Rather, value is created by monetizing assets through services that bundle those assets in compelling ways, accessible through ecosystems and platforms that are intuitive and easy to use.

The price of a single New York City taxi medallion went from $1.3 million in 2013 to $241K today — yet another data point illustrating how digital DNA-based businesses are destroying incumbents in a matter of months, not years or decades.

We've been witnessing this disruption and destruction for years in the telecom industry, but at the same time, smart service providers are responding and seeing these shake-ups as huge opportunities.

Service providers have subscribers — and can keep and serve them — without handing them over to challengers like Google, Amazon, Microsoft, Apple, and messaging platforms like WhatsApp, Skype, Facetime, Snapchat, and the hundreds more building massive businesses on the backs of the service providers' networks.

Time to Fly with the Innovators

Many established companies have avoided becoming outdated and irrelevant. IBM knows that few people today want to call an 800 number and sit in a queue to not have their questions answered. That is why IBM Watson is developing AI-powered bots and automation that helps make human agents more productive and pleasant.

SAP has developed an application that makes field service faster and more efficient. With an IoT/RTC solution, machines trigger a need for service, causing a technician to be dispatched before the customer even realizes there is an outage. The "ticket" is a digital experience that goes to the technician, while that customer's account manager is informed about the fact that help is on the way. The technician receives the GPS instructions and information about the product that needs

fixing, and in seconds is able to connect with a product expert in real time. Fix sorted, ticket closed, customer informed — a "truck roll" revolution.

New disruptors are emerging all the time. Five9, for example, is disrupting contact centers faster than Salesforce disrupted CRM, taking on incumbents like Avaya and Genesys to bring customers intuitive, friendly support. Cloud-based learning and talent development platform Braidio has integrated real-time communications capabilities, bringing training into the workflow for agile, collaborative learning in enterprises. And immmr, the start-up inside Deutsche Telekom, is delivering advanced OTT services to their subscribers, disrupting the industry instead of being disrupted.

How We Move Around

Self-driving cars are no longer a futuristic idea. Mercedes Benz, BMW, and Tesla have already released self-driving features that give the car some ability to drive itself.

And Volvo recently announced it is going "all electric" in the next few years, a choice many analysts believe is driven by its parallel plan to develop autonomous cars. Additionally, Google began testing a prototype last summer in California.

Beyond the inevitability of autonomous vehicles, it's possible we may never need to own cars again — we can borrow them like we borrow Citibikes and return them. Uber's business model will completely change, as will its economics, and given that Uber's market valuation is as substantial as General Motors, traditional car companies are going to really start paying attention.

A few of the "drivers" behind self-driving cars is that they will help to make roads safer and people's lives easier. In the United Kingdom, KPMG estimates that self-driving cars will lead to 2,500 fewer deaths in a 16-year period.

These developments will highlight the need for real-time communications (RTC), as these cars will be equipped with every possible, imaginable communications services: as the car moves safely towards its destination, passengers will be able to attend meetings via video collaboration built into the car's form factor; will have excellent quality Internet access powering their own devices; will be able to update friends on precise arrival times; and so much more. The benefit to the rider? Simplified life, more work productivity, more time with friends and family, as well as improved quality of life — the type of which was not possible in the previous world of rough commutes.

How We Navigate

When you are not in a self-driving vehicle, Google maps can push to you an optimized route, along with options to get you to your destination either from your own car, on foot, or via public transportation.

Waze is also beneficial, getting you from point A to point B faster and safer, without you having to pull over. How Waze provides brilliant suggestions is important to note: it is through crowdsourcing (other drivers and passengers reporting everything from traffic jams to potholes) and gamification (rewards given to members of the Waze community for actively providing information. For example, a coupon for a free cup of Starbucks coffee for posting a 10th alert). Gamification will become more embedded, taking the "Exchange of Everything" to new heights.

Where does RTC come in? Wazers are now messaging each other on the Waze app — finding each other geographically, texting and calling each other. In the future, they will simply tap the icon showing a friend in close proximity. Just imagine the RTC mash-ups possible here!

How We Meet

Who needs to go out anymore to initially meet people? You can meet millions of people online and

be matched more successfully than without the platforms. The evidence? The average divorce rate in the United States is an astounding 50 percent for couples who meet the old-fashioned way. For people who meet online, at least on eHarmony, the divorce rate is less than 5 percent, according to the company.

Their analysts forecast that half of relationships will start online by 2031.

Where does RTC come in? Dating sites have moved well beyond the databases, profiles, and photos, emails and text messages. Now there are video meetings before actual meetings, for example.

In the business world, sites like LinkedIn perform a similar function, and include increasingly popular messaging platforms that build on successes like Facebook Messenger. Supporting voice and video on these platforms, and on mobile devices and desktops, is not easy and is driving the transformation of networks and network services.

The Common Thread

How we communicate is being disrupted, as is everything else we do, because how we communicate is embedded into everything we do. The winners have figured this out and are jumping into those opportunities. Those who do not transform and drive the disruption will be obliterated by the digital revolution.