

## Are You Prepared for Digital Transformation?

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In today's competitive world, CSPs are facing a lot of challenges: digital transformation, IoT, AI, Blockchain, cryptocurrencies, automation, NFV, SDN, OpenSource such as ONAP – just to name a few. On top of these new technologies, CSPs must also deal with a new type of competition from software web giants such as Google, Amazon, and Facebook. On the earning side, CSPs are facing customer loss and extremely high churn rates. For example, according to [Forbes](#), Verizon's net decline in first three months of 2017 was about 307,000 postpaid customers. In a nutshell CSPs have to deal with very complex technical issues while they are simultaneously trying to adopt innovation and maintain business momentum.



While each of the technologies mentioned above could keep some technical executives up all night, the fundamental issues are more related to the nature of the business. On the business side, digital transformation is probably the biggest challenge for any executive. According to [David Rogers](#) from Columbia Business School, digital transformation is less about technology and more about changing strategy and leadership. Most decision makers believe they have to have a good understanding of technology before they could make a call on a company's future direction. David Rogers states that the following elements have to be considered during any digital transformation approach: customers, competition, data, innovation, and value.

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Each time we meet with our CSP customers, we can quickly recognize in which phase our customers stand within their digital transformation journey. Many CSPs have bought into the idea of providing more bandwidth hungry applications. Those are typically Video OTT such as Netflix or Hulu which are driving bandwidth consumption, but also in the examples of Belgacom or ATT, some CSPs are contemplating a complete supply chain of video content delivery from production to delivery.

Other CSPs are focusing purely on innovation and technology. The first question they would ask any vendor is: "How do you interact with open source and ONAP?" While open source and automation of NFV are hot topics on many minds, they are not dominant from business perspectives. The ISV community was always busy to present their Unique Value Proposition (UVP) and how to compare to other competitors in the market. The UVP of software vendors were

ultimately the UVP of prospect customers. If customers had something unique to offer, their customers would stay with them not just because of the emotional loyalty. So one can argue, using open source may not always be the best solution to attract more customers, even it's compelling from an operational perspective. But having a unique value proposition can potentially give CSPs a better tool to influence the customer impact.

Many analysts believe that digital transformation for CSPs should start with customer experience from the "outside in." That is ultimately what Amazon has practiced from its inception as an online bookstore. They are beating their competitors in every and each business they are in, and not just by better price performance. Their customer satisfaction story is as unique as their transformation from an online bookstore to a multi-domain giant. If you haven't done it yet – try to use some of their new Amazon Web Services (AWS). It is quite an experience to launch your own virtualized servers within seconds, add a database to it, launch your own analytics, etc. It is the customer experience which makes AWS truly unique.

Today's customer experience is routinely measured against the leading worldwide IT organization, that is Amazon. The user experience is now also dominated by smart phones. My son, at the age of 3, without being able to read or write, could do wonderful things with my old iPhone. Children like my son will be the consumers of future services, as they get older. They will probably not have the patience for a service to be connected in 2 weeks. They want to have their service now. And they know they have choices. They know they can get what they want where they want it. This business model is not always aligned with traditional CSPs who have to move a lot of parts in order to provide services to their customers.

In many CSP environments today, customer experience is a very troublesome topic. While many executives desire to have a better customer service and have spent millions of dollars on market research on what their customers want, the customer service departments do not always have the right tools to deliver on those promises.

If you walk into any Network Operation Center (NOC) of a big or a small CSP, what you often find is that there are still many manual interactions for critical processes. While automation and orchestration are important parts of today's business infrastructure, they come with fear of losing jobs. Those topics are important to address from leadership of any organizations. According to a [Cisco-commissioned Forrester study](#), 500 billion devices and objects will be connected to the Internet by 2030. With an estimated 15 configuration changes of device per year, and from projections like this we get the idea that without automation it would be extremely hard to run the world economy.

There is tremendous potential for CSPs in IoT. Many CSPs have big plans on how they can part of the bigger IoT picture. Some are re-thinking their entire end-to-end processes from operations. A few are going even further and are considering truly disruptive measures. But, as both a customer as well as an ISV, I sincerely hope they can be more disruptive than disrupted.

Digital skills are clearly an important part of digital transformation. [Telenor recently announced](#) that their CEO is pushing their 30,000 employees to spend 40 hours learning new skills this year, as the operator looks to improve its digital capabilities. To requote David Rogers, digital transformation is about strategy and leadership.

While many CSPs have identified and communicated their strategy, other CSPs are still struggling with the fundamentals. Some CSPs are already planning more drastic changes to achieve a fundamental change around customer experience. Regardless of you approach to digital transformation, the question remains: are you prepared?