2020 CSP Trends

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After years of hype, several emerging technologies are gradually becoming mainstream. The Internet of Things (IoT), Artificial Intelligence (AI) and 5G have been hot topics for several years—and will continue to be in 2020. Now more than conceptual, these technologies are undergoing real-world adoption, with real use-cases and real customers. This means that communications service providers (CSPs) need to be on the front foot when it comes to creating and delivering services that meet the demand for new types of complex communications services if they are to stand a chance of capitalizing on this multibillion-dollar market.

The second edition of the Create-Sell-Deliver Outlook found that there is still work to be done.

In the survey, we polled 150 service providers from around the world, including enterprise and consumer-focused respondents and across the fixed, mobile, satellite and cable/TV segments. We gauged sentiment among senior executives around key themes including the creation of new service offerings, new business models and monetizing new innovations. This is what we found.

Time to Market

The first area we looked at was time to market. According to respondents, launching an entirely new product for enterprises or consumers takes almost nine weeks, and 98 percent cited the need for improved agility and innovation. In a world that is increasingly real-time and always-on, nine weeks is just too slow.

Unsurprisingly, 72 percent of respondents said there is a drive to reduce time to market for new products within their organizations, and the average reduction targeted is in the 14 to 18 percent range—a savings of around one week. This time savings is hardly a drastic cut, but presumably achievable, based on current conditions. An eight-to-nine-week turnaround would have been considered fast within the industry a decade ago, so things have definitely improved since then. However, with digital-first and OTT players disrupting the industry, there is no time for traditional CSPs to congratulate themselves. They are in a race to take advantage of the opportunities that 5G and IoT will provide, and their competitors are taking no prisoners.

Given that time to market is such a key factor in meeting customer demand in a fast-moving and competitive market, we looked a little deeper into this metric.
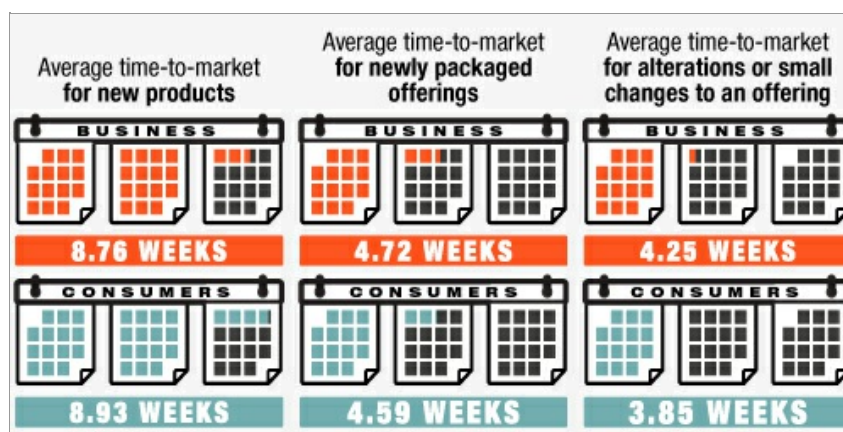
Figure 1 – Reported Product Time-to-Market for CSPs
Source: The Sigma Create-Sell-Deliver Outlook, 2nd Edition.

For newly packaged products which contain pre-existing elements, the reported time to market fell from around nine weeks to approximately five (as seen in Figure 1)—a significant improvement. This is a clear example of how having access to a catalog of components with which to build a new proposition gives a distinct advantage, increasing agility and decreasing time to revenue. However, the time to launch a product where only small changes or alterations were made—think minor pricing or device specification updates—was just one week quicker, even though the heavy lifting had already been done.

This reflects the fact that technology is not the only inhibitor here: 96 percent of respondents identified processes as a problem. So, while technology can play a critical role in improving CSP agility, there also needs to be a focus on—and streamlining of—processes in order to tackle the issue end-to-end.

Increasing Product Complexity

The second theme in the survey relates to CSPs' selling capabilities. The industry is seeing a number of trends coming to fruition at the same time: the arrival of 5G, the rollout of virtualized and software defined networks, and the growing prominence of converged bundles in the consumer market, to name but a few. All of these add to product and service complexity. This is impacting the way that CSPs sell products and services.

Sigma Systems' survey found that, when it comes to digital channels, 62 percent of respondents believe the added complexity of services is having a major impact on the configure-price-quote (CPQ) capabilities of their business. Addressing this is critically important because the impact can be very real: it was estimated that increasing the accuracy and automation of the CPQ process could boost sales by three percent.

To put that into financial terms, automation that increased sales by three percent would increase the sales of tier-one and tier-two operators by $18 billion. There is real money at stake for CSPs that can effectively tackle increasing product complexity during the selling process.

A positive point to take note of is the strong belief that AI can play a major role in this area: 76 percent of respondents believed AI can be applied to improve the sales process and sales conversion rates. The automation of sales processes and increasing levels of AI and machine learning can deliver a highly responsive and effective sales experience.

While there are clear benefits to automation in the sales process as product complexity increases, there is a potential fly in the ointment: 74 percent of enterprise-focused respondents noted a reliance on manual activities and paper-based processes, and 65 percent called out reliance on non-digital channels. The blend of old and new processes and new and legacy systems limits the potential for automation and means CSPs are faced with the need to undertake a broad assessment of these factors as they look to improve sales effectiveness.

Fulfillment Automation

The Create-Sell-Deliver Outlook found a strong link in the minds of CSPs between fulfillment automation and profitability: 78 percent of respondents said automating service fulfillment directly benefits the bottom line, and a striking 86 percent of respondents said the delivery of products to customers has a significant impact on NPS scores.

If automation is seen as a driver of improvement for customer satisfaction, what are the barriers to adoption? Certainly some of it comes down to technology: telco systems are complex, involve legacy software, and changing or replacing them has massive architectural and financial consequences.

But another factor is the rate of change of new offerings being delivered. While we talk about the benefits of bringing new products to market quickly, and the need for CSPs to efficiently sell more complex products and services, actually doing so is placing a strain on their fulfillment capabilities.
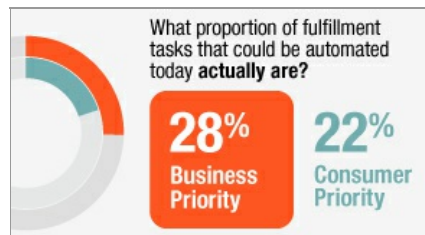
Our survey found a staggering 75 percent of tasks that could be automated were not automated today (as seen in Figure 2, right). The good news is that there are automation opportunities everywhere. The bad news is that digital-first companies and OTT players have started out with automated systems, leapfrogging legacy technology and meaning that, once again, CSPs are playing catch-up.

With all the talk of a slew of new products and services enabled by 5G and IoT, the idea that CSPs could still need manual intervention in order fulfilment seems like one from the past. Not so. The survey highlighted that manual intervention was growing as we go into 2020. Around two-thirds of respondents said manual intervention had increased slightly or significantly over the last two years (see Figure 3, below).
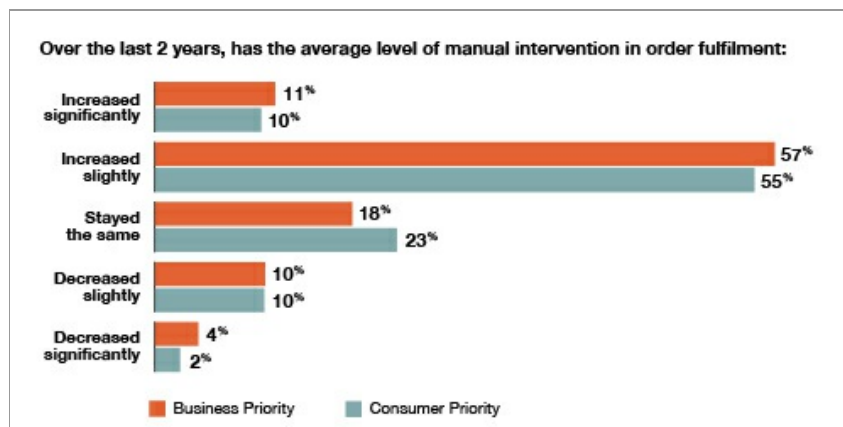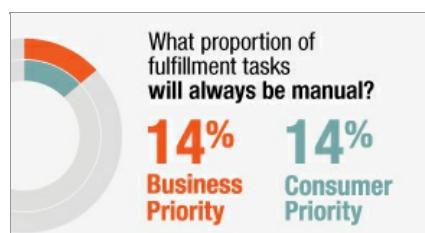

Figure 3 – Change in Average level of manual intervention in order fulfilment
Source: The Sigma Create-Sell-Deliver Outlook, 2nd Edition.

Manual intervention comes hand-in-hand with slow, missed or inaccurate orders. Our survey found that on average, 15 percent of a fulfillment team's time is devoted to fixing order errors. While automation is one way to address this, the consensus is that 14 percent of fulfilment tasks will *always* be manual (see Figure 4, left).

As with increased automation in sales, increased automation in fulfillment can also have a significant impact on the business. On average, respondents felt that a one percent reduction in manual intervention in order fulfillment would increase revenue by two percent or more, with services delivered to customers more quickly and with greater levels of customer satisfaction.
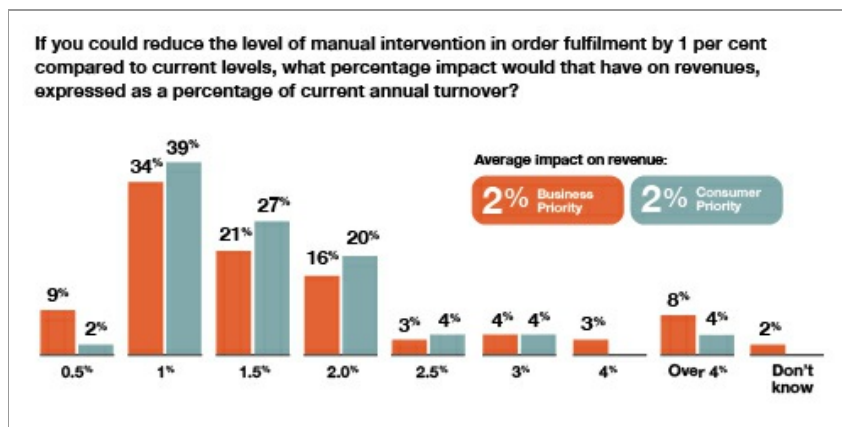

If you could reduce the level of manual intervention in order fulfilment by 1 per cent compared to current levels, what percentage impact would that have on revenues, expressed as a percentage of current annual turnover?

Average impact on revenue:
2% Business Priority   2% Consumer Priority

Figure 5 – Impact of 1% reduction of manual intervention on revenues, as a percentage of annual turnover

Source: The Sigma Create-Sell-Deliver Outlook, 2nd Edition.

As products and services get more complex and the ability to launch and deliver these propositions quickly and efficiently becomes a core requirement for CSPs, the continued need for manual intervention will become even more of a roadblock, opening the door for those unencumbered by traditional processes and approaches.

Conclusion

As we head into 2020, the evolving technology landscape is creating a world of new opportunities. But in order to capitalize on them, CSPs must be able to respond quickly and efficiently.

While time to market is a clear priority for carriers, what is equally clear is that this is not an issue of technology alone. Having the right platforms in place can drastically improve agility—but this needs to be accompanied by processes which can also enable flexibility and efficiency. The kind of timelines that look good in a telco world will increasingly look drawn out when compared with the agility of digital-born companies, many of which will rival telcos in certain parts of the value chain.

Likewise, the ability to handle more complex products and services will become a key challenge for CSPs. But our survey shows that for those that can get it right, the rewards are very real.

However, fulfillment remains a potential barrier to success, even though CSPs already have a tool in their armory which can be used to address the bottlenecks: automation. The increase in manual intervention is a worrying trend and is simply not sustainable as CSPs look to deliver more complex propositions quickly and efficiently.

A defining factor of a world underpinned by 5G and virtualized networks is that there will not be a "killer app" in the traditional sense; instead, CSPs will be presented with a broad set of opportunities across enterprise and consumer markets. And if they do not address their challenges around product creation, commerce and delivery, there is a very real danger they will not be able to capitalize on them.

The challenges identified by the second edition of the Create-Sell-Deliver Outlook are real for CSPs globally today. The evolving technology landscape will only make things worse and the message is clear: act now or lose out to those who do.