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Seizing the Personal Cloud Storage Opportunity

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Operators were swift to respond to the challenge of keeping businesses, governments and individuals connected and running as the COVID-19 pandemic began spreading quickly across the globe in early 2020. Telco operators who in the past had often been accused of being sluggish and slow to adapt to market changes proved that they could indeed be nimble as they rose to meet the critical communication needs of a world locked down.

Today with light at the end of the pandemic tunnel, the time has come for operators to build on the agility they have demonstrated over the last year as they worked to support their customers during a trying time. A storehouse of customer goodwill and an ever-changing digital landscape have opened the door for the operator to further cement its role as an essential services provider and, at the same time, establish new lines of revenue.

One area with considerable revenue potential is personal cloud. The cloud services opportunity comes from the convergence of significant advancements in the application and hardware ecosystem, evolving consumer digital trends, and a monumental shift that is about to take place in the “free” cloud provider space. Add to the mix that consumers generate and store tremendous amounts of data and these same users are now fully accustomed to using the cloud to secure and protect their data. You can see the stage is clearly set for operators to transform themselves into the go-to providers for personal cloud services.



The personal cloud opportunity

Telecom providers today have only captured about one percent of the U.S. personal cloud user base. Some might say it's too late to get into the game, but nothing could be further from the truth. In 2020, management consultancy [Arthur D. Little](#) estimated that the addressable personal cloud market in the United States, which currently stands at \$3 billion, will rise to \$5.1 billion in 2025. This represents a compound annual growth rate of 12 percent. Globally, the personal cloud market is estimated to be worth between \$15 billion and \$25 billion in less than five years' time. Clearly, there is a significant opportunity there for the taking.

If these projections aren't enough to convince operators, consider looming changes in the free and low-cost personal cloud marketplace currently dominated by over-the-top (OTT) providers such as iCloud, Amazon Drive, Dropbox, Google Drive and Microsoft OneDrive. Storage on OTT platforms is bursting at the seams as mobile device users upload exponentially increasing amounts of personal content to the cloud platforms. The reality is that free personal cloud storage options are approaching capacity or going away. For many OTTs, the breaking point is almost here, as evidenced when [Google announced](#) it would kill unlimited free storage and put a cap on the number of free photos and documents that may be uploaded to its cloud service beginning in mid-2021. And, where Google goes others are likely to soon follow. An individual's ability to take advantage of free cloud services is going to be drastically reduced or even eliminated in the coming year, forcing many consumers to reconsider who they use as their cloud provider. In other words, it's the beginning of the end for free cloud storage.

This is an inflection point in the personal cloud marketplace. It's also a lucrative market opportunity amid an explosion of use, considering the enormous amounts of content being produced by subscribers and the ability to quickly upload it via 5G technology. Operators who grasp this now and commit to doing what needs to be done to launch an attractive personal cloud offering, may find themselves well ahead of the competition.

The foundation for success

Cloud-based storage is not a new phenomenon in the telecom space. We've seen a number of operators over the last few years offer cloud backup solutions. Some have even integrated personal cloud access into nicely bundled premium offerings. The vast majority of operators, however, have been slow to embrace their potential to become the personal cloud provider of choice. This is unfortunate, as a solid personal cloud strategy opens the door to stronger subscriber relationships and a strengthened bottom line, an especially important benefit as operators look to recoup significant 5G network investments they've made in recent years.

When it comes to enticing individuals to consider an operator personal cloud, telcos already have a lot going in their favor. Take trust, for example. Consumer trust is increasingly a deciding factor when it comes to choosing cloud providers. Consumers want to be confident their precious memories and personal information are safe and that their data is securely and continuously backed up. Many are more than willing to pay a premium for this sort of peace of mind in a time

when news headlines routinely expose data breaches as well as the myriad of ways some OTT organizations take advantage of consumer personal data for their own gain. The good news for operators is that they already have well-established reputations for a high level of consumer trust when it comes to protecting subscriber data. This trust will serve as a solid foundation for those operators who choose to transform themselves into the go-to personal cloud providers.

Operators also are uniquely placed when it comes to throwing down the convenience card. An OS-agnostic personal cloud platform accessible from all mobile devices—as well as home computers—gives consumers the ability to consolidate their content in a single location. This eliminates the need to switch among multiple applications to back up, access, share and even restore data should it be required. It also facilitates the easy and fast transfer of data during device upgrades. The one-stop convenience factor is further bolstered by the operator's capacity to offer reasonably priced bundled deals that can include unlimited personal cloud storage for everyone on a data plan via a single monthly bill.

The transformation of the operator

OTT cloud platform providers who can boast a dominant share of personal cloud users today have virtually failed to fully monetize their users. As they pivot to new business models and begin to charge monthly fees for what was once a free service, they have opened the door for operators to provide an alternative and better personal cloud option to cloud users who feel betrayed by the OTTs.

Remaking itself into a multipoint services provider will give an operator the ability to attract and retain premium cloud users who will help significantly grow operator revenue. Moreover, this shift will further solidify its position as an essential provider of critical services for business customers and individual subscribers. To accomplish this, an operator must do three things.

First, it must shift its mindset from that of a simple storage provider to a partner committed to providing a deeper means for its subscribers to interact with their most important content. It must then launch an operator-branded personal cloud that accommodates all data classes. Lastly, it must ensure that the personal cloud experience is stellar and seamless.

It is no secret that many operators are experiencing flat or falling traditional telecom revenue. They are not doomed, however. Those willing to look beyond the day-to-day challenges of today's COVID-19 crisis cannot help but see that a huge part of their future relevance will come from remaining agile and continuing to meet the always-evolving needs of their customers. A feature-rich personal cloud offering gives operators the opportunity to create new services, provide more value for subscribers, build brand loyalty and bolster their bottom line.