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Unlocking Ecosystem Value

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2021 was undoubtedly the year in which the science of building a partner ecosystem became mainstream because of the demand for solutions to fuel the digital transformation journey.

Fast forward to our current post-pandemic phase, which has rolled us right into a period of inflation, causing companies to become more prudent with their resources. Trying to control spend while at the same time continuing to grow revenue, launch highly innovative and compelling new digital offerings and improve overall customer satisfaction has, at times, seemed antithetical and has caused a reverberation of frustration among key players and fellow stakeholders. For some organizations, growth has stalled—or even worse—taken steps backwards.



Halfway into 2022, we're seeing more of a meeting of the minds: companies are rising to this challenge at full speed, embracing their digital transformation projects by implementing technology solutions that are easy to try, easy to buy, and easy to consume (so-called “out of the box”) and which produce an often immediate and measurable financial payback. State-of-the-art technologies like 5G, edge compute, cloud, IoT, AI, ML, DLT, robotics, drones and more are proving to offer significant benefits to improve productivity and operational efficiency.

While this may on the surface appear as a seamless strategy, it presents a real process challenge for companies' existing solution providers. Habits are very often hard to break, and until the pandemic hit, companies had been following traditional, staid, and time-tested ways of doing things. In the past, they may have adhered to the standardized model: focusing on selling standardized products using standard pricing. Fast forward to mid-2022 and now, to retain their enterprise customers, the key word is no longer **standardization**. Rather, it's **adaptation**, whereby companies now need to continuously adapt to be able to offer fully formed solutions and services that will drive digital transformation. This is frequently coupled with the additional worry that the fortitude to do this, particularly as a service deployed globally on the cloud, is typically much broader than their organization can provide.

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The key to mitigating risk and addressing these challenges while continuing to grow revenues and delight customers and partners is by evolving the traditionally standardized business model to sell multi-partner solutions, co-created within a community or ecosystem. To continue to generate customer loyalty and win new customers, this is the logical next step for many solution providers. Doing so will enable them to better meet needs of all key stakeholders, while at the same time allowing them to federate costs, risks and expertise within their ecosystem of partners.

2021: Anatomy and creation of the ecosystem

An ecosystem's success is measured in terms of achieving Minimal Viable Community (MVC) of like-minded ecosystem partners around a digital business platform in addition to the marketplaces that underpin them. This synchronized community is necessary to self-perpetuate the ideation and co-creation of cutting-edge, often disruptive solutions that enterprise customers want to buy to drive their digital transformation forward. This network effect creates the choice and economies of scale for providers within the ecosystem; in effect, a winner-takes-all scenario or a flywheel effect. The ecosystem fuels deeper customer understanding, which fuels new revenue opportunities.

While the anatomy may be clear, there remains much uncertainty or even confusion about how to make the ecosystem model work and where to start—from the inside out or the outside in?

Outside in: a customer first-approach

The key is to always start with the customer and the problems they are trying to solve. This solution “pull” requires product managers with the right mindset that can resist the temptation of product “push” models, such as AppStores, offering largely ‘me-too’ software libraries, each with limited uniqueness or value. In this same “push” category are the horizontal components that require enterprise customers to take on the cost, complexity, and risk of integrating into solutions, with none of the economies of scale and specialization that the ecosystem model can provide.

The creation of that MVC is key to deepening their understanding of their customer's needs and building solutions around their requirements. It enables product managers to focus on a specific customer challenge that the members of the community can use to derive the perfect solution. It's critical that in building the ecosystem, partnerships are selectively chosen based on the capability to achieve the desired outcome. Openness within that environment is also key in rapidly experimenting and trialing solutions that are highly repeatable and can be sold globally as cloud services.

Redefining the organization around solution pull

For the industry, ecosystems and 5G-enabled solutions will be crucial if the telecom industry is to generate payback on its [almost \\$1 trillion investment in 5G networks](#). Various industries including telecoms have demonstrated that we're seeing the birth of technology communications players that have transitioned from selling a horizontal component (pure connectivity) to selling solutions.

Examples are plentiful. [Vodafone announced](#) the split of its IT and solutions business from its core networks as part of its TechCo vision, while BT brought in new leadership to spearhead its [new digital business unit](#). Vodafone has gone on to [recently announce](#) plans to develop open partner ecosystems to target new revenues from what it calls a “long list” of technology use cases. This is essentially the telco sector acknowledging that they can’t keep repackaging offers designed for the consumer market and push them to the enterprise if they are to ward off competition from alternative service providers and hyperscalers.

As the ecosystem model evolves, it is also transforming industry verticals and unlocking growth for the enterprise. An example of this is [Nokia’s partnership](#) with AWS to enable cloud-based 5G radio solutions. Further, we have seen [Google Cloud and Ericsson](#) coming together to help CSPs deliver capabilities to the edge. Each of these models is being driven by the transformational potential that new technologies can have on the enterprise, enhancing productivity and efficiency as well as reducing CAPEX and OPEX.

Vertical industries are key beneficiaries of this ecosystem payoff. For example, consider a farmer purchasing a smart agriculture solution that allows them to monitor crops in real time to improve quality and yield while also optimizing labor involved. Or similarly, think of a restaurant purchasing a smart kitchen solution to manage supply levels, energy efficiency and remote appliance control. While these solutions can unlock growth for the enterprise customer, the customers themselves will not have the time or technical skills necessary to understand them, so they rely on their solution provider working with a partner ecosystem to deliver a solution that simply works for them. They may not know the behind-the-scenes nuts and bolts, but they are reaping the rewards that the ecosystem synergy provides.

Further, larger scale solutions—those provided over a 5G private campus network with its own multi-access edge compute and AI/ML at a large manufacturing facility, for example—come with literally thousands of IoT sensors to enable near real-time highly secure communication for factory floor robotics. Systems can process data in real time to vastly improve the safety and speed of production. There are also [examples](#) of AI and drone deployments at British ports to identify, track and analyze the number of vehicles across the port at any given time. The possibilities are becoming endless.

The ecosystem model is quickly maturing and there’s an increasing urgency for businesses looking to establish themselves in the enterprise solutions market to orchestrate partners and co-create repeatable, scalable solutions. This doesn’t mean building yet another AppStore to “push” a variety of individual highly standardized products but understanding how to build a marketplace that combines ecosystem partner specialisms to provide outcome-based solutions that perfectly solve those customer needs—and that will maximize benefits in revenue and satisfaction for all key stakeholders, present and future.