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AI Transformation Starts with Concepts

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As expected, AI dominated conversations at Mobile World Congress (MWC) 2024. On the opening day five global operators announced a joint venture, The Global Telco AI Alliance, specifically to develop Large Language Models (LLM) dedicated to meeting telco needs. With commercial gains on the cards and a chance not to relinquish control of AI workloads to the hyperscalers, this could be a significant revenue spinner for those involved. Elsewhere, the showroom floor was strewn with narratives of AI-powered services that may pull the industry out of its identity crisis.



The telecoms industry faces huge pressures to innovate and drive efficiencies as it grapples with its growth challenges. The impact of AI will be more significant than anything that has come before, delivering reductions in operating costs, elevating customer journeys, and defining new revenue streams in non-traditional telco markets. However, what most companies hawking AI solutions at MWC won't admit, is that they're all concepts. Barely a few of them are ready for "prime time." That's because it takes time and customer data to train AI solutions – two years and 30 customer data sets is my estimation. What we really saw from the industry was a statement of intent rather than readiness to launch use cases.

The intriguing thing about AI at its current stage is that so much is still unknown and unexplored. The potential applications seem nearly limitless, which emphasizes just how important it is that any Communications Services Provider (CSP) looking to establish AI leadership embraces concepts. After all, AI is not something you buy, it's something you build, collaboratively.

AI is Not the End Game

Solutions to customer problems cannot always be prescribed, as there is no such thing as one size fits all. Circumstances differ, and it is hard for one business to have all the remedies. But AI provides a breakthrough. It is higher automation, coupled with faster, more intelligent decision-making capabilities. It opens the door for greater exploration and more meaningful resolutions to the problems that CSPs and their customers seek to solve.

Fundamentally, AI is not the end game, but it is a means to an end. For CSPs that end is represented by cutting out inefficiencies and harnessing the technology to provide more precise, accurate, and

relevant solutions that meet customer, partner, and business objectives. While efficiency is currently the main focus, AI is really about enablement. It can take CSPs to places they couldn't go before because they lacked a skilled headcount or deep understanding of vertical markets. Now they will finally be able to step into new industries by becoming ecosystem orchestrators capable of capturing coveted B2B revenues.

To put that into perspective, AI has myriad benefits for CSPs still scratching their heads over monetization and achieving ROI from their investments in their 5G and IoT businesses. Let's frame it in the context of the agriculture sector. Farmers are eager to adopt new technologies and modernize their operations to balance increasing demand for food production with sustainable practices. This introduction of technology in farming is often referred to as "precision agriculture." Its integration, however, faces numerous challenges pertaining to the adoption of advanced technologies: non-existing infrastructure, lack of technological maturity and the means of integrating with existing farming practices, as well as the general limited availability of tailored agricultural technology solutions available through CSPs.

No, AI doesn't immediately solve those problems in isolation. But when combined with several other components it is a very powerful tool that can help CSPs accelerate the availability of (in this scenario) precision agriculture solutions. CSPs have been working towards such offerings for vertical sectors for several years, through a combination of building partner ecosystems and redesigning themselves as platform businesses to offer digital services from one, central telco-owned marketplace. CSPs have combined the high bandwidth and low latency capabilities of 5G with Multi-Access Edge Computing for real-time data processing and specialist solutions from partners that, for example, offer drone or robotics technologies. But clarity on the specific use cases is still sometimes unclear.

AI can take things a step further and complete the puzzle. It can provide key assistance in identifying solutions for tasks like crop monitoring, disease detection, and automation of routine tasks like irrigation and weeding. The CSP is then able to provide more comprehensive solutions like smart irrigation systems, drone-based monitoring, and smart weeding technologies. AI can also help the farmer to configure the products based on size of the land, or the number of sensors they may need. Ultimately, it's about bridging communications and filling knowledge gaps between CSPs, partners, and customers.

✘ It all Starts with an Idea

Again, AI should not be thought of as something you buy, but rather something you build. In this newfound reality AI can be leveraged to nurture and develop vague ideas into fully-fledged solutions. What CSPs, their partners, and customers will benefit from is the ability to take an idea to market in a matter of days. And as more customer and partner solutions are built around specific needs, the CSP will benefit from vastly improved data sets to improve the quality of their AI tools, enabling them to build volume to secure economies of scale and providing choice and reduced prices to engage and build a community.

Risk aversion has held CSPs back from realizing some of their potential and maximizing their investments. But the transformative benefits of AI can remove those blocks and enable more conceptual thinking and experimentation with increased confidence that offers will be launched faster. A combination of Generative AI (GenAI) and Machine Learning (ML) can assist in the configuration of product and pricing through natural language, while also assessing the impact of those changes. Time to produce accompanying marketing collateral can also be slashed, freeing up more resources to spend time understanding the needs of the customer.

As CSPs also pursue redesigning themselves as platform businesses, that transition can be accelerated by AI through higher stratification of customers and partners. This is achieved by streamlining the process of matching partners' solutions with customers' requirements, which can be complex due to the sheer number of partnerships in CSPs' ecosystems and given how siloed their businesses have become. Additionally, customer journeys are elevated through personalized experiences that anticipate needs and provide insightful, relevant recommendations. Conversational AI capabilities make this possible by enabling self service capabilities for customers and thus reducing call center and customer support loads.

Supported by the Right Model

AI is helping to move the needle of human capability. The assistance it provides undoubtedly transforms the ways in which CSPs build solutions and services for customers. The change in mindset to leveraging AI for abstract problem solving represents a real cultural shift. But the telco business model also needs to adapt with it. That means breaking away from the broken, traditional model of upselling connectivity and instead focusing on collaborations with industry partners. By exposing their networks to partners they can collaboratively generate new solutions that were previously non-existent. Through network effect and improved access to a diverse network of partners, CSPs can benefit from valuable insights and resources to more swiftly react to new trends and market developments.

A new operating model is especially critical for addressing the needs of the B2B sector. Enterprises and SMEs are increasingly aware of the business resilience benefits that new technologies can help them achieve. AI is a key driver of that and is very much a C-suite consideration. A [new report from BCG](#) marks AI as a top strategic priority for business leaders. However, the report also reveals that most companies are dissatisfied with their progress on AI, citing shortages of skills and talent as well as unclear investment priorities as contributing challenges. This is a key opportunity for CSPs to solve fundamental problems for its business customers. But they must have the right business model to be able to facilitate their customers' journey of embracing AI, fostering collaborative relationships, and matchmaking customers with the right partners. And that means also providing a unified, single platform for all needs.

As the focus across industries shifts to translating visions for AI into tangible actions, CSPs are at a critical juncture where they can harness AI to drive innovation and profitability. While ideas may be abstract right now, AI is the tool that will help cultivate concepts into unique propositions that drive sales growth and reinforces CSPs' value as innovators.