Driving innovative 5G monetisation and user engagement

Webinar presentation

24/06/2021

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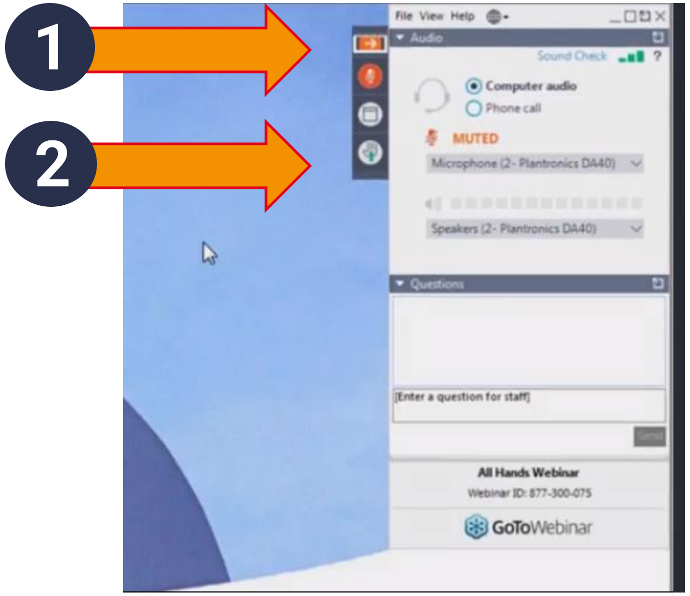
Some housekeeping…

- You're in listen only mode
- If you need us, please type a comment
- Feel free to type questions throughout the session for Q&A at the end
- We'll send you the slides and a recording shortly after the session
- On Twitter? Tweet us @STLPartners & use hashtag #TelecomCovid



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Amdocs

Agenda

1. The “new telco vision” and the 5G opportunity
2. The capabilities required to successfully monetise
3. Introducing the new billing paradigm
4. Q&A session

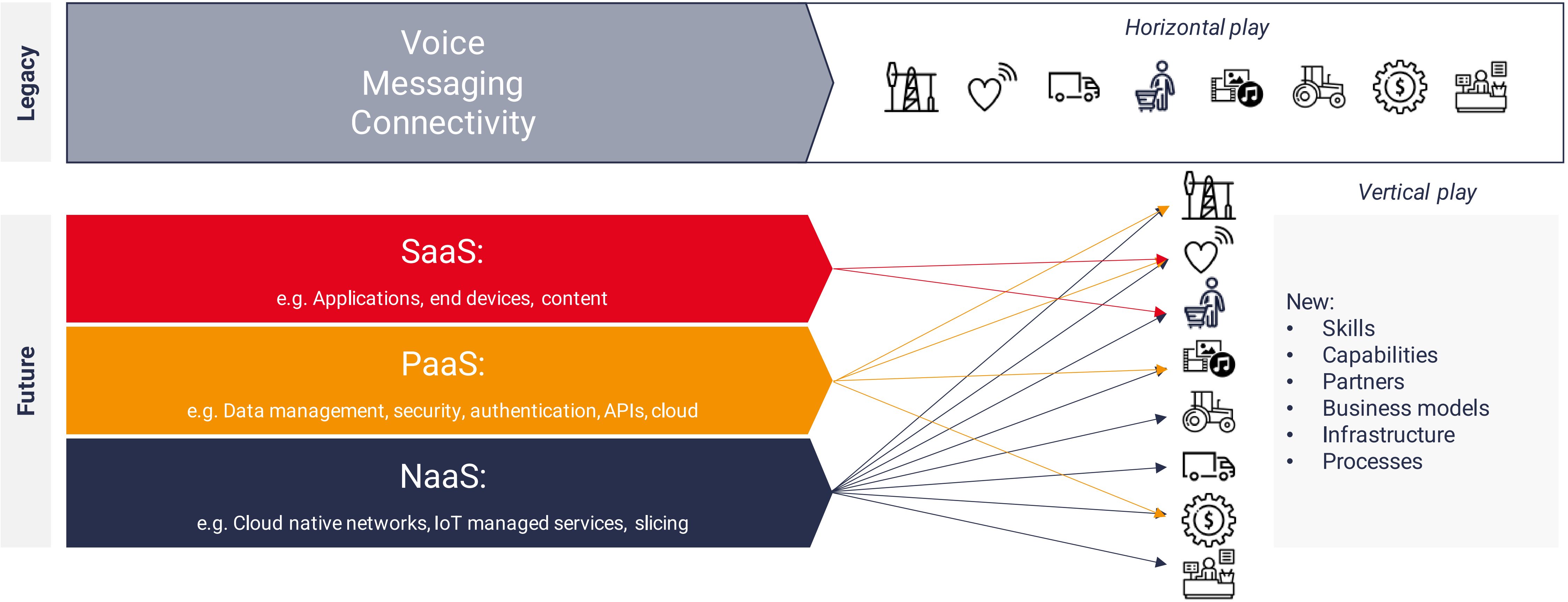
Poll

Where do you see the biggest 5G opportunity for telcos?

- Improved connectivity to consumers
- Improved connectivity to enterprises
- New services (content, gaming, AR/VR) to consumers
- New services (SaaS, PaaS, NaaS) to enterprises

As operators move towards the new telco vision, telcos deliver verticalised services higher up the value chain

5G presents an opportunity for operators to transition from large-scale standardised commodity products for all to higher-value solutions tailored for specific target industries



To successfully monetise 5G and next-gen networks, telcos need to innovate across these 4 foundations of monetisation

Legacy telco

Services
- Network is the service
- More simple core comms products
- Face declining ARPUs

Network/OSS
- Legacy architectures
- Telecoms specific standards
- Single vendor solutions

IT/BSS
- Simple and traditional procurement models
- Static portfolio – lack of configurability
- Manual processes

Organisation
- Traditionally slow and bureaucratic
- Siloed business units
- Hard to acquire and keep talent

To successfully monetise 5G and next-gen networks, telcos need to innovate across these 4 foundations of monetisation

New telco

Services

- Network is a platform
- Value-added applications/services on top of the network
- Verticalised solutions and segment offerings

Network/OSS

- New architectures – VMs, containers, edge, slicing
- Converged IT, cloud and telecoms standards
- Multiple vendor ecosystem across network components

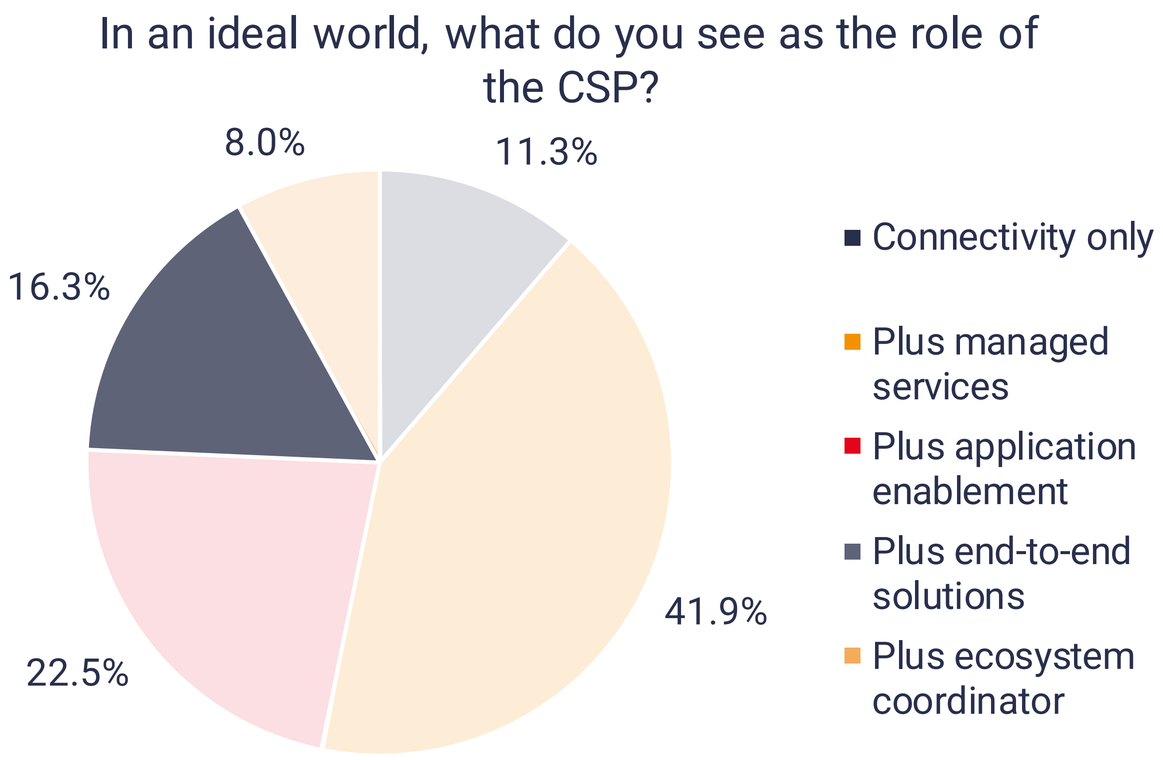
IT/BSS

- Complex models for procurement and billing
- More digital/self-service models
- Simplified but dynamic portfolio
- Automated and real-time services

Organisation

- Cloud native/Devops/Agile operator
- AI and automation skills
- Culture of innovation and R&D
- Acquire external skills

Where are CSPs on this journey?



89% **of respondents** think operators should provide more than connectivity alone

47% **of respondents** think operators could play a higher value role beyond managed services (e.g. application enablement)

16% **of respondents** see CSPs providing end-to-end solutions… yet, this is where much of the value lies

CSPs need to invest now to build credibility with enterprise customers if they want to access higher value roles…

Source: STL Partners enterprise research programme sponsored by Amdocs (n=700)

… and this includes in transforming IT/BSS to be “5G ready”

New telco

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IT/BSS

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Organisation

- “Agile” operator
- AI and automation skills
- Culture of innovation and R&D
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There's increasing complexity in the demands on IT/BSS, creating a new billing paradigm that telcos must address to monetise 5G

The new billing paradigm:

1

Convergence of legacy and new, more flexible, procurement models

2

Increasing prevalence of digital/hybrid channels, and self service options

3

Simplification of portfolios with greater flexibility for new product configuration

1. Convergence of legacy and new, more flexible, procurement models

Even as "cloud" models become prevalent, for next generation solutions, most enterprises preferred a **traditional** capex model

Traditional models
- Capex intensive
- Limited portfolio/different product types

Industry-wide shift

New, cloud-like, models
- Opex intensive models – highly flexible
- Portfolio of services across different models

But…

62% **of respondents** still favour "traditional" models over "cloud-like" models

Source: STL Partners enterprise research programme sponsored by Amdocs (n=700)

This is because enterprises want to **avoid lengthy contracts** and perceived **vendor lock-ins**

60% **of respondents** from a recent survey (on private networks) who wanted a flexible lease model would pay >20% more than a lease model with a long contract

Multi-year commitments are seen as lock-in by enterprises and should not be confused with xaaS models – **enterprises need true flexibility**

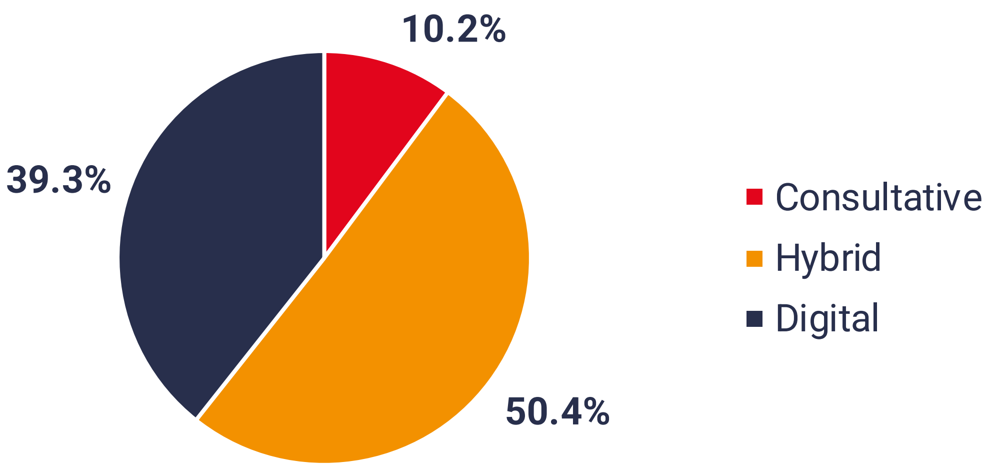
CSPs need to guard against this and offer a range of payment options including 'cancel any time' options for which they can charge a premium

Source: STL Partners enterprise research programme sponsored by Dell Technologies

2. Increasing prevalence of digital/hybrid channels, and self service options

Enterprise

How would you procure next-gen/5G-enabled solutions?

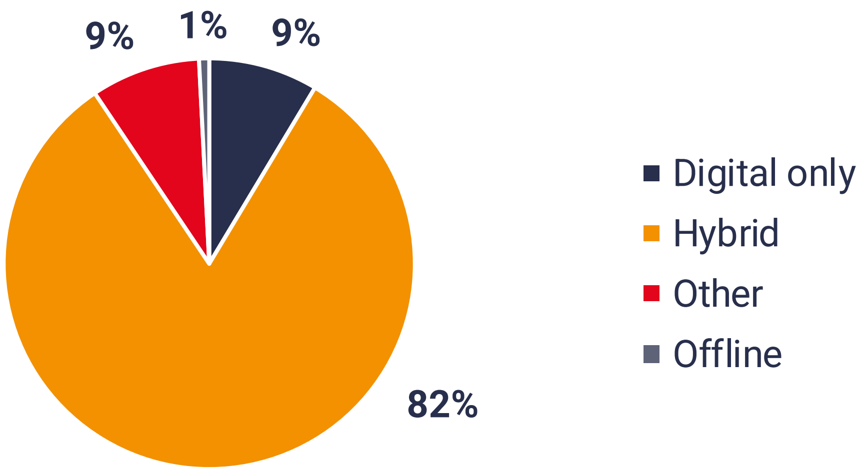


- 90% of enterprises want some form of digital channel
- SMEs rely more on a consultative approach
- Larger/more tech mature enterprises want digital for DIY/self service models

Source: STL enterprise research programme sponsored by Amdocs (n=700)

Consumer

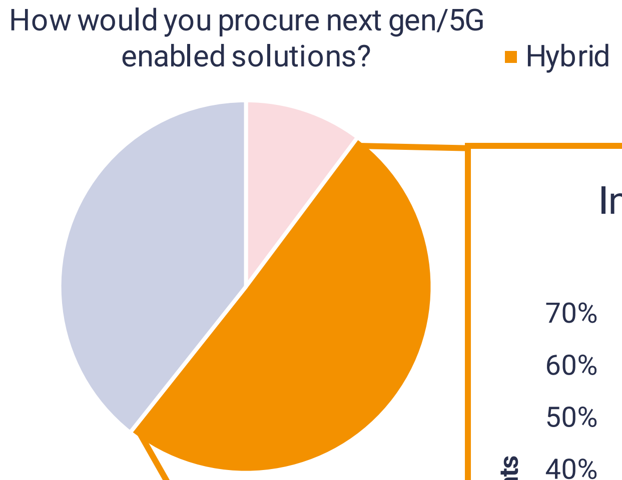
How would you categorise your organisation's digital channel strategy

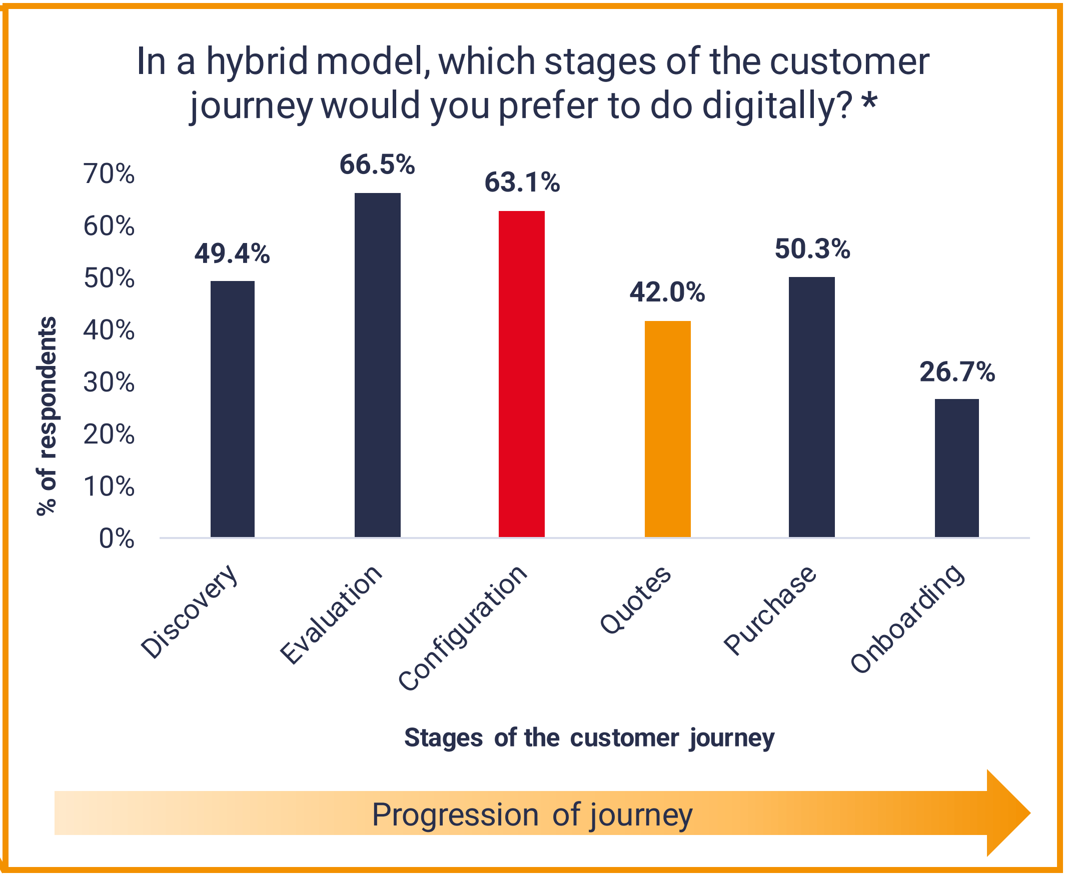


- Telcos are investing heavily in digital as part of an omnichannel strategy to drive customer experience
- Customers need to be able to move seamlessly between channels, at each stage of the journey

Source: STL analysis, survey to telecoms digital channel execs (n=40)

3. Simplification of portfolios with greater flexibility for new product configuration





* Multi-select question

Telcos need to simultaneously **allow choice, flexibility**, and customer specific configurability… while also **simplifying the portfolio**, pricing structures, and messaging

A lack of trust in digital channels and historic issues with **price parity** lead to difficulties in the "quotes" stage… **realtime and digital BSS/billing capabilities enable CPQ**

Source: STL enterprise research programme sponsored by Amdocs (n=700)

Which do you think presents the biggest challenge for operators' monetising 5G?

Poll

1. Convergence of legacy and new, more flexible, procurement models
2. Increasing prevalence of digital/hybrid channels, and self service options
3. Simplification of portfolios with greater flexibility for new product configuration
4. Other (please write in your suggestion in the comments)

Digital BSS use cases can help address these challenges and the new billing paradigm

CPQ

Hybrid billing

Value-added services

Realtime bill presentment

Customer analytics

Partner management

Zero-touch management

Impact to customers
- Reduce direct churn
- Reduce indirect churn
- Acquire new customers

Impact to revenue
- Increase ARPU
- Increase cross/upsell
- Increase new services

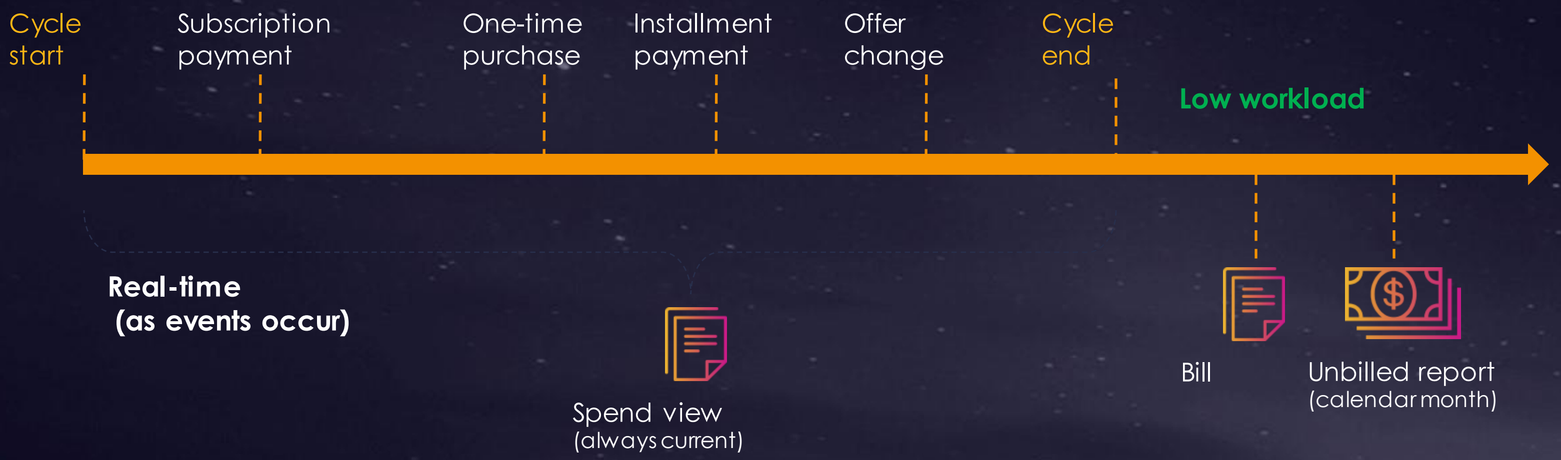
Impact to cost
- Reduce CPA/CPR
- Reduce C/PXM
- Reduce innovation costs

Monetization in the 5G era

Billing in the 5G era

End-of-cycle billing

Real-time billing



Simplified billing

Real-time monetization

Hybrid billing
End-of-cycle & real-time

Real-time spend view

Cross segments
B2C/B2B/B2B2x

Network-as-a-Service monetization

360 Monetization

B2C
B2B
B2B2X

Hybrid billing

real-time Billing
end-of-cycle billing
subscription, one-time
...

Amdocs Real-Time Billing

More monetization models

NaaS, slice, edge
location, time
IoT
...

Hybrid cloud

on-prem
public cloud
SaaS

Real-Time Billing Benefits

Customer Satisfaction

- Transparency
- Real-time
- Personalized
- Clear, simple, easy
- Any payment means

Ongoing Operations

Faster time to cash

Accurate financial outlook

Ongoing QA

Financial bottom line

Reduce calls to care

Reduce churn

Upsell opportunity (personalization + trust)

Reduce fraud / leakage

Streamlined Evolution

Support new business models (B2B2X / IoT / PEN / NaaS)

Consolidate / modernize legacy (reduce TCO, pay as you grow)

Hybrid cloud (public / private cloud)