



5G: Levelling the Playing Field for Industry

Part II - Accelerating 5G Monetization

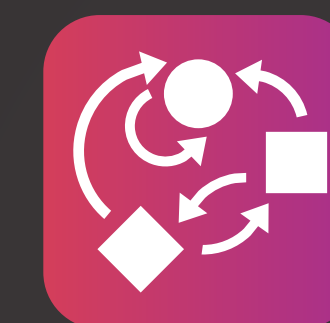
Communications, Media & Information Services



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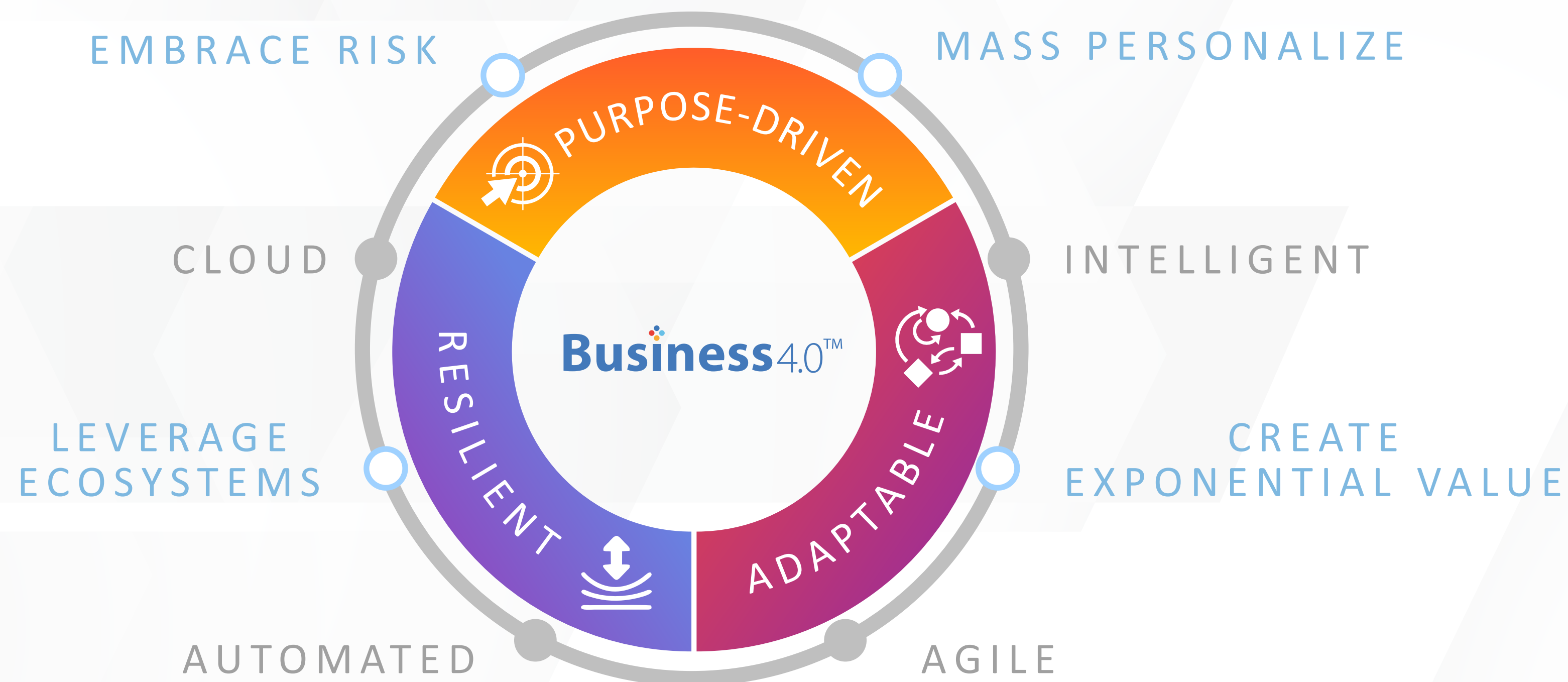
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Executive Summary

In the post pandemic world, communications service providers (CSPs) are in a unique position to lead the adoption of fifth generation wireless systems (5G) for the digital transformation of enterprises. However, as enablers, CSPs need to embrace a multipronged strategy for creating a viable 5G monetization strategy. This will include a mindset shift to support vertical solutions in the B2B and B2C space, like connected vehicles, smart meters, and immersive content, that requires deep integration with the core 5G system. It will also require building common horizontal capabilities like remote operations, real-time automation, and monitoring and tracking.

In this second paper of our two-part series (See part I — 5G reshaping industry)¹, we explore how CSPs can embrace scalable business models for leveraging the right services and monetization opportunities.



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[1] <https://www.tcs.com/5g-technology-network-real-time-automation>

Building a Service Mindset

The journey begins with embracing a service design mindset. It is important for CSPs venturing into new areas of demand to evolve from selling products to offer services, custom-made propositions for specific purposes like a software company or a digital-native company. This includes considering propositions based on service design, industry focus, and user bases. The key requirement is to ensure customer-centricity with simplified and flexible pricing models and architecture.

Additionally, CSPs will have to define the experience models that factor in the go-to-market strategy governing sales and marketing, in-life support and care, partner, billing, and settlement processes. Of

importance is also defining the availability, reliability, and performance on an industry and service usage context, going beyond the traditional SLAs and defining them in Quality of Experience (QoE) terms.

A large part of building ecosystems is ensuring trust between stakeholders. As such, it will be important to lay down the ground rules for security and trust models in user, consumer, and service contexts and the experience models that govern how security and trust are managed.



5G Enablers



Embrace agility

Manage all propositions that are conceived, launched, in an agile and customer-centric manner. This will ensure that CSPs are apprised of the needs of individual customers and have the enterprise agility to react and respond.



Shift from product-centric to purpose-centric

It is imperative that CSP propositions shift from selling data, connectivity, and capacity to selling purposes and outcomes specific to an industry.



Lead with Minimum Viable Platform (MVP)

Build capabilities to attract partners and create a sustainable ecosystem around telco propositions. Third-party associations and partners will be a key channel for creating and sustaining new value streams.



Adapt an asset-light business model

Value creation will increasingly get decoupled from ownership. For example, telecom service providers will sell a smart factory solution to a manufacturer and the underlying connectivity backbone may not belong to the former; CSPs provide over the top service unimpeded by the lack of underlying asset ownership.



Evolve new growth metrics

As the pace of growth depends on the number of ecosystem partners who are building solutions on top of telco propositions, the vibrancy of the ecosystem will be ascertained by the scale of value exchange between partners and the CSP.

Technology as a Revenue Driver

In order to successfully monetize 5G, service providers will have to embrace a combination of strategic choices -- from onboarding a partner ecosystem to adopting business models that are agile and granular (see Fig. 1). They need to shift to subscription-based and transaction-based models, where consumers and users are charged on consumption units like time, volume, output, or even outcomes in cases of smart cities or risk management. Key tenets of business models in the 5G era include:

Ecosystem play: Steer from core services towards marketplace structures where partners play a major role in taking industry-centric solutions to the market.

Customer centricity: Focus on delivering a frictionless customer experience. This requires a shift in mindset from partner onboarding and product design to customer service and monetization.

Learning organization: Establish newer organizational structures, processes, and workforce skills to cater to the new reality where CSPs are not just network providers.

Smart Infrastructure Services Provider	Digital Services Provider	Digital Marketplace Provider	Platforms Provider
Network-centric, lean enterprise focused on asset monetization	Vertical product-centric focus, integration to networks	New revenue streams-centric, focus on integrating new services from partners to core portfolio	Direct and indirect revenue streams by creating platforms with vertical and horizontal capabilities

Figure 1: CSPs’ Strategic Choices

Roadmap for Formulating 5G Monetization Strategy

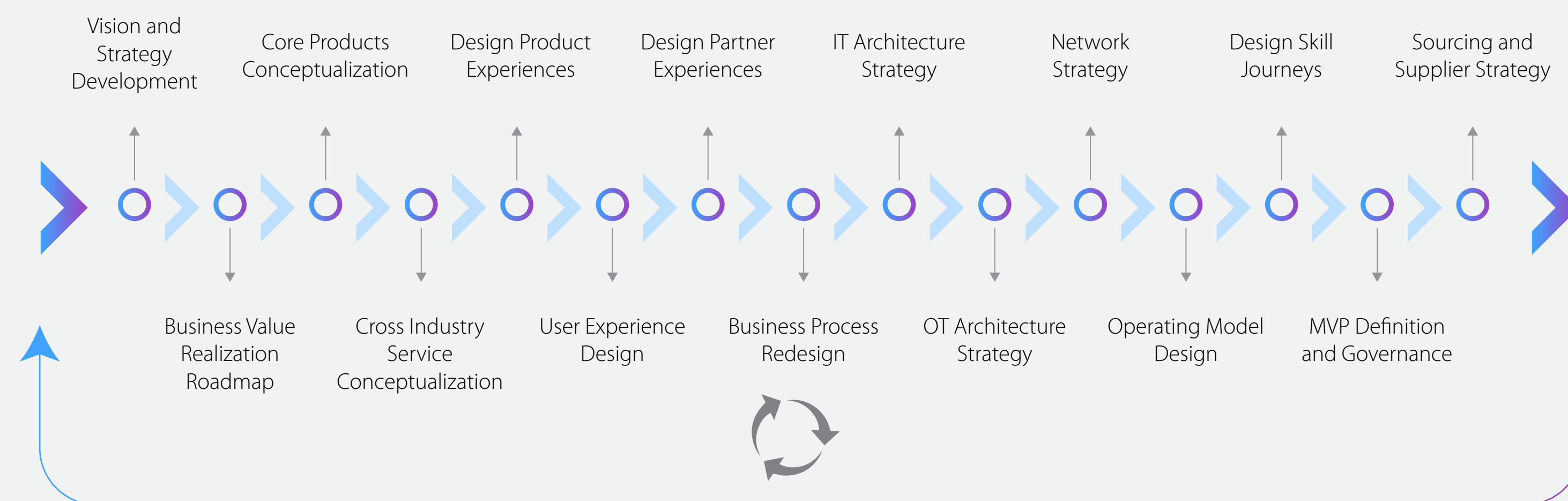


Figure 2: Iterative approach for 5G adoption

For companies setting off on their 5G adoption journeys, we suggest taking an iterative approach. This will help telecom service providers to assess the buying needs across various industries, be it deeply integrated vertical solutions, connectivity service, vertical industrial platforms, or managed vertical services. CSPs can also ascertain the areas of strengths and weaknesses across dimensions of brand, go-to-market strategy, and technology capabilities – network, operational, and IT (see Fig. 2). Based on these assessments, the target product, user, and partner experiences can be formulated, along with the strategies and operating model constructs. From here, service providers can proceed with prioritizing Minimum Viable Platform (MVP) development tailored to capture 5G value chains based on the projected business value.

Making the Shift

Most CSPs run their business operations on legacy applications and architecture; consequently, they are limited in their ability to digitally interact with customers. These operational technologies will have to be re-engineered by embracing the principles of product development. This requires a new microservices-driven, customer-facing environment to accelerate interaction dynamics.

Embrace a software-centric approach

A software-centric approach towards deployment where most of the design, planning, and rollout are executed by adopting the agile principles of software development can help simplify the process. This approach involves a heavy reliance on automation and geographic information systems (GIS) tools as opposed to the construction-centric mindset which are inventory and survey-led.

Build partner management capabilities

Service providers need to dynamically adapt to their partner ecosystems and the corresponding revenue-sharing models. They can onboard partners and integrate their solutions such as marketplace offerings into the product catalog through secure, standardized APIs. Also, the partner management system should enable ecosystem governance to manage complex operational and monetization aspects.

Ensure customer-centricity

As B2B deployment will be on-demand, the lead-to-quote process for complex collaborative product bundles can be AI-driven. The order management process can also be transformed to support the real-time delivery of complex, multicomponent, on-demand services for businesses and mass-market consumers. A dynamic product catalog that can handle a variety of 5G network parameters is needed. Further, a strong omnichannel ecosystem needs to be in place to drive lifetime value-oriented customer experience.



Conclusion

We see 5G coming of age in a 3-5 year horizon when all boundary use cases will give way for truly transformative ones – both on the growth side (next-gen products) and on the transformation side (efficiencies and cost). Presently, most CSPs are trialling multiple aspects of 5G. Few operators are testing 5G for consumers. However, the bigger opportunity for 5G lies in the B2B space where enterprises are increasingly taking an outcome-centric approach towards technology adoption, including 5G.

Given the sheer diversity of demand expected across industries and the urgent reliance on rapid digital communication, CSPs alone will not be able to cater to all the requirements. From building upon their core portfolio to horizontal services and go-to market strategy, the role of partners and business model innovation will be the key to accelerated monetization.



About the author



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Naren is an Industry Advisor for Communications and Media industries, focussed on helping organizations transform and innovate in a competitive marketplace. Naren has 13 years of experience and holds an MBA degree from Warwick Business School.

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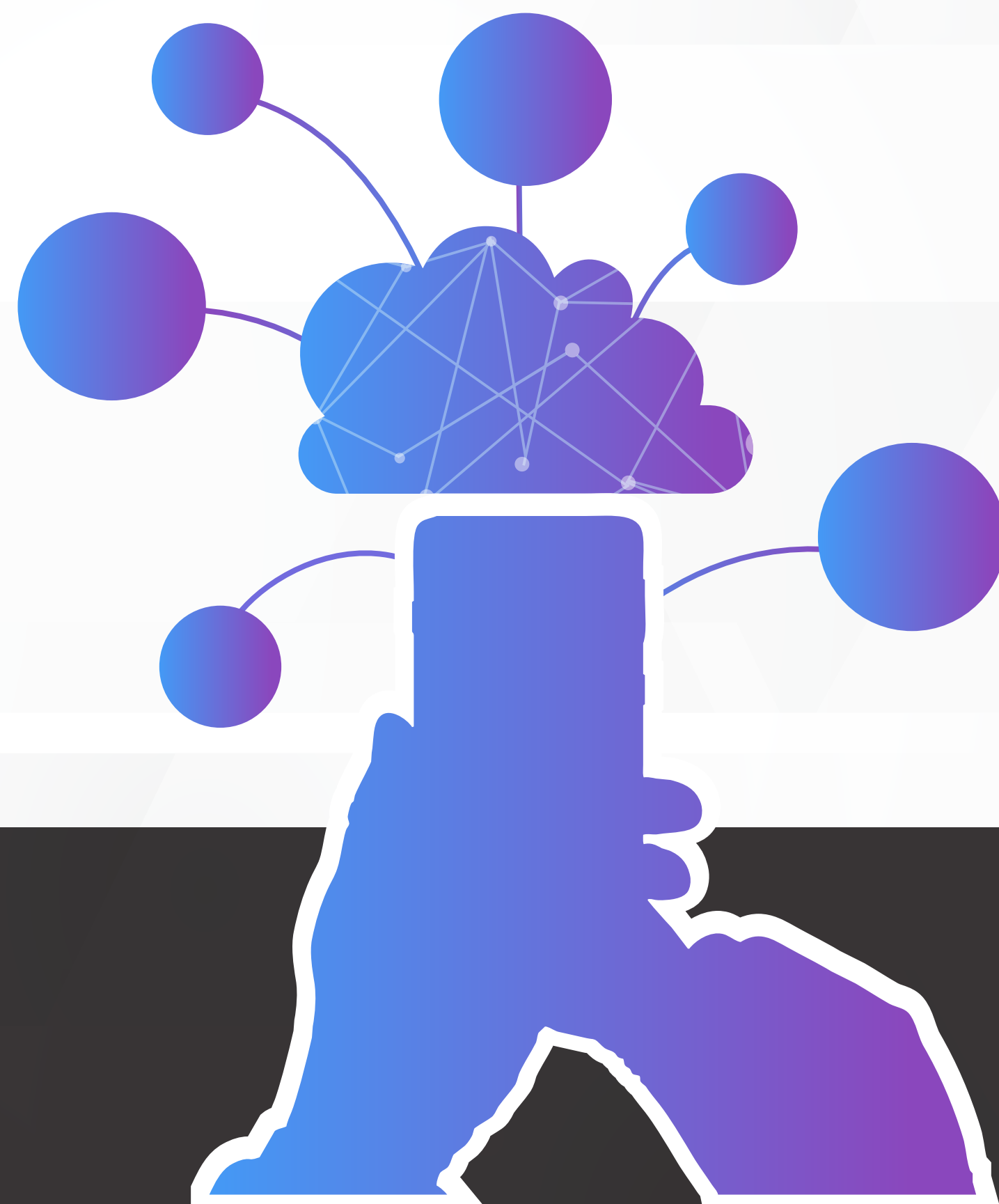
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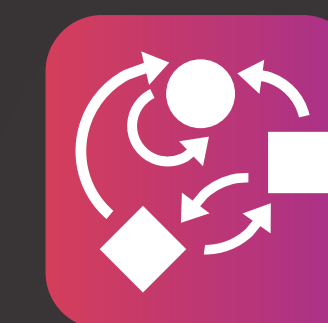
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