

The Telecoms Renaissance

The last chance for telcos to
reconnect with their customers.

Traditional telcos are in real danger of falling behind other technology sectors.

The need for change is obvious - but how we arrive there is slightly trickier to navigate.

We need to address the elephant in the room. For some time now, the telecoms market has been in need of a seismic overhaul. Decades of outdated and expensive infrastructure have become an anchor dragging down the industry. For the most part, there's a consensus that major changes are required. Although, how we implement those changes is a more nuanced process.

Of course, substantial change can't take place without significant investment, but injecting fresh capital alone won't lead to some sort of quick fix solution. Somewhere along the way, a disconnect has formed for established telcos. There is a chasm emerging between delivering innovation and customer satisfaction and striving for a more sustainable and successful business. The two aren't mutually exclusive. Both are integral and can successfully coexist with the right strategy and mindset.

So what can be done? It's time to change the narrative.

It's time for a 'Telecoms Renaissance'. This can't just be a meaningless gimmick though, or a throwaway term that loses gravitas as quickly as it catches on. What's needed is an innovation revival and commitment to put the customer first, ahead of maintaining the status quo and propping up the 'old ways' of doing things.

The Telecoms Renaissance must be built on automation, and more importantly, on implementing new digital services for customers that create a rewarding experience for them.

To understand what form this renaissance should take, we spoke to 200 senior telecoms executives and 2000 consumers across Europe. We set out to understand the priorities for the industry and compared these to the needs of customers - what we found should be vital reading for any industry executive.

Jonas Cedenwing

CEO of Telness Tech



Telcos are ready to invest heavily - but in what?

We began by looking at plans for the future and the data revealed multiple business priorities for telecoms executives.

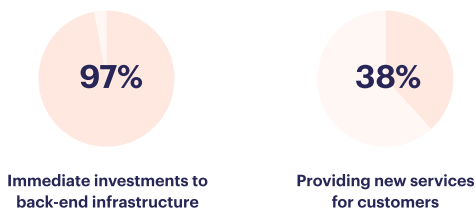


On average, companies plan on investing approximately £16 million in tech and service development over the next three years.

Virtually all of our surveyed telcos (97%) pledged to make immediate investments to their back-end infrastructure within the next 12 months. A third (33%) of the overall planned spend will be directed towards upgrading back end infrastructure and 31% will be funnelled into providing better services for customers.

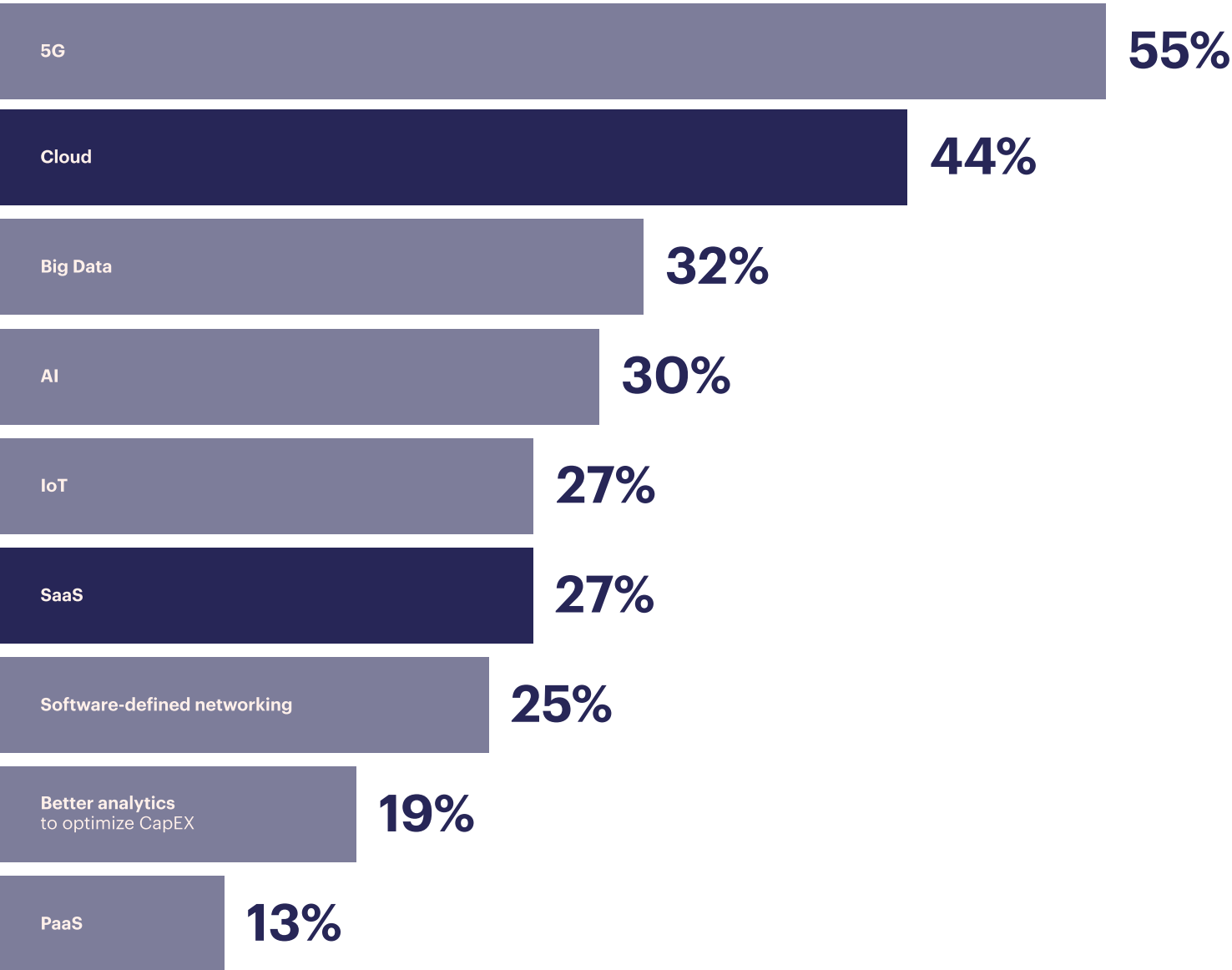
A commitment to spend such a large proportion of this investment on delivering better services for customers is a step in the right direction, but it remains to be seen whether it will be a step that resonates with an increasingly apathetic consumer. There is also the question of speed. Most telcos plan to make these capital commitments over the course of the next three years. Undoubtedly that will feel slow to a consumer well used to automatic software updates and next day Amazon deliveries.

The surveyed telcos plan to invest in the following:



Top business priorities for telcos

When asked what kind of technology would be integral to the future of their business, this is what they told us.



96%

of telcos say that
customers are loyal to
their brand

4%

of telcos feel that their
customers are disloyal



Telcos have strong confidence in the future

The data shows confidence in the future is high - both in terms of business growth and keeping up with the competition.

The overwhelming majority of telcos believe that their organisation's strategy will ensure they stay competitive in the next 12-18 months. Most told us that the telecoms industry is as innovative, if not more so, than other sectors such as finance, automotive and consumer apps like Uber.

Another factor associated with this degree of confidence seems to be a strong belief in loyal customers. The vast majority (96%) say their customers are loyal to their brand. A meagre 4% would describe their customer base as disloyal.

At first glance, this confidence is well evidenced. Roughly two-thirds of telcos (64%) have a positive Net Promoter Score (a measure of customer satisfaction), with most scoring of those scoring between 10-49.

But at what point does confidence turn into a risk rather than an asset?

When your customers tell a different story.

Consumers will happily switch when the price is right

We surveyed 2000 consumers about how they feel about their telecoms provider and the answer may well worry the industry.

The vast majority (92%) are 'satisfied' with their current telephone operator. But that's not the whole story. Nearly 2 in 3 consumers (64%) are likely to change phone providers within the next three years. Young consumers (under 35) are even more likely to switch, as three-quarters (75%) plan to find another provider soon.

The overwhelming factor influencing buying decisions is price. Of consumers who had recently switched, 59% did so for a better deal.

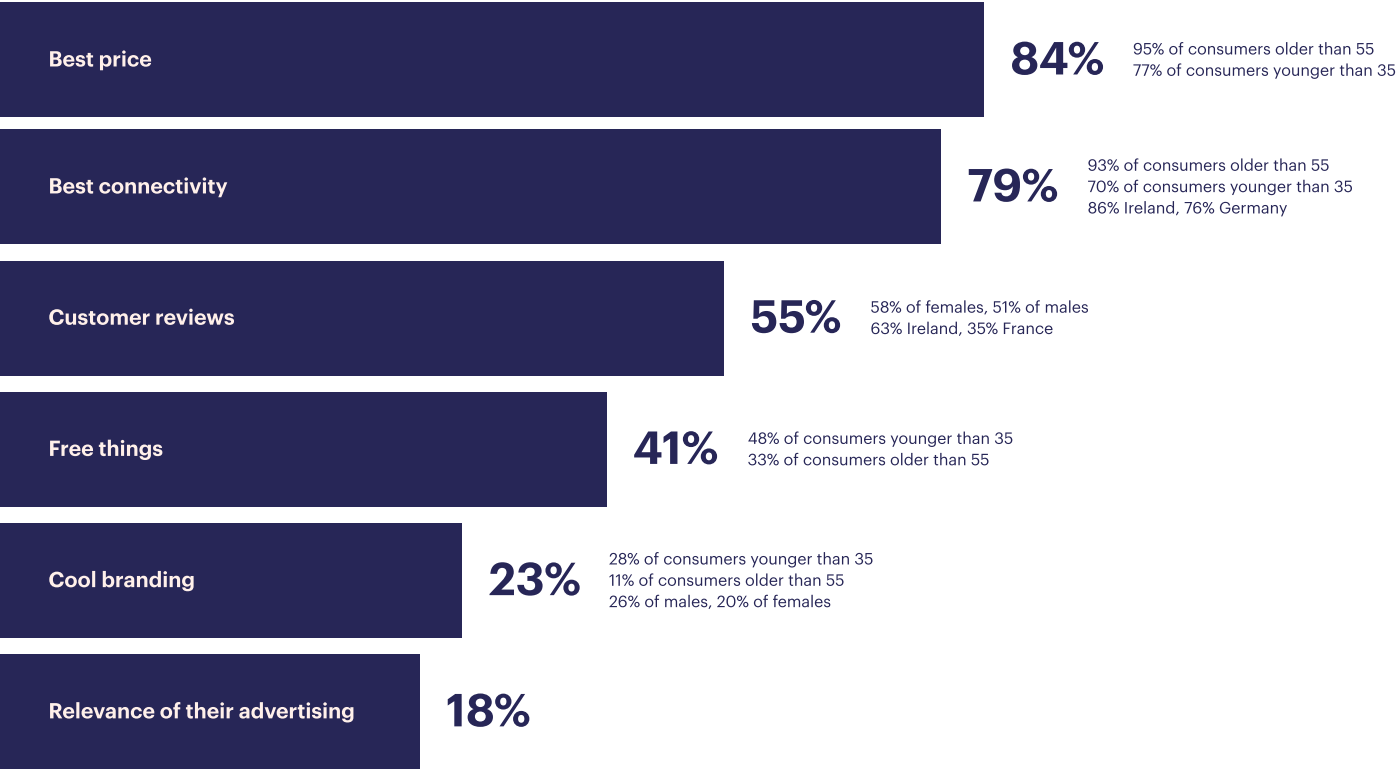
64%

of consumers are likely to switch phone providers within the next three years

The top six factors influencing consumers’ choice of provider - ranked in order.

A pattern is emerging here. Consumers might say they’re satisfied but they wouldn’t hesitate to switch if better prices were offered elsewhere.

The overwhelming majority of telcos believe that consumers are loyal to their brand, but the customer survey suggests that consumers are anything but loyal. In fact, there is a level of apathy towards our phone providers and it’s clear that nothing would stop us from changing lanes for a better deal with another provider.





The emerging loyalty paradox

There is an underlying issue surrounding customer retention which telcos must face head-on. The overconfidence of businesses is undermined by the willingness of consumers to switch. So investments might be being ploughed into much needed upgrades and new service development, but that is no good if the outcomes remain to be seen by consumers.

We asked consumers about how they would rate the level of innovation coming from their operators and the results were striking.

Consumers consistently ranked well-known telecom companies as being less innovative than other tech companies. In fact, they ranked Amazon as the most innovative, with telcos, such as Orange Mobile (13%) and Telefonica (7%), ranking in the bottom half of the table.

Roughly half (49%) of consumers say they would be likely to switch their service if Amazon or Facebook offered a mobile network option - showing that brand loyalty is much stronger in other sectors.

Some of this tension is likely a result of poor communication. Telcos might be innovating behind the scenes but it's clear that they aren't telling their customers so the assumption is that nothing is changing. In addition to poor communication, there is a reality here that progress is slow. An innovation schedule of three years from start to roll-out of new services is too long to achieve the kind of retention and growth needed by most of the industry.

Transformation is needed, urgently.

All the data from this study points towards two clear conclusions.

With numerous challenger brands and MVNOs (Mobile Virtual Network Operators) entering the market with a more agile approach and cloud-based technology - it is clear why the telecoms renaissance is necessary.

The task of transforming an industry isn't an easy one. However, every journey starts with a single step and a shift in mindset.



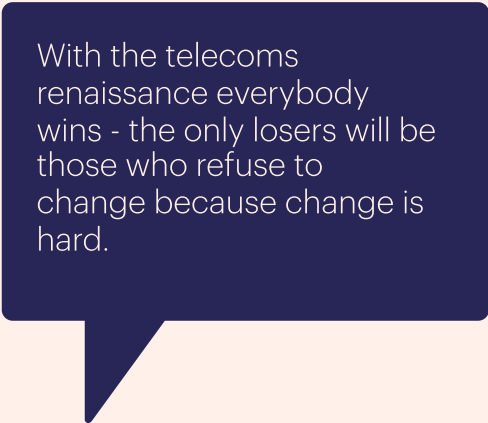
1.

It depicts an industry with an understanding of the need for innovation but that is beleaguered by expensive and obsolete technology.



2.

Data shows a consumer with itchy feet - keen to switch for a better deal elsewhere.



With the telecoms renaissance everybody wins - the only losers will be those who refuse to change because change is hard.

The shift in mindset comes down to a single word: flexibility. Flexibility is the foundation of innovation and can only really be achieved through cloud-based technology platforms. After all, new pricing models and exciting services can only meet consumer expectations if telcos can act fast; something that's impossible with legacy technology solutions.

Smart telcos will know that this divergence between current capability versus customer expectation, and immediately start transformation. This will not only lead to better services for customers, it means telcos will be able to drive down cost of ownership meaning more can be re-invested in other areas or repaid to shareholders.

With the telecoms renaissance everybody wins - the only losers will be those who refuse to change because change is hard.

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