TELECOM WHOLESALE INDUSTRY IN THE **DIGITAL TRANSFORMATION ERA**

TRANSCRIPT

In this Panel discussion sponsored by Telefónica, we are invited to learn about the new opportunities and challenges in the digital area for market players. Industry experts share the unique set of challenges they face within their organizations and explain how they tackle those challenges.

Telefónica

Moderator
Erik van Stokkom
Chief Moderator at CC/ M&A at GTC

Keynote Speaker, Panelist
José Manuel de Arce
Deputy Director IT Planning & Architecture at Telefónica Global Solutions

Panelist
Serve Bunnik
Deputy Director of EU operation and Product Director at CITIC Telecom CPC

Panelist
Edwin A.D. Van Ierland
Chief Commercial Officer at iBasis

Panelist
Michael Kearns
Co-Founder & Chief Strategy Officer at Amartus

A LOT OF WORDS ARE BEING USED IN THAT ENVIRONMENT, BUT WHAT DOES IT MEAN FOR THE TELCO AND WHAT DOES IT MEAN FOR THE TRADITIONAL END-USER?

Edwin A.D. Van Ierland

Erik van Stokkom:

Ladies and gentlemen, I would like to start this Panel discussion with Edwin, who is flying in the sky currently but we prerecorded his answer, so let's see what Edwin wants to share with us. Edwin, from your point of view, what are the new opportunities and challenges in the digital area for market players and what big-ticket items do we see? What's out there?

Edwin A.D. Van Ierland:

I think there's a lot out there, and unfortunately, COVID was a significant driver in that acceleration of the digital transformation. What happened is that new products, new markets, and new segments became visible; and the sleeping giants, that's what I call them, the traditional Telcos had difficulties adjusting to that new pace. That's also where the old world and the new world came together. With the old world-worldwide false voice termination, quality of service, and the knowledge of local regulation. It's extremely important to give the quality, which is what enterprise markets, but also small and medium enterprises need for the client base. Bringing the old and the new world together was a big challenge, and it's still a big challenge. What is needed, for instance,, to facilitate a Microsoft teams call and a direct routing facility, is not an easy thing. You need local numbers, you need the quality, the service, and you bring a completely new technology together with the old technology. At the same time, you see appplication going on at the introduction of APIs, and that is becoming more traditional as we speak. However, to facilitate that in a marketplace where you can host APIs and also create APIs between, let's say the old and the new world, that's becoming significantly more complicated. You also open your marketplacee for potentially third party APIs, which can be seen as competition. In the wholesale environment, however, parties are slowly getting it. The first API interconnects are already there, the first voice API interconnects are already there. And that is where you see that the small parties who are focused on that kind of technology, they have, let's say, two wins versus the big Telcos. That is seriously a challenge as we speak right now. why is that a challenge? The traditional Telcos try to protect their market. They try to protect their top-line revenue and the customer base message. With the customers they want to have the new services installed immediately. The big challenge for Telco is, ''am I going to develop that by myself, am I going to outsource that, or am I going to partner with somebody?''. In this particular case, if you look at cloud communications as such, everybody knows, "okay, what is cloud? Is it a unified communication system as a service, or is it a communication platform as a service?" A lot of words are being used in that environment, but what does it mean for the Telco and what does it mean for the traditional end-user? A good example for instance is that China Telecom decided: "We are going to use iBasis worldwide." That was a big challenge for us. And why did China Telecom do that? Simply, Microsoft Teams is not allowed over the entire world. So, we needed to provide them with a multiple solution deck also covering Zoom, Webex, BlueJeans, and including Microsoft Teams so that they could offer effect and dashboard to the enterprise community. Of course, we all know that the regulation is not always helping us, especially in that the Biden administration have particular regulations for China. However, we found ways to work together with China Telecom Europe and China Telecom Global to make it happen. Currently, we are in the process of launching a lot of Microsoft Teams solutions with a direct routing facility, and we do that collectively together with one of our partners, TelAgility out of the US which is a relatively small company, however, with a big solution drain in the world of Zoom applications, Microsoft Teams applications, and Webex applications... We also work together with Telestax, recently acquired by Mavenir, and that is where we use the CPaaS solution to bring to the market an SMS API, or a Voice API. Now, you would think that is an easy thing to do, but I can tell you the challenge is that these two worlds, they talk different languages. If we think of a call flow diagram as we used in the past in the traditional voice environment, the new parties have no clue what they're talking about. The handshakes and all the protocols need to be arranged between the old and the new world, which is where the challenges come across. So for Telco, the challenge is, how can we onboard these new kinds of skills, new people, and new expertise? Do we develop it by ourselves to satisfy the existing customer base, or are we going to cooperate with a partner to accelerate that introduction into the market? What we have seen over the past year and a half due to COVID is that the creativity and the technology boost that that gave to all these small parties was significant. It was amazing to see how everybody is adapting to that new world and creating new opportunities, new market segments, and also new business.. (...)

Erik van Stokkom:

Let's see what José has to tell us. José over to you.

José Manuel de Arce:

I agree with Edwin in the approach and the analysis. Developing your skills is very important. I won't comment for the whole Telefonica Group, as I'm not prepared or the right person, it is a big organization. But in the TEF environment we are doing, I have to say both: There are areas of (.....) product incorporation in our portfolio that we need to incorporate, but there are others that we strongly feel we need to develop ourselves. We need to own the product, and incorporate the development and skills internally and do it ourselves. There is a big chunk of value in very specific areas in which we try to do it ourselves. That's the whole scheme of my idea, that our experience is not everywhere. Not for all the services, but in the specific CPaaS for example that I would mention, there are some layers, some interaction with Microsoft Teams that we do all by ourselves, and that's a big, relevant approach.

Erik van Stokkom:

Serve, what are the new opportunities and challenges in the digital area for the Market players and what do you see around you? What are the big-ticket items you see?

Serve Bunnik:

Well, I think there are a couple of things here. First of all, if you look at APIs and putting things together, because APIs- application interface- is all about this, you are looking through applications like Edwin has been pointing out, bringing the old

> **WE NEED TO OWN THE PRODUCT, AND INCORPORATE THE DEVELOPMENT AND SKILLS INTERNALLY AND DO IT OURSELVES.**
>
> *– José Manuel de Arce*

and new world together. And there is also the matter where we see some elements happening, more on the processing part. So, we're really making sure that the digital transformation leads to more efficiency and more effectiveness. The other thing that I see is that digital transformation will lead to new surfaces. If you look at the big-ticket items that we currently experience, you'll see they are twofold. First of all, we are mainly interacting with a lot of different parties. In the quoting phase, we are collecting a lot of information. The funny thing is that even though we are grown to all kinds of API standards, there is still room for some clearinghouse functionality in the middle, because the internet connection that I have may have a completely different surface spec than the internet connection that another person has. So, what you see in the intermediate, if you look at commercial elements also, you need to have a party in the middle that matches product A with product B- what you're searching for. That's one clear element in that sense. The other opportunity that we see, is that indeed on an operational level we create more APIs for our customers, which sometimes helps us to also overcome local legislation. For example, one of the major things that we are doing is that we are fully licensed operators in China. The other thing that we do there is make sure that some of our carrier customers want to do SD-WAN. They don't have to correct their license. So what we do is, we create a full SD-WAN environment, but we connect it towards their orchestrator based on an API. That's the most extreme value if you look at changes, operations, trouble, taking everything else, also already on an application level. Those are the most extreme elements. We also believe that could also be applied to other network elements which are more traditional, like the internet on the line to get all kinds of information out of there, which you can also share back to your partners. That's how I look at it. On our element, we look at the fact that we have an optimization of procedures, which helps everybody. The second thing is creating new services as we have done with SD-WAN in China. Not only to connect technologies but also to overcome local situations in that sense.

Erik van Stokkom:

Okay. Thank you. Michael, what's your take on the opportunities you see, and then the challenges which are out there?

Michael Kearns:

The overarching requirement is driven by the demand for real-time flexible services. We've got a broad range of services, which are provided through the wholesale and retail providers. then you've got the introduction of the new technologies, which will enable the services to transform. We have technologies such as SD-WAN and SASE which are looking at transforming how we do networking, decoupling that kind of overlay and underlay network. That requires certain cooperation between the wholesale providers to provide that global connectivity. The wholesale providers have an immediate opportunity to provide the underlay network that will give the global reach for their partners and customers, ultimately upstream customers. That can be needs met. It can be internet access type underlay services, and then ultimately providing that as I say to the end customers. But to make all this happen, I think you have to go back to the points that José was mentioning, that internally you need to be agile, you need to be data-driven because you got to make that seamless experience with that end customer. In order to do that, you need to coordinate across APIs. I'm the LSO Co-Chair in the met for the LSO APIs, so I'm a very big proponent of standardization and automation there. It's not sufficient to only expose APIs of what you have as a wholesale provider. If you've got 200 partners, you've got to be able to plug and play with your other partners. So you've got to have a new kind of thought process about how I'm going to make it easy to plug and play with all of these partners continuously as I evolve my processes and supports there.I think this then expands into a whole range of technology. So, I talked about SD-WAN and SASE, you've got 5G wireless access, you've got Satellite now, which is a huge opportunity to partner, but also a big competitive threat potentially. We don't know if Satellite will be a wholesale player or if they will go straight to the consumer. Even now you see Satellite mixing with 5G and it may be that traditional providers find themselves being taken over by 5G. I think there's a lot of things going on there. I think this type of disruption means there'll be winners and losers. Definitely, going back to what José was talking about, if you're not agile and you're not data-driven, you don't really have a chance to play in this new space.

Watch the full video version of this Panel Discussion session on our CC-Media Portal: https://carriercommu- nity.com/cc-webinar-live-recordings/

WATCH NOW