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TECHLED

Agile Telco

OPTIMISED OPERATIONS FOR MODERN CONNECTIVITY PROVIDERS

Will telcos ride the AI wave - or wipe-out?

Exclusive Agile Telco Market Report reveals industry insights into whether telcos will cash-in or crash-out of the AI boom

- **Telco Marketing: The new art of persuasion**
- **Who's doing what in telco AI? Early use cases for the next generation**

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Agile Telco

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COMMENT

The importance of being agile in the AI era

The next wave of telecoms is wrapped up in the introduction of AI to telcos. In common with every other industry, AI in telecoms is expected to bring efficiencies and help accelerate industries but it shouldn't be looked at as simply another additional set of services that telcos can add to their portfolios. AI isn't like adding mobile content or enabling broadband internet, it's transformative technology that puts clear blue water behind the network-engineering focused heritage of telcos and their future in the digital delivery chain.

As our Market Report, starting on the facing page, reveals, the arrival of AI is at least as transformative as the introduction of Internet Protocol and the packet-based data transmission economy of the last quarter century or more. This time, it's not actually about the network changing what we can do. The network is already here and scalable across fixed and wireless to meet AI needs. (Let's keep the discussion about how networks will scale up to support AI volumes for another day but accept the fundamental network technology across fibre and 5G and 6G is fit for AI purposes.)

The challenge for telcos is the business model. The days of linear charging for network consumption will be over and telcos will instead need to charge for API usage, adjacent services and ancillary support rather than the network itself. Those charges will need to underpin investment in scaling networks which, in a neat circularity, AI will also make more cost effective and simpler to deploy.

As we tick over into 2026, it's important not to run too fast into this new era. So many use cases and business models are untried, untested and unproven that there is substantial risk involved in rapid shifts to AI-focused business models. On the other hand, AI is developing so quickly that any delay has the potential to leave telcos far behind the market's needs. In that scenario, someone else will serve them.

The consensus today is to embrace AI in a targeted way, to prepare as much as possible for telco services that support AI, to access the benefits of AI in your own operations and then to stay as agile as possible so you can be in prime position when the opportunities crystallise.

Agility has never been so important!

George Malim
Managing editor

Will telcos ride the AI wave or wipe-out?

In a world where your machine talks to my machine and automatically asks for network capacity to be provisioned to support an AI data flow, who authorises the transaction, who approves the policy and who pays for the service?

We're in a world of new rules for telecoms services in which telcos can play a transformed role, charging their customers as well as partners and customers of their customers for AI-enabling connectivity. George Malim, the managing editor of Agile Telco, assesses the easy wins for telcos, the more difficult challenges associated with expanding their offerings to support specific AI-enablement services and the ultimate goal of adding adjacent AI-related services to their offerings.

The scale and scope of this transformation should not be underestimated. Telcos won't necessarily be charging for network utilisation in support of AI and their model could instead focus on monetisation of application programme interfaces (APIs), charging for adjacent services or taking a cut of a larger overall fee for services delivered as part of a wider partnership. It's unlikely that automated AI-related connectivity will be charged for based on capacity or even speed even though both of these will continue to be essential performance enablers underpinning AI workflows and AI-enabled services.

Who clucks last clucks loudest?

A chicken-and-egg situation has been developing in telco AI in which it has become more and more apparent that telcos will need to adopt AI so they are able support AI and generate revenues from it. Massively scalable autonomous networks demand different intelligence to traditional telco architectures so AI is needed in both chicken and egg formats so telcos can transform their offerings as well as their operations.

"To enable AI-related services, telcos first need to make their existing systems AI-ready," confirms Jeffrey Spiess, the service management platform product director at Motive. "Many of the systems that hold the relevant data are twenty or more years old and were never designed for AI workloads. Some have APIs, but many rely on

UI-level interactions or file-based interfaces. Without modern, machine-readable access, AI cannot reliably retrieve information or take action."

Spiess adds that the practical solution for telcos is to build modern interfaces on top of this legacy environment. Emerging frameworks such as the Model Context Protocol and Agent-to-Agent protocols enable the creation of "sidecar" layers that sit alongside existing systems and safely expose them to AI. Telcos can use this approach to launch their first AI use cases while keeping all current processes running as normal.

"Over time, the sidecar can evolve into a façade that becomes the primary access point for AI and human-driven applications," says Spiess. "This approach reduces risk, avoids massive transformation programmes and gives telcos a clear, incremental path towards AI enablement."

Invest for success

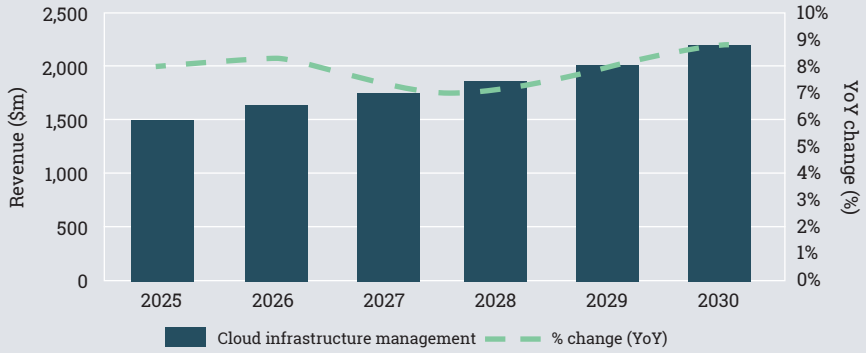
The application of AI can make telcos' AI eggs golden but a substantial chunk of investment in flocks of AI chickens is a prerequisite for those eggs to be laid. Telcos have certainly been making early moves in this direction. Analyst firm Omdia has reported that telco spending on network cloud infrastructure and software is set to grow from US$17.4 billion in 2025 to US$24.8bn by 2030.

Over time, the sidecar can evolve into a façade that becomes the primary access point for AI and human-driven applications

Mark Abolafia
HTEC

To be successful, telcos need to firstly position themselves to price based on value for those services

Figure 1: Global telco network cloud infrastructure management



Source: Omdia

Dr Mona Nia
Tecnotree

The firm also reports acceleration in cloud adoption with 12% growth expected in 2025, doubling the rate seen in 2024. Momentum is thanks to the increasing maturity of cloud-native tooling, automation frameworks and the integration of AI and GenAI into network operations. More than 62% of telcos now consider AI and machine learning support critical to cloud infrastructure decisions, the firm adds.

A new study from the IBM Institute for Business Value – 'Telecommunications in the AI era' – has reported that 55% of AI investment is currently used to support efficiency initiatives such as network performance optimisation and automated customer services. However, that proportion is expected to decline to 46% by 2027 as investment in business model innovation increases, rising from 14% today to 19% in 2027. This underlines that telcos are engaging in a fundamental redesign of how they create and capture value, the firm says.

Mind the execution gap

The IBM study says that telcos face an execution rather than an ambition gap and many still lack the data infrastructure, governance and multi-functional capabilities to scale up AI effectively. The study confirms that success of AI depends on integrating it into the operating model, not simply deploying technology alone.

Sporadic investment in AI-supportive IT infrastructure is a sensible step but it's not in itself a big enough transformation to take telcos through to an AI-powered, AI-enablement platform for the future.

Important but not unique capabilities

"This is not a light touch movement," confirms Marc Price, the chief technology officer of Matrixx Software. "Telcos innovate on technology first and then figure out the business model. That's how it has always been done, and it's not to their advantage, but AI is not just a telco problem. The fundamental issue is that everyone sees the promise of AI but where's the money going to come from? Telecoms is in a very important position but it's not a unique position to telecoms."

"To be successful, telcos need to firstly position themselves to price based on value for those services," he explains, pointing out that there are numerous unknowns to address. "What are the factors involved in delivering AI services and what are consumers and enterprises willing to pay? The answers are not well known so the industry is challenged and needs to start evolving its technologies again and understand what it needs to do to capture value in the era that is coming."

That technological evolution is more than simply adding AI capability to existing systems. "AI-enablement demands more than adding intelligence on top of existing networks; it requires a foundation built on flexibility, automation and interoperability," says Liz Parry, the chief executive of Lifecycle Software. "Telcos need to evolve beyond static service architectures to ones that can dynamically provision, assure and monetise connectivity based on real-time data exchange. This means using open APIs, adopting cloud-native, composable BSS and OSS, and embracing analytics-driven orchestration that enables services to be configured and priced autonomously."

Transformation against the clock

"The thing not to do is nothing," Price adds. "The recognition that AI services are going to be big and different is relatively new but, at the same time, there's a recognition outside of AI that telcos need to change their business models to support more indirect offerings. A lot of new revenues will be based on seamless connectivity; users won't buy and object and then pay for connectivity – they won't pay for bytes. That dramatically changes how payment flows work and is entirely different to how BSS is set up today. We see people beginning to lean into that and this is the dramatic change that is going to occur."

Even so, transformation can't be a headlong rush. "Telcos must start with clear business objectives and measurable ROI upfront, avoiding exploratory 'science projects'," explains

Liz Parry
Lifecycle Software

Mark Abolafia, the senior client partner for telecommunications at HTEC. "Operators should first review their processes, then integrate AI on top of optimised workflows. If the underlying operational processes are inefficient or poorly designed, inserting AI into the workflow merely automates inefficiency at scale."

Rubbish in, rubbish out

"Operators also need to ensure that foundational data assets, such as network telemetry, customer records, usage patterns, OSS/BSS events and service assurance logs are clean, normalised and consistently governed," Abolafia adds. "AI systems amplify whatever data they receive; therefore, fragmented schemas, poor data lineage or inconsistent metadata will significantly degrade downstream model performance. Ultimately, operators must adopt a strategy-first approach: articulate the intended transformation, validate the data pipeline and governance structures, ensure the methodology is sound and only then accelerate into model development and deployment to maximise ROI."

Price describes the current status of telco data as a 'swamp' rather than a lake but it's well understood that AI-related services are dependent on data. Therefore efforts must be made to make telco data fit for AI purposes.

"AI services can only succeed if telcos first solve their data challenge," confirms Gil Rosen, the chief marketing officer at Amdocs. "Data is the fuel for any meaningful AI capability, and without clean, connected and context-rich data, no AI engine can run. For years, telecoms data has been locked away inside siloed systems, which means public LLMs have never been trained on telco-specific information. That's why general-purpose models sound fluent, but not useful, when applied to telecoms."

"To deliver real AI-driven services, telcos must train models on their own operational, product and customer data – contextualising it with eligibility

rules, device information, plan details, behavioural patterns and interaction history," he adds. "This requires doing the foundational work: cleaning the data, tagging it, unifying it and making it safely accessible at scale."

Dr Mona Nia, the global director of AI/ML solutions at Tecnotree, also highlights the importance of having a strong data foundation for AI. "Clean, consistent and connected data is the bedrock of any AI strategy," she says. "Telcos must break down long-standing data silos and build a unified data lake or data fabric capable of handling the enormous volumes generated across networks, IT stacks and customer touchpoints. With that comes the need for strong and responsible AI frameworks to ensure transparency, fairness and compliance, especially given the sensitivity of telecoms data and its role in national infrastructure."

"Next come edge AI computing and orchestration," explains Nia. "While heavy AI model training can happen in the cloud or core data centres, real-time inference needs to run as close to the user as possible to eliminate latency. This demands a carrier-grade, hybrid cloud architecture that extends AI workloads all the way to the network edge. It's the only way to support emerging AI-intensive services, from autonomous mobility to smart city operations, by transforming the network into a distributed intelligent compute platform."

Nia also concludes that telcos must embrace open APIs and ecosystem collaboration. "An AI-native network is programmable at every layer," she says. "By adopting TM Forum's Open Digital Architecture and Open APIs, telcos can expose capabilities to partners, developers and enterprises. This accelerates time-to-market, drives co-creation and allows operators to participate meaningfully in the broader AI economy."

Machines not people

That broader economy increasingly resembles a new customer base for telcos, this time composed of machines rather than people. "The shift towards machine-to-machine transactions redefines what a business support system must do," confirms Parry. "In a world where AI agents request capacity, negotiate quality of service and even trigger billing events, the BSS must become adaptive, data-centric and intent-driven. Traditional rule-based workflows will give way to AI-assisted policy engines that interpret intent and apply monetisation logic in real-time."

"We see the next-generation BSS as an intelligent broker that autonomously manages service agreements across networks, customers and partner ecosystems," she adds. "It must support microtransactions, dynamic pricing and zero-touch settlement across multiple parties, all while maintaining compliance and trust. This evolution will depend heavily on modular architectures and AI governance frameworks that ensure transparency in automated decision-making."

Ultimately, AI becomes an integral part of every process. "Automated telco services will shift BSS from being operational to becoming fully cognitive, where AI is a native participant in every process," explains Rosen. "Opening BSS systems to AI doesn't just improve efficiency; it enables agentic capabilities in which systems communicate with each other the way people used to. In practice, autonomous agents in the BSS layer will be able to exchange information with northbound care agents, enabling

While heavy AI model training can happen in the cloud or core data centres, real-time inference needs to run as close to the user as possible to eliminate latency

Marc Price
Matrixx Software

Billing, charging, online charging systems (OCS) and other monetisation systems already rely heavily on automation, but adding AI introduces new risks

Jeffrey Spiess
Motive

end-to-end fulfilment without human intervention. It becomes a true conversation across the entire technology stack."

Rosen gives the example of the current process of creating a new Christmas package. This requires a marketing leader to manually assemble components in the product catalogue. In the agentic future, they will simply need to express the intent – "Create a holiday plan targeted at families in southwest London" – and the AI will build and configure it instantly.

The services, how they are assembled and how they are charged for are all altered and that is reflected in BSS and beyond. "The telco network is a good asset and telcos are trying to correlate the network and the business systems with a lot of work being done to disintermediate the telco network," explains Price. "That's important in this new era because not only will connectivity have to be priced differently, it will be delivered differently. Part of that will involve charging for APIs, part will be different provisioning of the network. Maybe a workload will be pushed to the edge or quality of experience will be assured or bandwidth will be delivered to an entity that needs it. These things will become more dynamic but there isn't a mature set of thinking about the new models. There is not a lot of spend here now."

AI hallucinations

For Spiess the largest implication for BSS is governance. "Billing, charging, online charging systems (OCS) and other monetisation systems already rely heavily on automation, but adding AI introduces new risks," he says. "AI-driven actions must not compromise revenue, misapply charges or inadvertently change customer entitlements. For example, an uncontrolled or hallucinated AI action could incorrectly adjust a rate plan or apply an unintended discount. To prevent this, telcos will need strong oversight frameworks, robust testing and safeguards that ensure AI recommendations remain within approved business rules."

Fully autonomous, automated actions therefore remain some distance away. "Initially, a human-in-the-loop model will be essential for sensitive decisions, particularly financial ones," says Spiess. "As confidence grows and AI behaviours become predictable, some autonomy can increase, but governance always remains central."

How will telcos monetise AI?

While the bulk of current focus is on AI to enable more efficient telco operations, increasing attention is being devoted to shifting into new models and markets and to define a position for telcos in the market for delivering AI. Will they be able to do so?

"Yes," says Spiess, "but the biggest opportunity lies at the edge of the network. Operators have a unique advantage here: their infrastructure brings compute resources physically closer to customers. By placing AI and GPU capacity at the edge, telcos can offer ultra-low-latency AI services that cloud hyperscalers cannot easily match.

This opens a path to new revenue streams, such as:

- AI-as-a-service for enterprises, delivered directly from the edge
- Real-time AI workloads that depend on minimal latency
- Industry-specific AI use cases that benefit from geographically distributed infrastructure

For Abolafia, the use of network APIs through frameworks like

GSMA Camara and TM Forum's ODA make network-as-a-service (NaaS) propositions available so developers can write applications that use network infrastructure. "This API-driven approach to monetising network assets, whether by operators themselves or through engaging ecosystems, represents a significant growth opportunity," he says. "Brownfield operators face challenges with legacy BSS/OSS stacks, transforming a massive undertaking that often leads to new silos. Telcos that embrace API-driven monetisation and ecosystem engagement are well-positioned to carve out a meaningful role in the AI services value chain by 2026 and beyond."

AI infrastructure provision

Nia agrees: "Telcos are uniquely positioned to shift into new markets, but they must evolve their identity from a CSP to an AI-native TechCo or ServCo," she says. "The primary opportunity lies in utilising their core assets, ubiquitous high-speed connectivity, distributed compute assets at the edge, and deep customer/network data to offer AI-as-a-service (AIaaS) to enterprises. One major avenue is AI infrastructure provision. Operators can monetise their distributed edge clouds by offering the compute power enterprises need — GPUs, TPUs and low-latency slices to run inference-heavy AI workloads such as industrial automation, robotics and real-time video analytics."

Another opportunity Nia cites are vertical-specific AI solutions. By merging network intelligence with domain expertise, telcos can provide specialised offerings tailored to industries. Examples include predictive maintenance tools for utilities or autonomous fleet management for logistics companies, where solutions are built and executed directly on the telco's guaranteed, low-latency network. Finally, operators can build B2B partnership platforms that support enterprises developing their own AI systems. This moves them beyond pure connectivity into high-value services like secure data exchange, customised connectivity profiles and managed AI model deployment environments.

Are opportunities slipping away?

There's no industry-wide set pace for moving into this new service arena and some are very much in the 'science project' phase. "Some operators have been experimenting for some time and are moving to production, whilst others are just getting started because they're unsure where to begin," Abolafia says. "Success

Gil Rosen
Amdocs

continued p14

Who's doing what in telco AI?

Telcos are utilising AI to take them into a new era of automation. Anthony Behan, the global managing director for communications, media and entertainment at Cloudera, singles out a series of examples including internal and external use cases for AI. He sees adoption of closed-loop service assurance, network performance enhancement and improved fraud prevention and risk monitoring as attractive use cases.

"Telcos are moving from reactive troubleshooting to proactive, automated service assurance models, that predict, detect and fix issues before customers are aware of them," he says.

When it comes to enhanced network performance, Behan cites LG Uplus, which has established a network real-time analytic platform (NRAP) for 5G network operation and integrated an AI function to implement AIOps, automatically detecting network failure root causes and predicting network quality. He also sees significant traction in fraud and risk prevention.

"Companies like Deutsche Telekom and Bouygues Telecom use AI and machine learning on network data to detect fraud patterns in real-time, which helps reduce revenue loss by up to 20% in Deutsche Telekom's case," Behan says. "British

Many major telcos globally are adopting a hybrid data platform approach, utilising on-premises infrastructure alongside public clouds (such as AWS, Azure and Google Cloud Platform) to unify data across siloed OSS and BSS

Telecom also uses ML to analyse fraud patterns and identify potential attacks."

These inward-looking AI use cases have also seen Bharti Airtel in India deploy an AI-powered anti-spam network that has flagged more than eight billion spam calls and one billion spam SMS messages, according to the IBM research. This system identifies nearly one million spammers each day and the telco has also launched an AI-driven RAN energy management solution, expected to save US$12 million annually while reducing its carbon footprint.

IBM also cites China Mobile which has introduced more than 24 AI products. One of them, Lingxi, is an intelligent customer assistant that is used to handle 90% of first-line inquiries and has boosted customer satisfaction by 10% in pilot regions. The company also uses AI-powered predictive analytics to reduce network repair times by 30% and AI-based energy management to dynamically optimise power usage across its RAN infrastructure.

The capability of telcos to move beyond internal gains is reliant on modernising their data architecture to support massive scale, real-time processing and hybrid cloud integration, according to Behan who puts forward additional areas in which they can become AI service providers. These include:

- **Data monetisation/marketplaces:** Deutsche Telekom developed the Telekom Data Intelligence Hub, a global data marketplace that allows customers to securely share, analyse,and capitalise on data insights, positioning the telco as an enabler of innovation. SoftBank aims to convert aggregated, anonymised and processed user location data into data products for corporate customers across various industries.

- **AI as a service (AIaaS):** The AI-native telco can use its advanced data platform capabilities to deliver AI infrastructure as a service to enterprise customers. This allows telcos to offer high-value AI and data services (such as GPU-as-a-Service, inference, workbench and model aggregation) on the customer's network, behind their firewalls, enabling enterprises that lack resources to safely and securely adopt AI. Cloudera has been working with the AI-RAN alliance to develop such models, Behan adds. Vodafone Idea is planning to offer data science-as-a-service to its business customers.

- **Hybrid data architecture:** Many major telcos globally are adopting a hybrid data platform approach, utilising on-premises infrastructure alongside public clouds (such as AWS, Azure and Google Cloud Platform) to unify data across siloed OSS and BSS. MasOrange, for example, evolved from an on-premises platform to a hybrid architecture to gain greater flexibility and interoperability, enabling over 50 use cases.

- **Accelerating enterprise AI:** The key to this transformation is adopting platforms designed to accelerate enterprise AI and bring AI to data anywhere, managing extreme volume and velocity of network data in near real-time. MasOrange processes 600,000 to 800,000 events per second, says Behan.

- **Industry standardisation:** The creation of the AI-RAN Alliance demonstrates a strategic industry-wide commitment to integrating AI into telecoms infrastructure. This alliance aims to standardise data orchestration and hybrid MLOps across telecoms and AI workloads, providing reference architectures for AI-native use cases.

Sales and customer experience are advancing quickly because the risk profile is manageable, and you can iterate safely

needs ROI justification, specific use cases, ensuring methodologies and data are correct, and getting quick results through a fail-fast approach with rapid cycles. Many operators understand their business well; however, they lack the expertise needed to implement advanced systems. The tier one and larger tier two operators are running multiple AI projects both in pilot and production, whilst smaller tier three and tier four operators often use private equity funding to expand rapidly with AI-native approaches."

Others feel opportunities may be slipping through telcos' fingers. "Telcos are behind the curve," says Spiess. "Although leadership interest in AI is high, operators often fall into 'paralysis by analysis'. The traditional telco mindset emphasises engineering precision, long planning phases and risk avoidance. This slows everything down."

In many respects that's unavoidable for an industry with roots in running critical infrastructure. Telcos simply haven't beta-tested services on their customers before but will need to learn to move at web speed if they're to integrate AI and support AI offerings in tandem with hyperscalers.

"AI maturity in telecoms is uneven," confirms Rosen. "Sales and customer experience are advancing quickly because the risk profile is manageable, and you can iterate safely. If an AI agent mishandles a care interaction, it affects one customer, not the entire network. Network operations, however, are a different story. One wrong decision can take thousands of people offline. That's not an

inconvenience – it's an emergency. This is why full automation in the network will naturally take longer to mature."

Transformation is therefore happening at varying speeds across different domains and service offerings. "The industry is in a critical transitional phase," confirms Nia. "A significant majority of telco executives report engagement with AI, but most organisations remain in the foundational or evolving stages of maturity. The current status is that most successful use cases are concentrated internally, through customer service chatbots, fraud detection and basic network automation. Many projects are still stuck in the proof-of-concept (PoC) or siloed deployment phase due to legacy IT architectures, complex data environments and a shortage of specialised talent."

Promise vs. reality

"Are we moving quickly enough?" she asks. "The answer is No. The gap between the AI promise and AI reality remains large. While early adopters are seeing impressive results, such as a 25-50% productivity gain from internal GenAI tools, the overall industry is struggling to scale AI end-to-end. The next few years will differentiate the market leaders, who embrace the fail fast concept and continuous model enhancement, from the laggards who maintain reactive, one-time AI deployments."

Abolafia sees the three main areas for operators to focus on as:

1) AI-driven migrations integrated into existing IT stacks

2) Extensive use of network APIs for asset monetisation via Camara and similar frameworks

3) The emergence of AI at the edge for both radio optimisation and revisiting edge compute paradigms.

"Telcos should understand how to scale AI implementations across the enterprise," he says. "Telcos need to prioritise based on their specific circumstances: greenfield operators versus brownfield, whether they need to improve customer experience or operational efficiency, and whether they have historical data to utilise. The critical factor is moving beyond endless pilots to production deployment with clear ROI metrics."

Move fast and try not to break things

Telcos will therefore attempt to move quickly – at least in terms of how they view rapid innovation. Their heritage means they will also be reluctant to experiment in public and avoid bringing unproven AI services to market. Even so, they will need to accelerate if they are to participate effectively here.

"The reality is that telcos are progressing, but at different speeds across different domains," says Rosen. "The key is to move fast where it's safe to do so, and move responsibly where the stakes are higher. As models become more accurate and systems become more agentic, the frontier of what's safe to automate will expand – and telcos that prepare now will be the ones positioned to lead."

That transitional phase is well underway but telcos need to continue to act to avoid being left behind. "We're moving to a world that is about more than just transporting packets," says Price. "There's a lot more room for telcos to be able to move more aggressively even without knowing the end-to-end value of AI-enabling services and how things will be priced. Telcos that are likely to be the most successful in this area have to be modernising their systems from a data model and an operational capability perspective."

"The primary need is that the business model is going to change and that's not as simple as changing from x to y," he adds. "Exchanges and interactions with customers are going to change and telcos need flexible systems that can change how they interact with the systems around them."

That's the essence of how telcos will ride the AI wave and avoid getting swamped by it.

The art of persuasion – Why do telcos get lost on the digital user journey?

Telecoms writer Stewart Baines discusses telcos' often unsuccessful marketing initiatives and assesses how mistakes can be avoided in addressing current B2B opportunities. He explores how telcos get their marketing wrong when they target new sources of revenue

With a significant growth forecast in telco B2B revenues, effective marketing will be essential in helping telcos move up the stack and position them as partners of choice for tech services. Forrester research shows that 92% of B2B tech buyers start procurement with one vendor in mind. So in tech services, how do we encourage buyers to think of telco first?

Management consultants and industry analysts appear to have caught a dose of viral boosterism. Symptoms include predicting that the B2B telecoms sector is on the cusp of tapping into untold billions in net new revenues from enterprise AI, cybersecurity and Industry 4.0, and all they need is to move up the value chain.

Omdia says B2B already accounts for 40% of global telecoms revenues and that 80% of growth potential in the entire sector is from B2B. This is supported by GSMA Intelligence, which estimates the enterprise segment is growing faster than the consumer segment (5.6% vs 1.5%), and McKinsey believes telcos could see an additional US$160 billion in B2B revenue by 2028.

B2B is the big deal

After years of stalled growth and failure to move up the stack, the tide seems to be turning. And already one-third of telco B2B revenue is beyond connectivity, in value-added areas such as security, cloud and managed IT services. Telcos like TIM, BT, Swisscom, Orange and KPN significantly beat that.

The prize is tantalising. The decline in traditional connectivity has not been offset by growth in data and mobile. However, the tech services market (already significantly larger than the connectivity market) is growing at 10.5% annually, says consultants Oliver Wyman. Telcos that can successfully carve a niche in tech services have more growth potential than those that don't.

McKinsey asked businesses what they thought of telcos and their capabilities. It found that 80% of decision makers see operators as "viable partners for products and services beyond core connectivity" and one-third believe B2B telcos should be a one-stop shop for tech and telecoms. This was consistent across small, medium and large business respondents.

Get in position

This is clearly good news for the sector, but telco marketers will need to work hard to convert this goodwill into revenue and telcos' history of maximising new market potential is littered with failures from walled content gardens to music, video and apps.

Telcos have been trying to move beyond connectivity for two decades. Sometimes the new products and services disappear as soon as they arrive. Sometimes they have arrived too late, and the bandwagon has moved on.

Stewart Baines
Telecoms writer

Too many B2B telco marketing plans are built as three-month sprints: a burst of media, targeting ads, nurture emails, a webinar, then on to the next

Marketing has tried hard to position telcos as serious players in managed services in security, devices and cloud infrastructure, but has been plagued by organisational silos and engineering failures. As operators transform their back-office systems, customers will start to see smoother provisioning, fewer operational issues and new products coming to market quicker.

Marketing will then be able to position telcos as techcos without cognitive dissonance. Key to this will be shifting the balance of activities away from short-term activation tactics, which can be effective in selling simple connectivity, and towards long-term strategies such as brand building and thought-leadership.

Branding should set a consistent expectation so buyers know what you stand for before comparing features like footprint, capacity or number of CyberSocs. Emphasis could be placed on qualities that buyers are looking for, such as resilience, security, compliance, predictability, flexibility or sovereignty. Brand promises should be specific, provable and distinctive. And given the overpromises of the past, they need to be credible.

Thought-leadership is the advanced guard of branding. It helps you get your messages and expertise in front of potential audiences and explain your product or service offerings in ways buyers can relate to. It's also essential to continue to invest in PR, analyst relations and the emerging field of generative engine optimisation (GEO a.k.a SEO for ChatGPT).

All these strategies play a part in creating 'mental availability'.

Lost on the digital journey?

Too many B2B telco marketing plans are built as three-month sprints: a burst of media, targeting ads, nurture emails, a webinar, then on to the next. The reality is that most buyers aren't shopping for SD-WAN or CASB this quarter; buying groups form opinions long before budgets are released; and individuals don't act alone. When sales demands "more leads by Q2", marketing needs to push back and protect the long-term brand and education work that creates future pipeline. The alternative is a pile of 'marketing qualified leads' which don't map to 'sales qualified leads'.

Invest in brand

Research from LinkedIn found that 71% of B2B ads are likely to generate no sales, while another study found that 48% of B2B purchasers found B2B advertising boring. And yet B2B marketing keeps returning to 'performance marketing' a.k.a digital advertising, because they find it easier than brand building.

Advertising will remain essential. It's the nature of the ads that needs to change. In a study for LinkedIn, marketing researchers Les Binet and Peter Field found that the most effective split of B2B marketing budget should be 46% brand building to 56% sales activation. One cannot exist without the other. If your organisation is too focused on short-term activation tactics, you'll be burning through

Buyers research on their terms, at their pace, and often prefer not to talk until they're sure you're credible

budget and unable to achieve "mental availability", which is critical when we look at who buys and how they do it.

Selling without selling

There's an oft-quoted rule that 95% of businesses are not in-market at any given time, or 80% in any given year. Therefore, the cacophony of sales emails, calls and adverts bombarding buyers will only be relevant to a few people leading to a significant, inevitable wasted effort. That's particularly the case for legacy telecoms contracts, which are long and rigid.

And so the emphasis on short-term marketing tactics will be less effective in helping telcos move up the stack and sell more complex products. The industry's conversation needs to move beyond feeds and speeds or vague promises to "increase revenue, reduce costs and improve agility."

Customer journeys are not A to B

Marketing strategists like to neatly plot the buyer journey running through a funnel – from awareness to consideration to evaluation to decision. It looks good on a PowerPoint slide, but in real life, purchasing decisions are not so linear.

Firstly, tech services are typically complex, with multiple stakeholders with different pain points. According to Forrester, there are 13 people involved in a typical B2B buying group. These might be technologists such as CIOs and CTOs, but executives from security, ops, sales, procurement, HR and sustainability may also be involved, each with their own business priorities. You will need to demonstrate that you understand these challenges and have a solution.

This is only going to get more complicated. Forrester reckons that 89% of B2B buyers use GenAI during their self-guided phase of buying, particularly for complex purchases.

Patience required

Secondly, it's a long game. B2B procurement decisions take on average 11.5 months, according to 6Sense, and roughly 70% of the buying journey is conducted before buyers engage with sales. This means that all those hundreds of touch points with your brand – in the press, webinars, whitepaper downloads, analyst reports, calculators and customer references – will help build a picture of who can be trusted and what problems you solve. This concept suggests that branding is more than just logo recognition. A committed effort in the 'awareness' and 'consideration' phases, where you create genuine thought-leadership and useful insights or actionable advice, will increase "mental availability" and contribute to getting you on a shortlist.

Digital journeys

Buyers research on their terms, at their pace, and often prefer not to talk until they're sure you're credible. A McKinsey survey found that tech buyers increasingly want remote and self-service across all stages of the buyer journey, including researching, evaluation and buying. And this is not limited to low-ticket items. The McKinsey survey of large enterprise buyers found that 55% would order tech products and services worth more than €500,000 purely through an end-to-end digital service.

Customer centric

Marketing always claims to be customer-centric but often returns to a 'speeds and feeds' mindset. With all the digital tools, CRM insights and GenAI support at our disposal, we can now target our audience with personalisation at scale. That could be one-to-many ABM campaigns for your priority verticals, or using insights from your service desk and CRM to understand the challenges customer actually face. We can offer calculators that buyers can use to understand their maturity or options and deliver them personalised reports on where they sit against benchmarks. There are so many tools in the box, we need to use all of them appropriately.

Brand and demand

So the takeaway for telecoms marketers is that if they want to help their organisations move up the stack, they can't rely on short-term activation alone. We need long-term sales and digital marketing strategies for influencing buyers before they even reach out. We need to shape our audience much earlier in the process, when they are not in-market, but be ready to activate when they are.

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