LotusFlare Telco Business Innovation Survey 2023

A LotusFlare Point of View Paper

Innovation, or to call something "innovative", is fraught with difficulty when you're in the business of providing technology to enterprises that have a wide range of technology choice. At LotusFlare, we believe that the only innovation that is important are the innovations our customers carry out to create valuable business outcomes for their customers.

WIth that in mind, we were pleasantly surprised to learn in mid-2022 that one of our customers uses LotusFlare DNO™ Cloud as the technology foundation for what they dubbed their "innovation engine".
The innovation engine concept is a BSS environment that's a "safe space" for new business line experimentation, testing and quick roll-out. It's like a laboratory that can be converted into a manufacturing facility quickly.

This drove LotusFlare to the question: *what's the state of telco business line innovation entering the era of 5G?* This survey was born to tease out the state of business line innovation among leading communications service providers (CSPs). In cooperation with the survey ninjas at Coleman Parkes Ltd., LotusFlare asked 50 leading CSPs in Europe about business line innovation. LotusFlare wanted to understand and share its findings on how important new business line innovation is as well as what helps and what hinders it.

As you review the results, keep in mind that, as technology providers, we had hoped that technology like LotusFlare DNO Cloud would be perceived to at least have some positive role as a driver for new business line innovation. It turns out that it does but it is not the primary factor. New business line innovation by CSPs is driven by internal technology skills, market competition, and understanding of regulations. It is aided by organizational support for an environment - a technology haven - to test, try and roll out new business lines with agility.

Stephen Krajewski
Vice President of Marketing
LotusFlare

About The LotusFlare Telco Business Innovation Survey.

METHODOLOGY
Phone to Web interviewing

SAMPLE SIZE
N = 50

AUDIENCE PROFILE
Working for a CSP that has its own network and responsible for business strategy within their organization

FIELDWORK DATES
2nd to 13th January 2023

GEOGRAPHY

Geography	%
UK	18%
Italy	14%
Nordics	14%
France	12%
Germany	10%
Spain	10%
Benelux	10%
Other Eu County	12%

Q. Top Business Priorities Currently

Most mentions as #1 priority with 18%

Priority	%
Increasing sales	54%
Developing innovative new business lines / business areas	50%
Increasing / improving digital presence (website, social media)	48%
Improving marketing / communicating with customers	44%
Developing new approaches to improve / streamline processes	44%
Finding new buyer segments (e.g., partners, developers, individual or corporate)	42%
Improving employee experience / satisfaction	36%
Developing innovative new products / services	34%
Developing innovative new partnerships	34%
Improving customer digital experience	30%
Attracting talent	30%
Reducing operating costs	30%
Running a more sustainable / green business	24%

Q. What are your organization's top 5 business priorities currently? Rank top 5.

Base: All respondents (50)

FINDING.

Business line innovation is the **#2** priority behind increasing sales, which is always the highest priority.

When it comes to the top five business priorities for CSPs, half of respondents mentioned "developing innovative new business lines", making this the second most important priority just after increasing sales.
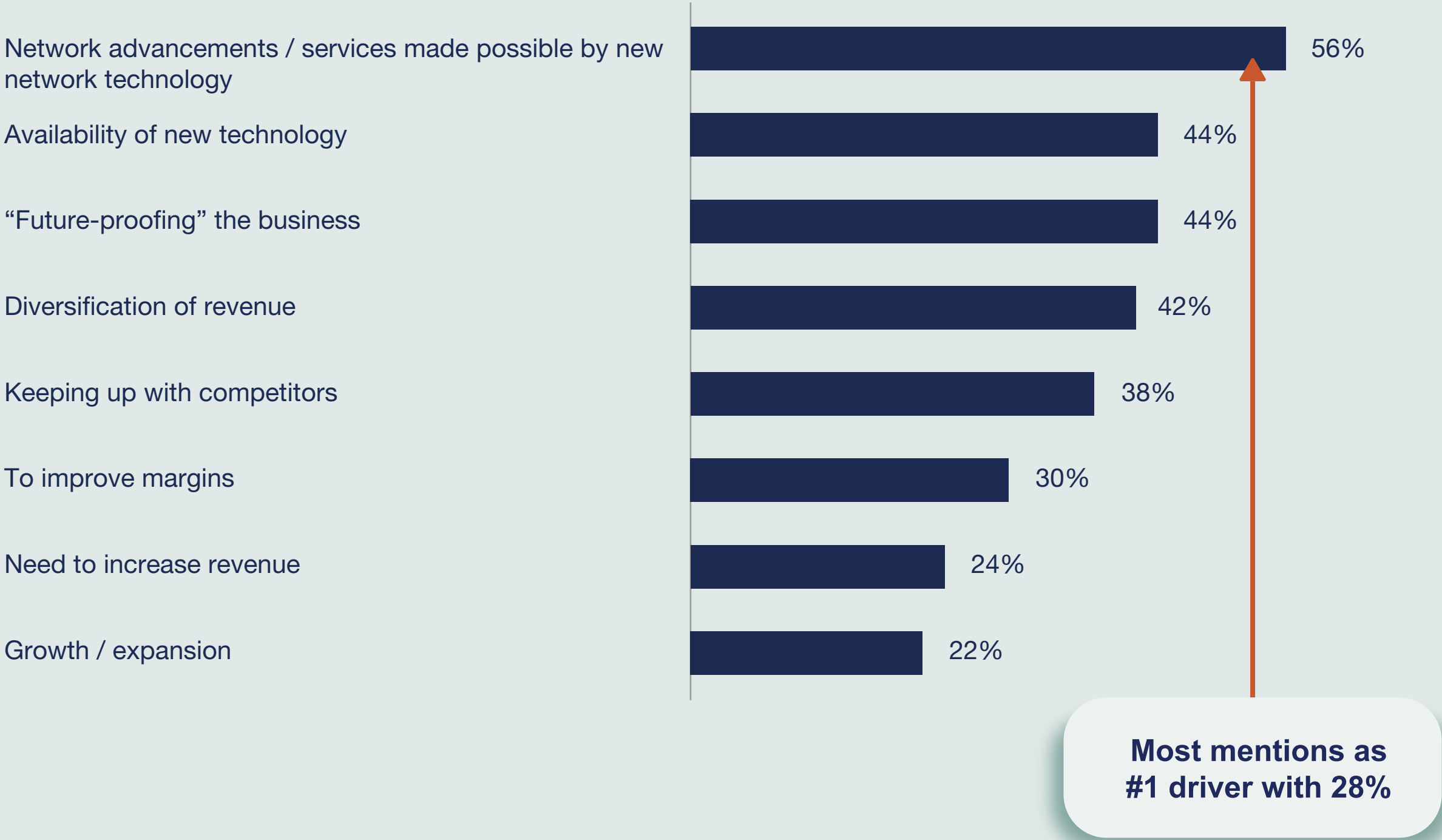
Looking at the top mentions, "developing innovative new business lines" comes in first being mentioned by 18% of all respondents. Working on digital presence and marketing more broadly are other top priorities alongside new approaches to streamlining processes and finding new buyer segments.

FINDING.

The capabilities of new network technology, like 5G or fiber broadband networks, is the biggest driver for the development of new business lines.

Developing new business lines is mainly driven by the addition or availability of new technology, with network advancements in particular being mentioned by just over half of respondents. Network advancements is also by far the factor mentioned first, with 3 in 10 respondents stating it. Future-proofing is also important as is diversification of revenue and a desire to keep up with competitors.

Q. Drivers To Develop New Business Lines

Driver	%
Network advancements / services made possible by new network technology	56%
Availability of new technology	44%
"Future-proofing" the business	44%
Diversification of revenue	42%
Keeping up with competitors	38%
To improve margins	30%
Need to increase revenue	24%
Growth / expansion	22%

Most mentions as #1 driver with 28%

Q. What are the key factors driving your organization to develop and roll out to market new business lines/business areas? Rank top 3.

Base: All respondents (50)

Q. Innovation Successful Factors for New Business Lines

Factor	Percentage
Internal technology skills	52%
A good understanding of the legal / regulatory aspects of any new areas	52%
Organizational support to quickly test / experiment, revise, then re-test	52%
Having the right supporting systems (business and/or operational)	38%
Being easily able to demonstrate ROI	38%
Having the right technology	36%
The right third-party partners	32%
Differentiation from competitor activity	32%
Macro-economic conditions	28%
Being able to attract / retain the right talent	26%
Customer readiness / demand	24%
Internal skills for customer experience	18%
Senior management buy-in	16%
Diverse teams / viewpoints	16%
Budget availability	14%
The right culture	14%
A holistic business strategy	12%

Most mentions as #1 factor with 16%

Q. What do you believe to be the key factors for successful innovation in terms of developing new business lines / business areas? Rank top 5.

Base: All respondents (50)

FINDING.

CSP internal technology skills, their understanding of market conditions, and organizational support to test and revise are the most important factors for success in rolling out a new business line.

Looking at the key factors for developing new business lines there are 3 that come clearly at the top, being mentioned by just over half of all respondents: Internal technology skills, understanding legal and regulatory aspects and having support within the organization for a rapid cycle of experimentation, revision and retesting.

FINDING.

The pace of creating new business lines, as opposed to creating new products or services, may be on the increase.

Most organizations have launched 1 to 3 new business lines over the course of the last year. Only a quarter have launched more than 3 but less than 1 in 10 have not launched any.

Q. New Business Lines Launched
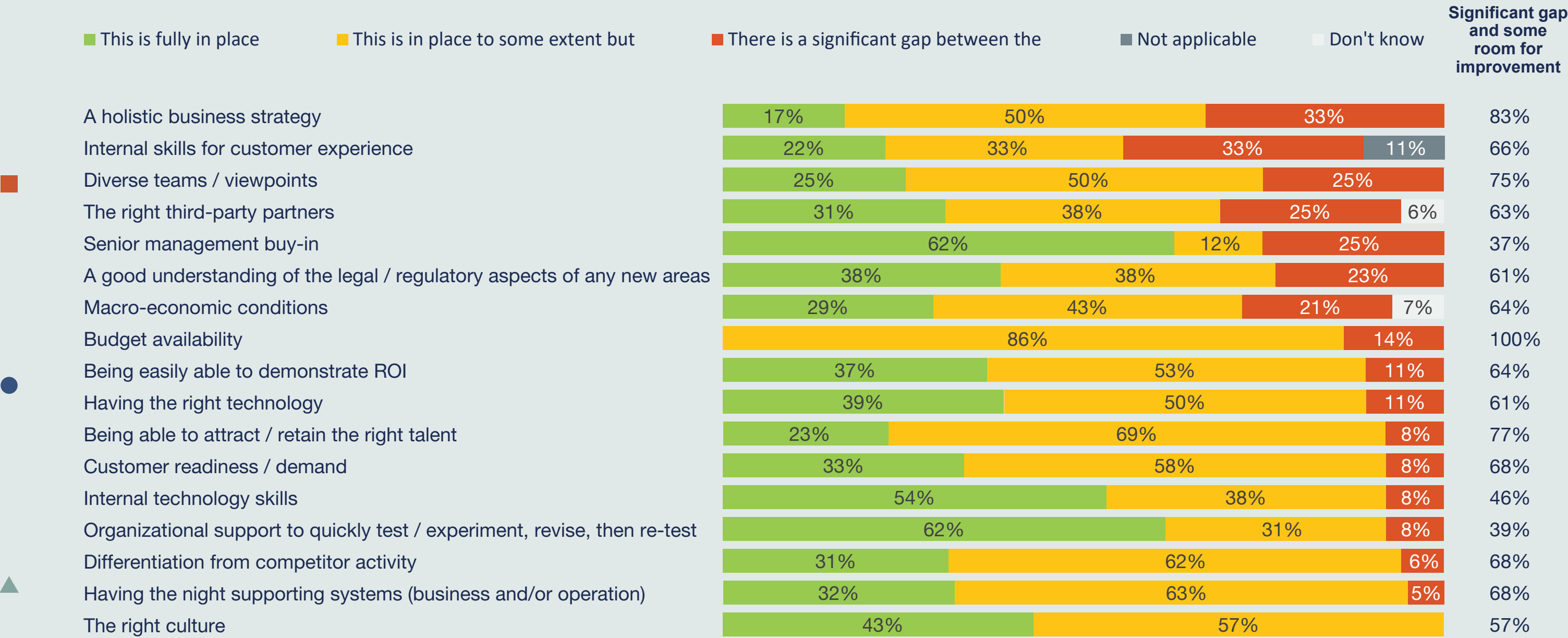
68%

26%

6%

None   1 - 3   More than 3
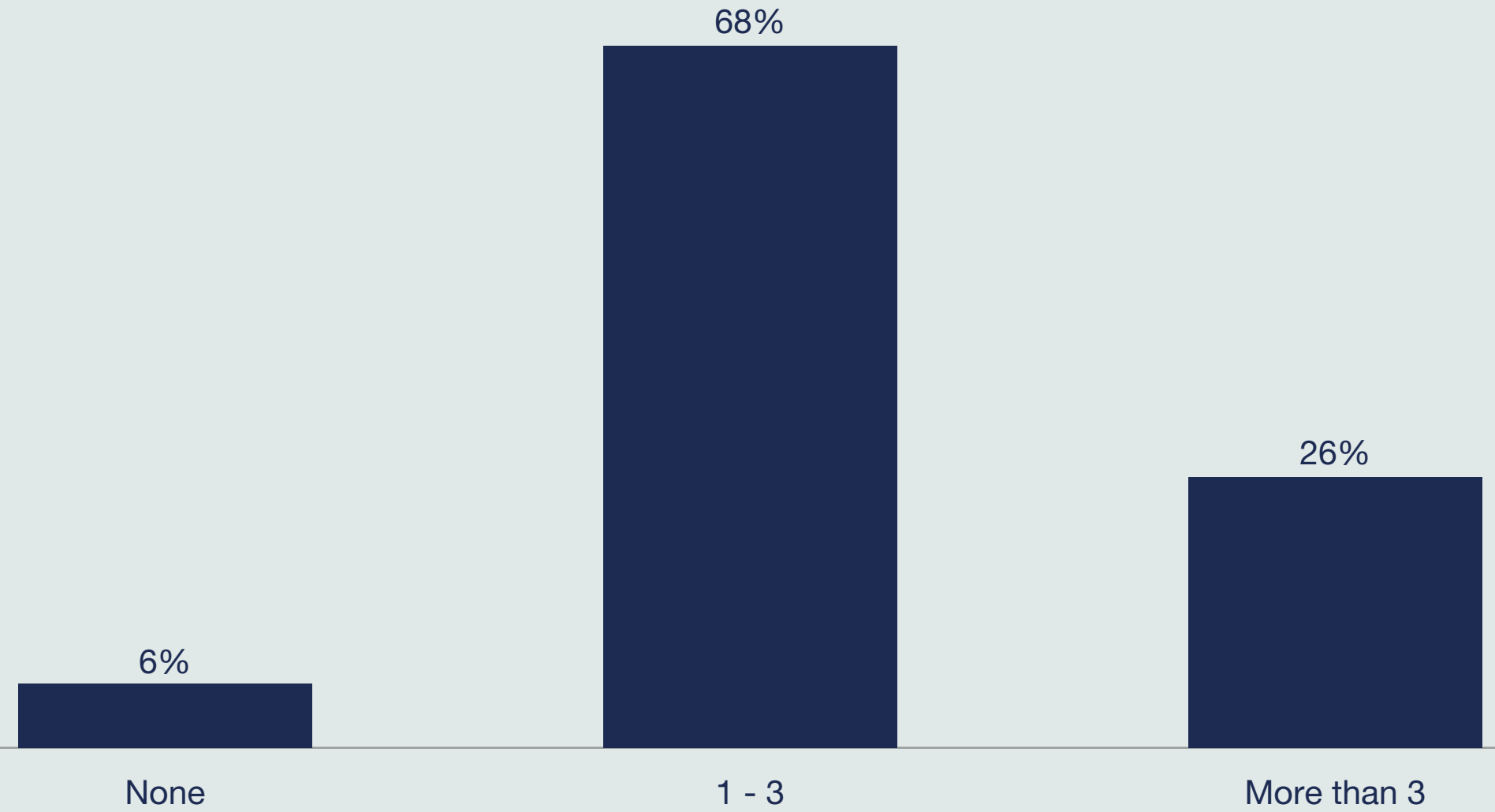
Q. How many new business lines (for either consumers or enterprise customers) has your organization launched in the last year? Single code question.

Base: All respondents (50)

Q. Innovation Success Gaps

Legend:
- This is fully in place
- This is in place to some extent but
- There is a significant gap between the
- Not applicable
- Don't know

Factor	Fully in place	In place to some extent	Significant gap	Not applicable / Don't know	Significant gap and some room for improvement
A holistic business strategy	17%	50%	33%		83%
Internal skills for customer experience	22%	33%	33%	11%	66%
Diverse teams / viewpoints	25%	50%	25%		75%
The right third-party partners	31%	38%	25%	6%	63%
Senior management buy-in	62%	12%	25%		37%
A good understanding of the legal / regulatory aspects of any new areas	38%	38%	23%		61%
Macro-economic conditions	29%	43%	21%	7%	64%
Budget availability		86%	14%		100%
Being easily able to demonstrate ROI	37%	53%	11%		64%
Having the right technology	39%	50%	11%		61%
Being able to attract / retain the right talent	23%	69%	8%		77%
Customer readiness / demand	33%	58%	8%		68%
Internal technology skills	54%	38%	8%		46%
Organizational support to quickly test / experiment, revise, then re-test	62%	31%	8%		39%
Differentiation from competitor activity	31%	62%	6%		68%
Having the right supporting systems (business and/or operation)	32%	63%	5%		68%
The right culture	43%	57%			57%

Q. To what extent do you feel that these factors are currently in place in terms of supporting your organization's innovation efforts around new business lines / business areas? Single code per option.

Base: All respondents (50)

FINDING.

Business strategy, internal skills for customers experience and diverse teams and viewpoints are the most significant gaps that hinder business line innovation.

Replace with: It's not surprising that not having a holistic business strategy would be a hindrance but it's revealing that that customer experience skills (or lack there of) would be called out. It speaks to the importance placed on getting the customer experience right when thinking about the potential success of a new business line. CSPs seems to be recognizing that the success of a new business line depends a lot on the customer experience it will deliver rather than the benefit of the network services behind it.

FINDING.

▪ The most valuable support an external partner can provide is to help CSPs with the technology skills of their internal teams when rolling out new business lines.

▲ About a quarter of respondents also highlighted the value of external support around systems and technology. One in 5 respondents also select internal technology skills as the single most mentioned factor.
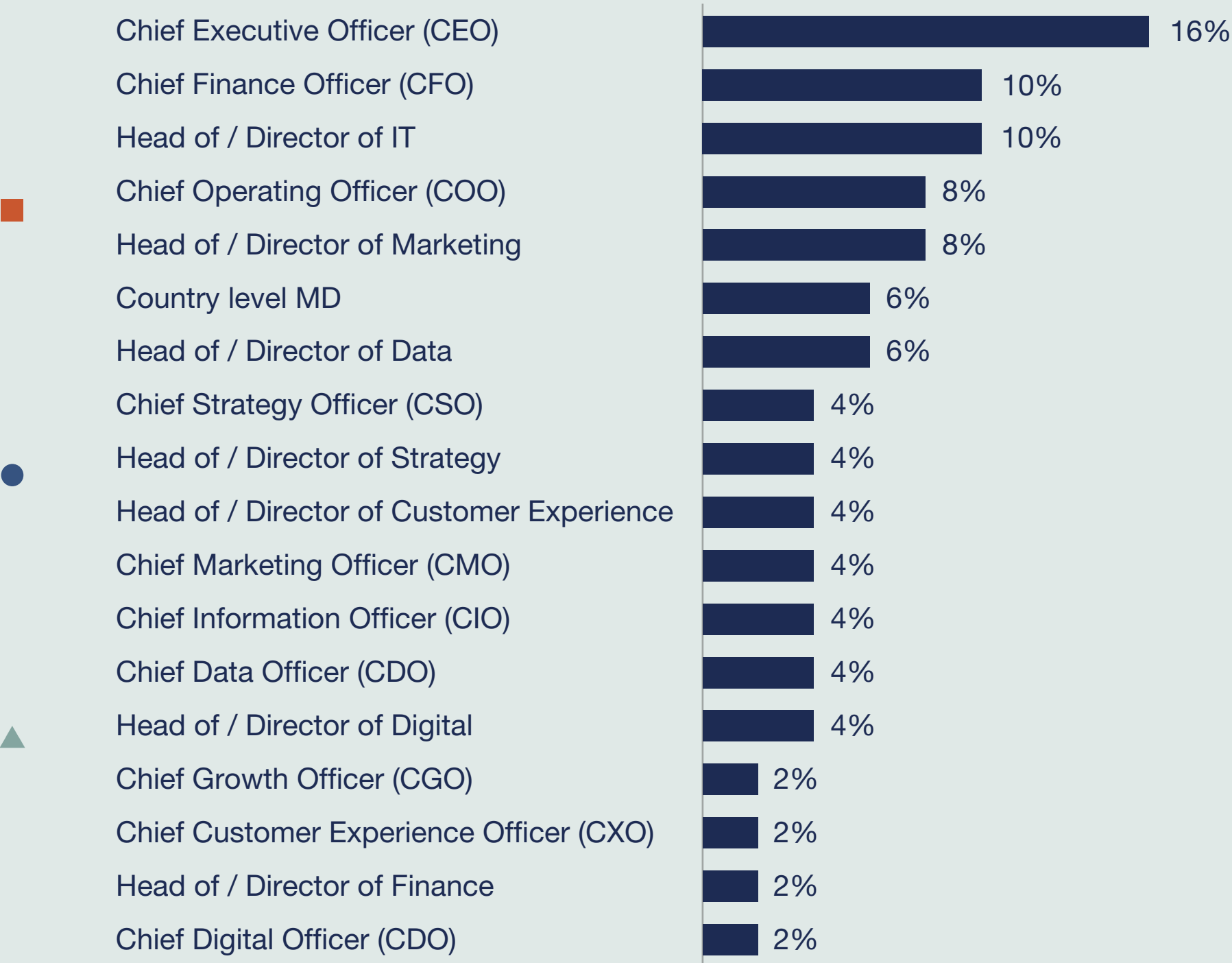
Q. Valuable Support from External Partners

Internal technology skills	38%
A good understanding of the legal / regulatory aspects of any new areas	34%
Organizational support to quickly test / experiment, revise, then re-test	28%
Having the right supporting systems (business and/or operational)	26%
Having the right technology	22%
The right culture	18%
Being able to attract / retain the right talent	16%
Customer readiness / demand	14%
The right third-party partners	14%
Budget availability	14%
Diverse teams / viewpoints	14%
Macro-economic conditions	12%
Differentiation from competitor activity	12%
Senior management buy in	12%
Being easily able to demonstrate ROI	10%
Internal skills for customer experience	8%
A holistic business strategy	8%

Q. In which of the following areas would you most value support from an external partner? Rank top 3.

Base: All respondents (50)

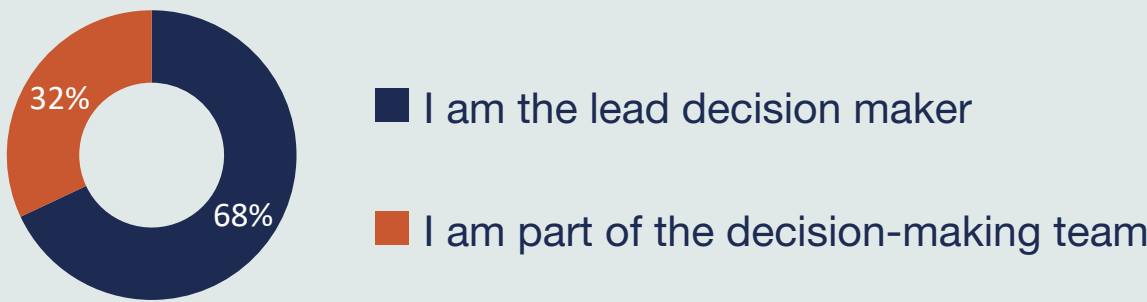# LotusFlare Telco Business Innovation Survey Background.
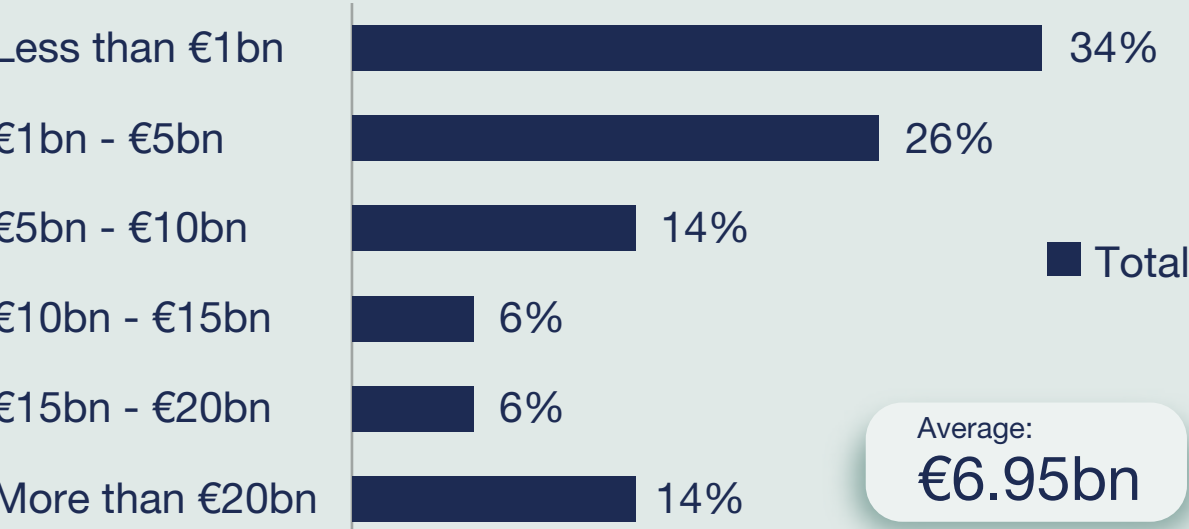
Respondent Profile

Job title
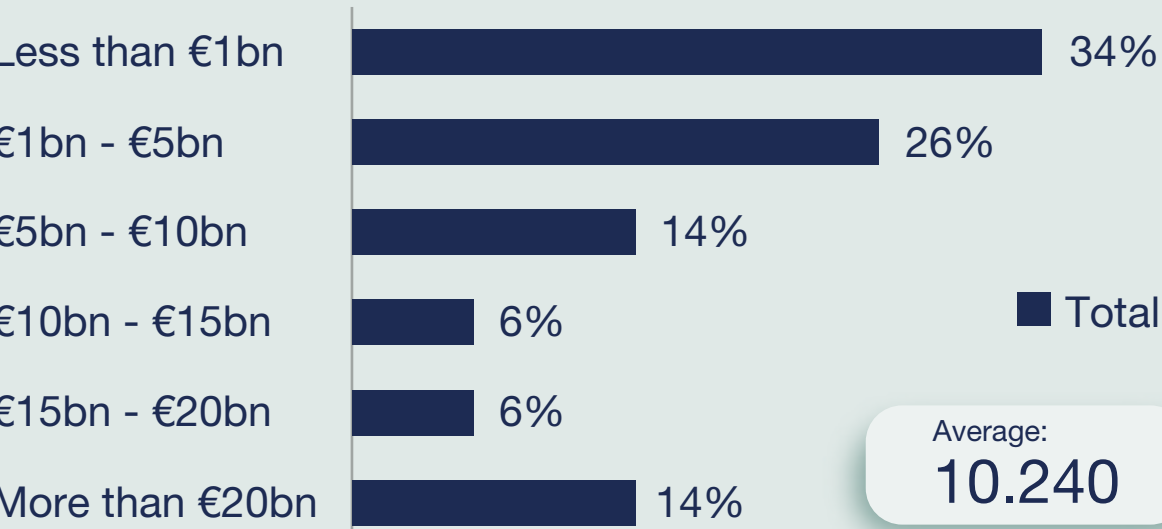
Chief Executive Officer (CEO)	16%
Chief Finance Officer (CFO)	10%
Head of / Director of IT	10%
Chief Operating Officer (COO)	8%
Head of / Director of Marketing	8%
Country level MD	6%
Head of / Director of Data	6%
Chief Strategy Officer (CSO)	4%
Head of / Director of Strategy	4%
Head of / Director of Customer Experience	4%
Chief Marketing Officer (CMO)	4%
Chief Information Officer (CIO)	4%
Chief Data Officer (CDO)	4%
Head of / Director of Digital	4%
Chief Growth Officer (CGO)	2%
Chief Customer Experience Officer (CXO)	2%
Head of / Director of Finance	2%
Chief Digital Officer (CDO)	2%

Responsibility

- 32%
- 68%

■ I am the lead decision maker

■ I am part of the decision-making team

Company Profile

Revenue

Less than €1bn	34%
€1bn - €5bn	26%
€5bn - €10bn	14%
€10bn - €15bn	6%
€15bn - €20bn	6%
More than €20bn	14%

■ Total

Average: **€6.95bn**

Number of employees

Less than €1bn	34%
€1bn - €5bn	26%
€5bn - €10bn	14%
€10bn - €15bn	6%
€15bn - €20bn	6%
More than €20bn	14%

■ Total

Average: **10.240**

SUMMARY.

CSPs' ability to innovate to create new business lines is about internal technology skills and organizational support to have the freedom to create. Technology providers should provide internal skills support and systems environments to test, experiment with and roll out new business lines quickly.

LotusFlare thanks the respondents (you know who you are!) to the telco business innovation survey. The findings align with the innovation engine concept that LotusFlare has found in one of our customers. A systems environment in which CSPs can experiment with new business lines while imparting best technology practice and customer experience is what LotusFlare strives to provide through LotusFlare DNO Cloud.

As the industry moves into the phases of really taking advantage of 5G and fiber broadband, an innovation engine becomes all the more important for CSP who will want to create more and more business lines that are dedicated to network slicing and IoT.

Thanks for reviewing the survey results and please contact LotusFlare if you have questions or would like more information.

▦ LotusFlare DNO™ Cloud

Delivering Valuable Business Outcomes

Whether launching a digital telco brand, creating a 5G marketplace or simplifying and streamlining an overly complex BSS environment.
LotusFlare DNO Cloud allows customers to achieve valuable business outcomes.

OUTCOME
Marketplace Creation

T-Mobile US employed LotusFlare DNO Cloud to create DevEdge, a digital API marketplace for developers. From conception to launch, the project was delivered in 5 months.

OUTCOME
Business Innovation Engine

DNO Cloud provides the technology foundation for "innovation engines" to foster agility so CSPs can test, pilot and roll out new business lines quickly.

OUTCOME
Bring eSIM to Life

A European CSP partnered with LotusFlare to deliver true digital onboarding to its customers with eSIM activation.

OUTCOME
Launch Digital Telco Brands

Digi partnered with LotusFlare to create a new brand called *Tapp* where customers register in seconds, order a SIM, choose or port-in their number and customize their plans without ever having to visit a store.
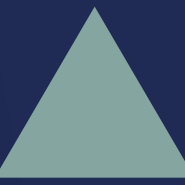
OUTCOME
Super App Creation

Globe Telecom partnered with LotusFlare to create the New GlobeOne Super App. With the Super App, Globe built a cost-effective, fully digital journey engagement-boosting, and engagement experience for its subscribers while gaining over 3 million active users per month on the new app.

OUTCOME
MVNO in a Box

LotusFlare DNO Cloud gives an expanded set of digital products for MVNO partners including eSIM, rapid offer creation and white label self-service mobile apps.

LOTUSFLARE

Simplify Technology ▪ Simplify Experience™

Based in the heart of Silicon Valley, LotusFlare's mission is to design, build and continuously advance a digital commerce and monetization platform that simplifies technology and customer experience to deliver valuable outcomes to enterprises. Developed from "customer experience down", LotusFlare Digital Network Operator® (DNO™) Cloud is a fully-managed cloud-native commerce and monetization service that provides an all-digital BSS to deliver valuable business outcomes to consumer and enterprises customers of CSPs.

Learn more at lotusflare.com

T Mobile   Digicel   Globe   A1   verizon√   digi   dish   Singtel

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