

Telecoms leaders attending DTW2024-Ignite called for simplification in telecoms operations

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Analysys Mason attended DTW2024-Ignite in Copenhagen, Denmark held on 18–20 June, where the keynote speakers included industry leaders from AT&T, Deutsche Telekom, Telstra and Vodafone. These speakers shared a common call to action: the need for greater simplification of processes and systems within the telecoms industry.

For example, Jeremy Legg, AT&T's Chief Technology Officer (CTO), stated that services must be as simple to consume as ordering a service from AWS. Abdurazak Mudesir, CTO of Deutsche Telekom, explained that digital platforms were needed to simplify telecoms operations. Kim Krogh Andersen, CTO of Telstra, described the industry as a “burning platform”¹ and argued that there is a need for “ruthless simplification” of operational processes and for a culture within telecoms that is more open to change. Finally, Scott Petty, CTO of Vodafone, explained how the company is “building a system once and deploying many” to capitalise on investments across each of its operating companies, Vodafone is also utilising partnerships and public cloud to gain further efficiencies.

Greater simplification of operational systems is needed in the telecoms industry

While simplification of operational systems is essential, it is not easy to achieve. Many well-intentioned efforts can inadvertently create complexity. The TM Forum has been attempting for years to provide some standardisation of telecoms operational systems, creating APIs, defined functional processes, built data models and (more recently), using these components to shape its Open Digital Architecture (ODA). Even more recently, TM Forum has developed ODA Canvas, which aims to standardise the underlying framework on which systems are delivered. However, vendors may wish to avoid the potential constraints imposed by a standards body such as TM Forum and instead may seek their own way to support simplified processes. Vendors are largely happy to build with TM Forum's APIs, but were also ready to point out the failures of these APIs: For example, some vendors believe that these APIs are not sufficiently detailed to be meaningful for integrations, or broad enough so that processes and systems can be built using these tools exclusively. Some vendors were even critical about the number of APIs that are now available and that this encourages more RFPs than is strictly needed, and introduces complexity because operations are divided into increasingly smaller application functions, potentially supplied by different vendors.

5G needs to be monetised

Beyond the simplification of their processes and systems, operators are considering more radical changes in response to the costs of developing and implementing 5G. Marc Allera, CEO of EE and Consumer division at BT Group, explained that future telecoms consumers should not be defined by their purchase of a telephone

¹ The term was used to indicate a sense of urgency and to encourage the adoption of a more-radical, strategic approach to change within the industry.

number. Instead, EE should be able to sell them anything as retail customers. EE's new digital platform can be used to sell more than just connectivity services by removing the constraint of being tied to a telephone. EE is using a platform-based approach to reduce the number of BSS applications by 90%. The platform provides a single tool for sales, fulfilment, billing, data warehouse and the application of AI to provide hyper automation. Providing services beyond telecoms-specific services is a core interest for operators, but they are more willing to invest in new systems when these changes also help to reduce costs. Revenue growth strategies seem to be largely focused on better partnerships. Nokia's Network as a Code is gaining operators' interests, but further investments will be needed to support new sales and marketing of the services that will be exposed. The promise of further revenue based on API exposure (with talk of USD billions in new revenue) seems unlikely for an industry that has not yet proven itself capable of reinvention.

AI is coming of age

AI/generative AI (GenAI) and autonomous networking (operations) emerged as the two most-significant topics at the event. AI/GenAI has moved from hype to a wider discussion of the pragmatic issues about how, where and when to implement it. Application vendors have been quickly embedding AI technology into their solutions to support sustainable and reliable solutions. In nearly all cases, vendors' AI-related solutions should aim to help operators to extend their capabilities and use different foundational models or suppliers, if needed. At the event, OSS vendors discussed Level 4² network operations and there was a general consensus that a new architecture will have to be deployed to achieve a very high degree of automation in network operations. Most operators have not yet achieved Level 3, which means that Level 4 is still being planned.

Adoption of SaaS solutions is quietly increasing

Adoption of SaaS-based solutions appears to be growing, but such solutions are heavily focused around the ecosystems provided by Salesforce and ServiceNow. Aria Systems, for example, announced just before the event its integration with ServiceNow. However, other players are also providing SaaS solutions including Oracle, Amdocs (with its ConnectX solution) and Nokia (with its growing range of AVA solutions).

Summary

The number of network roll-outs is slowing following the surge in demand in 2023 in the wake of the Covid-19 pandemic. Analysys Mason anticipates that the business outlook for 2024 will be challenging because operators' budgets are likely to be constrained and BSS/OSS investments are being delayed due to rising costs and complexity (though revenue from BSS solutions is increasing more than revenue from OSS).

² Level 3 is equivalent to a conditional autonomous network, in which systems are capable of optimisation and automatic adjustment in response to external factors. Level 4 is equivalent to a highly autonomous networks, in which AI-assisted automation capabilities are used to continuously automate and evolve to support changing environments while also interpreting operational business intentions.