CCgroup

INSIGHT-DRIVEN TECH PR

SELLING TO TELCOS IN THE AGE OF DIGITAL TRANSFORMATION

A playbook for vendors in a changing sales and marketing environment

CONTENTS

EXECUTIVE SUMMARY:

Vendors must help operators navigate uncharted waters

Telecoms operators of all stripes are driving mass scale digital transformation initiatives - **86% in this survey are either under way or planning their journeys**. These are uncharted waters, with the 'hoped for' destination, a leaner, more agile and customer-centric organisation, better able to profit from digital services. The clear majority (84%) are adamant that in five years' time, they will have evolved into completely different types of businesses.

Telcos are leaning on the vendor community to help them transform. **78% say they are more demanding of vendors as the landscape becomes more complex. In many respects, that's good news for suppliers, as a staggering 98% of telcos are looking to vendors to play a bigger role in driving innovation to support digital transformation**. However, engaging with telcos is becoming increasingly difficult and complex. Operator organisations are in near-constant flux, their purchasing processes are changing, and many telcos are frustrated by the failure of vendors to demonstrate they can meet their evolving needs.

86% of operators surveyed are either under way or planning their digital transformation journeys.

78% of operators are more demanding of vendors to support digital transformation: **98%** expect them to play a bigger role in driving innovation.

Operators are in a state of flux:

In the last three years:

- 52% of telcos surveyed have changed leadership, and 72% have introduced new Board or senior management roles
- 77% have restructured at least once, while almost half have restructured at least twice in the same timeframe
- Almost two-thirds (61%) have rebranded or changed market positioning

This points to a continually changing set of senior decision-makers and purchasing influencers working in organisations whose 'final destination' is subject to sporadic reorientation.

The telco purchasing process is increasingly convoluted and complex:

- 74% of operators see 'consensus buying' as the new normal in telco businesses
- Purchasing decisions now involve more people (the mean is 38, but can be more than 100 in some cases) and take longer (up to 45 weeks) to complete
- 40% admit that purchases can often be abandoned completely if consensus isn't reached
- 70% of operators believe the number of people involved in decision making will increase over the next two years

Vendors face a difficult sales and marketing journey, having to meet the needs of dozens of influencers over increasingly long purchasing cycles. If they fail to do this, they are likely to end up with nothing in return for their investment. And with the number of decision-makers expected to rise in seven out of 10 operators, this is a challenge that must be met head on.

Vendor positioning and messaging is important, alongside marketing channel selection:

- Beyond cost, vendor reputation and standing in the industry is the most important selection criteria for telcos; demonstrating understanding of operator challenges and patience with processes is next, and strong differentiation from other suppliers is the third-ranked trait that drives selection
- However, the biggest frustrations with vendors are a lack of subject matter expertise, over persistence, lack of flexibility, failing to acknowledge consensus buying behaviour by engaging with multiple stakeholders, and a lack of understanding of the complexity of contemporary operator businesses
- 73% believe that the IT or trade media is the most helpful source of information when shortlisting vendors, 56% favour industry analysts

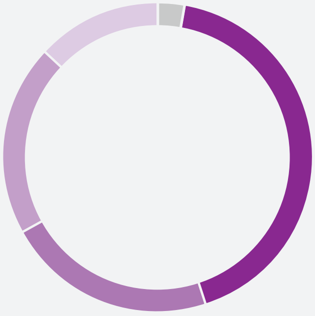
Successful vendors must evolve their sales and marketing strategies to capitalise on the opportunity presented by telco digital transformation. Deep understanding of the audience must come to the fore to help drive the tailoring of messaging to numerous decision-makers. It is vital that vendors demonstrate subject matter expertise and an understanding of the operator's plight through their sales discussions and marketing communications in order to drive selection. And the key to reach telcos and compete for their attention—and wallets—is through industry media and the analyst community, viewed by telcos as the most important sources of information.

RESEARCH METHODOLOGY

64 senior technology decision-makers across the globe, and from a variety of operator organisations (predominantly mobile, fixed and converged operators), were surveyed in December 2017. The research was conducted by an independent research company, Insight Avenue, on behalf of CCgroup.

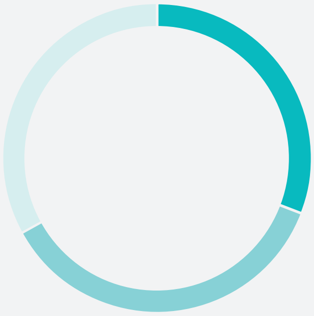
Those surveyed came from operators in Asia and Oceania (a third); Europe (a third) and North America (a third). They considered themselves to either be the main technology decision-maker for IT/infrastructure services (69%) or one of several decision makers within their organisation (31%). The majority (62%) made decisions at a 'group' level, and 38% were regional decision-makers.

Operator type



- **42%** Fixed network operator
- **22%** Mobile network operator
- **20%** Converged network operator
- **13%** Mobile Virtual Network Operator (MVNO)
- **3%** Other CSP / DSP / operator

Region where primarily operate

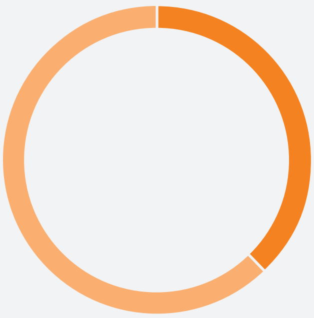


- **31%** UK / Europe
- **36%** North America
- **33%** Asia / Oceania

Decision-making responsibility

- **69%** I am the main decision-maker around IT infrastructure / services
- **31%** I am one of several decision-makers around IT infrastructure / services

Centralised / regional decision-making



- **38%** Regional level
- **62%** Company / group level

Of operators surveyed the majority **(62%)** make purchasing decisions at 'group' level, **38%** do so at a regional level.

i. DIGITAL TRANSFORMATION:

Operators know they must change

For 86% of respondents, digital transformation is either underway, or in the midst of planning.

There is industry consensus that undergoing fundamental change to better use digital channels and services is essential to ongoing profitability, and even survival. Each operator will have its own motivation for change, however the major drivers are shown in figure 1.

Optimised digital channels and services are essential to demonstrate relevance and offer convenience to the new breed of impulsive mobile user. Service monetisation is also crucial given the backdrop of declining core revenues and the introduction of more aggressive competitive offerings. In fact, a telling 74% of those surveyed believe ‘to a great extent’ that new service monetisation is the real catalyst for their digital transformation.

Over a third (37%) of respondents believe digital services could account for as much as 40% of overall revenue in two years (by 2020). And three quarters (75%) state that over the next three years, the most successful operators will be those that are able to monetise the widest range of services. The effective use of digital channels is seen as fundamental to achieving this.

Figure 1 **The drivers of digital transformation:** ***% saying “to a great extent” or “to some extent”***

Q: To what extent are the following drivers of digital transformation within your business at the moment?

Over a third (37%) of respondents believe digital services could account for as much as **40%** of overall revenue in two years (by 2020).

ii. A JOURNEY INTO THE UNKNOWN:

New services, new structures, new leadership

Operators are suffering an identity crisis. This has an impact on the strength and consistency of their brand identity; the services they offer; and the business models they pursue. In truth, not all operators are clear on where their own transformation journeys will end. The vast majority (84%) are adamant that in five years' time, most operators will have evolved into completely different types of businesses.

Most operators are in a state of flux. Over the last three years, more than three quarters (77%) have introduced new service lines to increase profitability. 70% have introduced new business models and almost two thirds (61%) have rebranded or changed their market positioning. What is perhaps most staggering is that 77% of operators have restructured at least once in the last three years—and almost half have restructured at least twice in the same timeframe. See figure 2.

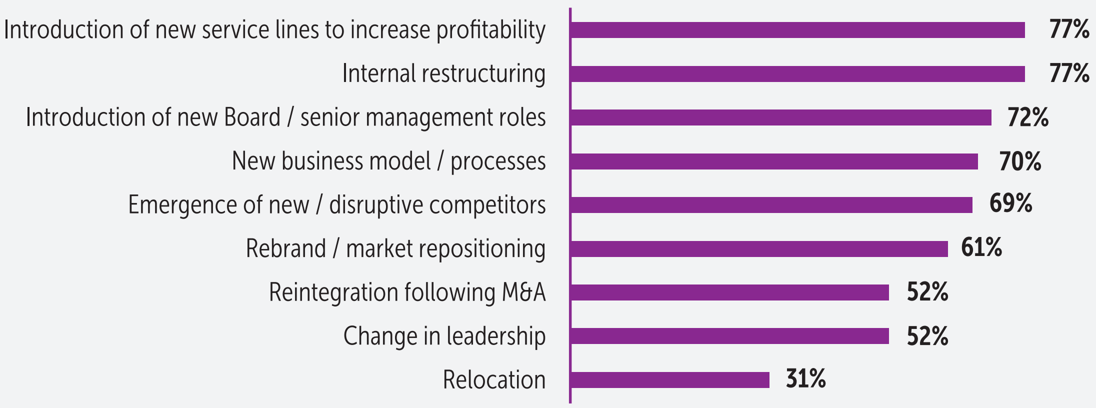
Unsurprisingly, **most operators (67%) are struggling to adapt to the changing competitive landscape quickly enough. Almost three-quarters (70%) consider their jobs to be more stressful than two years ago**.

These structural changes have had a major impact on operator personnel. **More than half (52%) of operators have had a change of leadership in the last three years**, while almost three-quarters (72%) have introduced new Board or senior management roles.

This churn in talent is symbolic of operators knowing they need fresh perspectives and new ideas to become organisations that can compete in the new, and ever-changing, industry landscape—one that has experienced an influx of competition from other or newly developed markets. Digital transformation is designed to ensure traditional operators can compete by becoming innovative and agile digital service providers. In some instances, this means

Figure 2 **Changes in operator businesses over last 3 years:**

Q: Which of the following have happened to / within your organisation over the last 3 years?



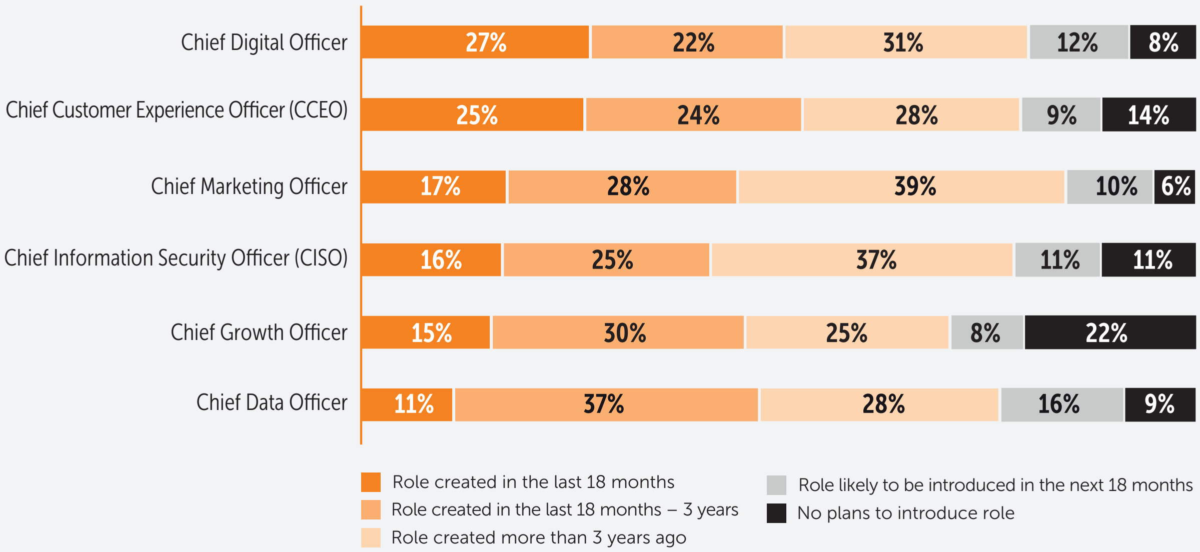
emulating the capabilities and approaches of existing internet companies that continue to encroach on their revenue streams. This is especially true when it comes to an operator's ability to analyse vast swathes of customer data for the purposes of more effective marketing campaigns and better customer monetisation.

This operator data opportunity is prompting the search for a new type of talent. And it is also the major catalyst for the creation of new roles, such as Chief Digital Officers, Chief Data Officers, Chief Marketing Officers and Chief Customer Experience Officers. In an age where top line revenue has stopped growing, operators are looking at the resources they have—or could have—at their disposal to better monetise their existing customer base. Much of this stems from being able to profile their customers so they can target them more effectively with contextually relevant offers and services. See figure 3.

The influx of new talent into operator organisations will accelerate the demise of traditional internal silos. Operators have been criticised for one-dimensional thinking that has typically viewed the network, their commercial offering, the customer experience, and the brand as separate entities. They have built a reputation for building teams of people, fiercely committed to achieving excellence in their own silo, but failed to consider the impact their decisions would have on other parts of the business.

Figure 3 **Roles created or planned in organisation in next 18 months**

Q: Which of the following new Board / senior management roles have been introduced in your organisation or are likely to be introduced in the next 18 months?



Nearly three quarters of all operators **(74%)** now see consensus buying as the new norm.

iii. THE VENDOR IMPACT:

The rise of consensus buying

Consensus buying is here to stay

Procurement within operators has changed. The vast majority openly accept that they have placed a greater focus on longer-term ROI and that business spending on network services is under more scrutiny internally. This inevitably means that purchasing decisions are taking longer as more people from multiple departments have their say. **Nearly three quarters of all operators (74%) now see consensus buying as the new norm**. See figure 4.

The impact of consensus buying

But just how big a problem is this? The research reveals that a mean of 38 different people are involved in purchasing decisions, but sometimes this can rise to **more than 100 people and can take as long as 45 weeks**. Anecdotal evidence from across CCgroup's telecoms vendor client portfolio suggests the buying cycle can be even longer. There are some vendors who have been involved in processes that have taken longer than two years and are still not complete.

The future won't see decisions streamlined—70% of operators surveyed believe the number of people involved in decision-making will continue to increase over the next two years.

While this is a frustrating reality for vendors to be faced with, it is also being felt by the operators themselves. A large number of respondents (78%) feel personally frustrated by consensus buying. Nearly half (42%) confessed that having more people, from more departments, involved in purchasing is creating more internal conflict. Unfortunately, almost the same number **(40%) say purchases are often abandoned completely if a consensus isn't reached.** See figure 5.

Figure 4 **Ways technology procurement has changed in the last two years**

Q: In which of the following ways have building / procurement processes changed in the last two years in your organisation?

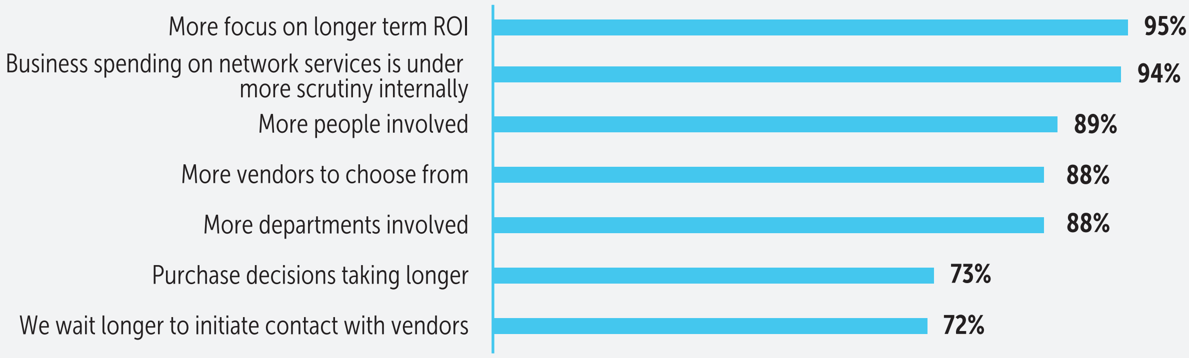
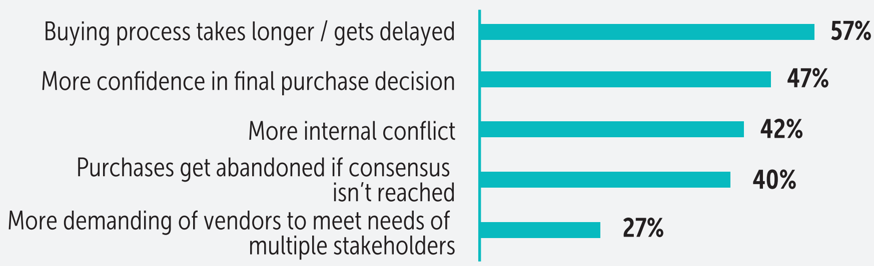


Figure 5 **Impact of having more people / departments involved**

Q: What have you seen as the impact of having more people or departments involved in the purchase decision?



iv. THE VENDOR SOLUTION:
How to reach positive consensus within operators

The painful reality is that vendors simply don't know who their customer is anymore. The involvement of more people, from multiple departments—all with slightly different agendas and ideas—presents a huge challenge for vendors to overcome. Vendors recognise that the value of their technology or service must be sold to operators through the positive business outcomes they offer. But how do they communicate multiple positive outcomes to multiple people? How do they ensure that the right and most relevant messages are being received by each decision-maker within the consensus buying process? How can a vendor create and maintain the best possible perception of themselves as the process continues?

To start, it is important to consider what decision-makers value most, besides price, when selecting vendors to work with. The top four criteria are:

A positive reputation / standing in the industry

This doesn't necessarily mean that only large and established brands or longstanding industry players can thrive. The ability to build and maintain a positive reputation is about achieving market visibility for the qualities that operators hold dear: innovation; an ability to identify and monetise new services; evidence of driving greater efficiency; and having a vision for the future of the market in which it operates.

An understanding of the challenges operators face

To really demonstrate empathy, vendors must prove to operators that they have the patience to overcome the frustrations of consensus buying. They can do this by understanding why it exists in the first place. Operators know they must change but require guidance and advice on how best to do it. Vendors that position themselves as valued partners, rather than suppliers, will prevail. Patience is required and a willingness to build multiple messages, to multiple operator audiences, in a joined up and logical way.

Differentiation – proving why a vendor's approach is better than its competition

Vendors are often expert in communicating why they think their approach or solution is the best available. Self-serving messages are only valuable, however, when there's proof. A strong order book and the ability to regularly announce customer wins, or produce case studies, are the best means to deliver this. This is especially true if vendors can deliver collaborative marketing campaigns with their customers and partners. However, communicating proof is often best achieved by highlighting the negative impact of not working with a vendor – financial and/or operational – rather than simply communicating the positive outcomes. The fear of missing out to the competition can often compel operators into action faster.

The ability to speak and engage multiple buyers, tailoring messages appropriately

Operators are hiring new talent, new departments are being formed and new alliances are being built to capitalise on digital architectures, channels, and services. Vendors must be clear on how they drive positive business outcomes to different operator stakeholders thanks to the culmination of multi-layered business benefits they deliver. See figure 6.

Figure 6 **Vendor selection criteria (beyond cost)**

Q: Thinking about your digital transformation initiatives and looking beyond cost, which THREE of the following are the most important in selecting potential vendors to work with?

Figure 7 **Biggest operator frustrations with vendors during buying process**

Q: What are your biggest frustrations with technology vendors during the buying process?

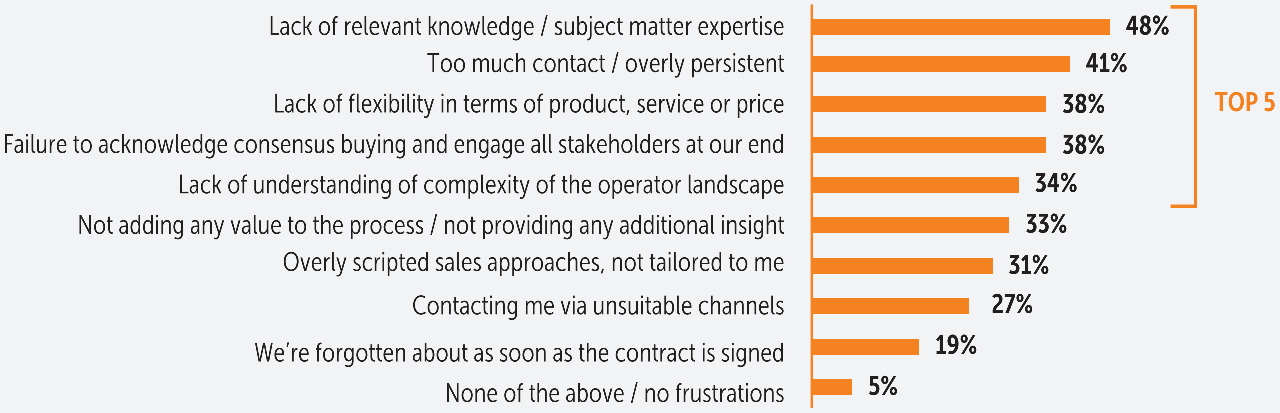
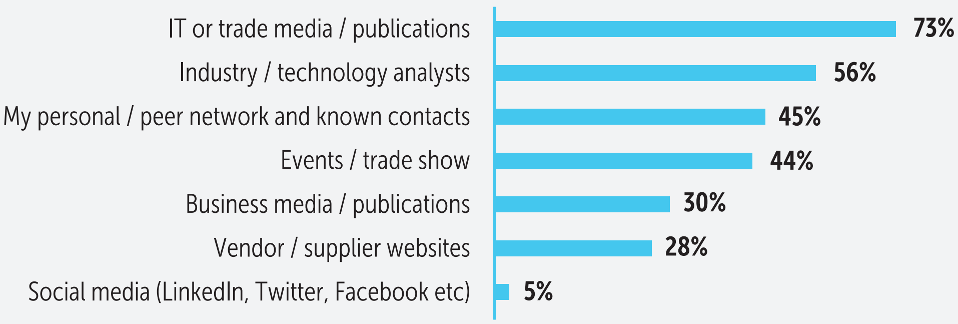


Figure 8 **Most helpful channels to operators in influencing the shortlisting of potential vendor partners**

Q: For each of the following, do you see these becoming more or less influential for you as a source of information about IT products, services, and suppliers in the next two years?



How are vendors getting it wrong?

There are a number of key frustrations that operators have with vendors. The common pitfalls include: a lack of industry knowledge or subject matter expertise; a lack of patience with consensus buying; an absence of insight; and/or failing to create tailored messages to key decision makers. See figure 7.

Some of these traits are behavioural, such as salesperson persistence and patience with consensus buying. However, the need to demonstrate greater knowledge, subject matter expertise and industry insight can be met through integrated communications campaigns. These are specifically designed to leverage all marketing channels available and build tailored messages to different audiences in the most direct and convenient ways.

How can vendors improve? What channels should they prioritise?

Operators were also asked which of these marketing channels they find most influential in helping them with their vendor perceptions and decision-making. CCgroup's previous ConneCt study showed that in most cases, operator decision-makers would call their peers in other operators to help them form vendor shortlists. The current flux and inability to determine new strategic approaches to digital transformation means many operators are yet to collaborate on positive vendor experiences. An influx of new independent vendors, with new technological approaches, is also disrupting the decision-making process.

It is no surprise that both IT trade media and industry analysts feature prominently as highly influential channels. Vendors should be maximising this channel as a platform to showcase their own industry thought leadership. The ability of the media to help highlight and educate on best-practice makes it an invaluable ally to all operator decision-makers. Vendors should be maximising this channel as a platform to showcase its own industry leadership and knowledge. See figure 8.

The same is true of industry analysts who can assess the strengths and weaknesses of all vendors in all sectors. They can deep-dive into technological developments through detailed research, and independently assess vendor strategy. Half of operators surveyed believe trade media and industry analysts will become more important to them over the next two years. Social media is expected to rise in prominence from the low-level appeal it currently has.

THE SOLUTION:

Do you need help overcoming consensus buying to drive new operator wins?

CCgroup has been representing vendors selling to operators for nearly 30 years – we know mobile and telecoms like no other agency. We work with a broad range of companies, from network infrastructure providers and app developers, to operators and consultants.

We're close to the industry, and the technology developments and evolving market issues that affect our clients and us. We build credible, compelling content to demonstrate that our clients understand and can solve the business and technology challenges that their operator customers face. We work to ensure that content is used across multiple communications channels—digital, media, analyst, events, and industry associations—to build the thought leadership and momentum that delivers commercial success.

Whether it's generating sales leads, increasing profile or building capital value for exit, CCgroup has the knowledge, expertise and industry relationships to make your mobile and telecoms PR campaign a success.

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CCgroup has been representing vendors selling to operators for nearly **30 years**.

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