

Executing a Turnaround 5G Monetization Strategy



The 5G Story So Far

Despite the intense hype, 5G finds itself in a precarious position.

The heavy investment in networks and spectrum has yet to show signs of delivering a sustainable return in revenue and margin.

For that to turn around, an inversion of focus is required that shifts attention from an inside-out “NetCo” approach to an outside-in “ServCo” approach. In doing so, addressing the shortcomings of the early deployment phase is key to a turnaround, as highlighted below.

Monetization strategy became an afterthought; messages, megabytes and minutes prevailed

Speed-centric offers are more of a commodity and not a value-driver

Overly NetCo-focused and not enough emphasis on solving user/business needs

The Next Phase of 5G: **Commercial Innovation**

The next phase of 5G must be defined by a broadening of focus away from just B2C, covering all segments such as B2B, IoT, wholesale and private cellular. This phase must be determined by a fundamental shift in approach, from a NetCo to a ServCo, and defined by solving real business and commercial challenges.

The commercial innovation phase starts now.

A Turnaround Strategy: What It Means To Be a ServCo

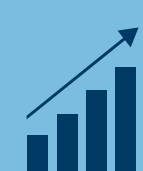
A NetCo builds out the best network it can in terms of coverage and performance. The network is its offer. A ServCo looks to build out connected services and applications that meet an identified customer need, utilizing key network assets. Adopting a ServCo mentality is a strategic shift for many, but one that is crucial to driving increased margin, revenue and a return on the capital invested.

THE DEFINING ATTRIBUTES OF A SERVCO



Monetization-First Strategy

Let customers choose what they want and how they want to pay, winning hearts, minds and wallets.



Business Outcome-Based Services Focus

Where there's a service-level agreement (SLA), there's value, and where there's value, there's money.



Dynamic Digital Experience Delivery

From onboarding to charging, delivering a seamless, transparent and zero touch/zero legacy digital customer journey.

The Transition From Product to Outcomes

Outcome-based pricing and monetization models put the focus on business offerings, where the customer pays for a predefined, tangible business outcome or value realized from services consumed. If network services are traded in the currency of bandwidth, volume, locations, QoS, sessions or coverage, outcome-based models trade in currencies such as compliance, productivity, security and transparency.

3 ...to Selling Outcomes
Pay per outcome

2 ...and Selling Solutions...
Pay per subscription (includes packaged solution of products and services)

1 From Selling Products and Services...
Pay upfront for product or service

↑
RISK AND REWARD
↓

Outcomes-As-A Service: An Example

In this scenario, the train builder owns and operates trains on behalf of privatized train operating companies. Those companies are the retailers that travelers see and buy tickets from. They never own or lease the trains, and they agree to a multi-year usage contract with the train builder around several agreed upon outcomes against which they are measured.

The outcomes outlined have nothing to do with the underlying trains or train technology and have everything to do with the agreed operating and business outcomes:

Industry compliance/safety/operating criteria

Train availability and maintenance

Train capacity

Train comfort and on-board services/facilities



A Paradigm Shift in B2B Service Monetization

Enterprise ICT service requirements are shifting. New demands on telcos are surfacing around pay-as-you-use models, outcome-based pricing and digital self-help delivery. These demands are not limited to one area of the telco portfolio either; they cover cloud, communications and applications alongside cellular, fixed and wi-fi delivery technologies.

Commercial flexibility, transparency and trust delivered as part of a business outcome-centric SLA will become the defining monetization model of the on-demand enterprise.

¹Source: Consumption-Driven Digital Infrastructure Subscriptions Are a Priority in 2021, IDC

²Source: Scaling XaaS | Deloitte Insights

³Source: CSPs' B2B Success Will Be Defined by the Flexibility of Their Commercial Models, Analysys Mason

61%

of enterprises surveyed stated their strategy is to shift to consumption-driven digital infrastructure purchasing models¹



76%

of enterprises have engaged in discussions with their technology providers around outcome-based pricing²

Deloitte.

61%

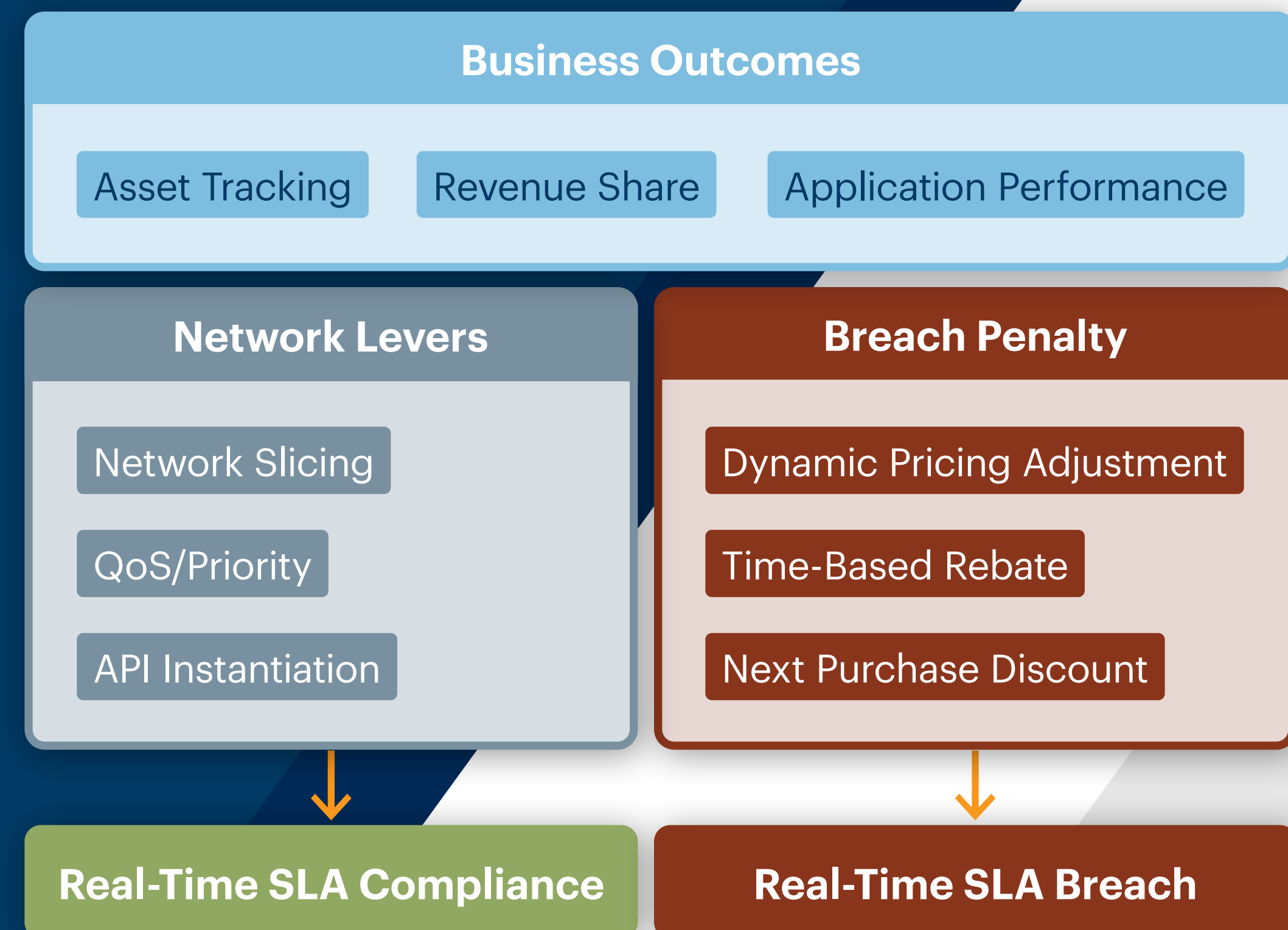
of enterprises surveyed expressed the need for digital self-help spend control and usage management³



Beginning the Journey

The mapping between business outcomes, network capability levers and commercial SLA agreements becomes the crucial building blocks of the commercial relationship between the digital ServCo and the on-demand enterprise. The risk/reward opportunity for those digital ServCos is finely balanced. Under committing risks being competitively out-positioned. Over-committing risks SLA breaches and penalty payments. Breaking free from commoditization requires a bold, creative and game-changing approach to service monetization.

It is time for digital ServCos to think big, start small and act quickly.

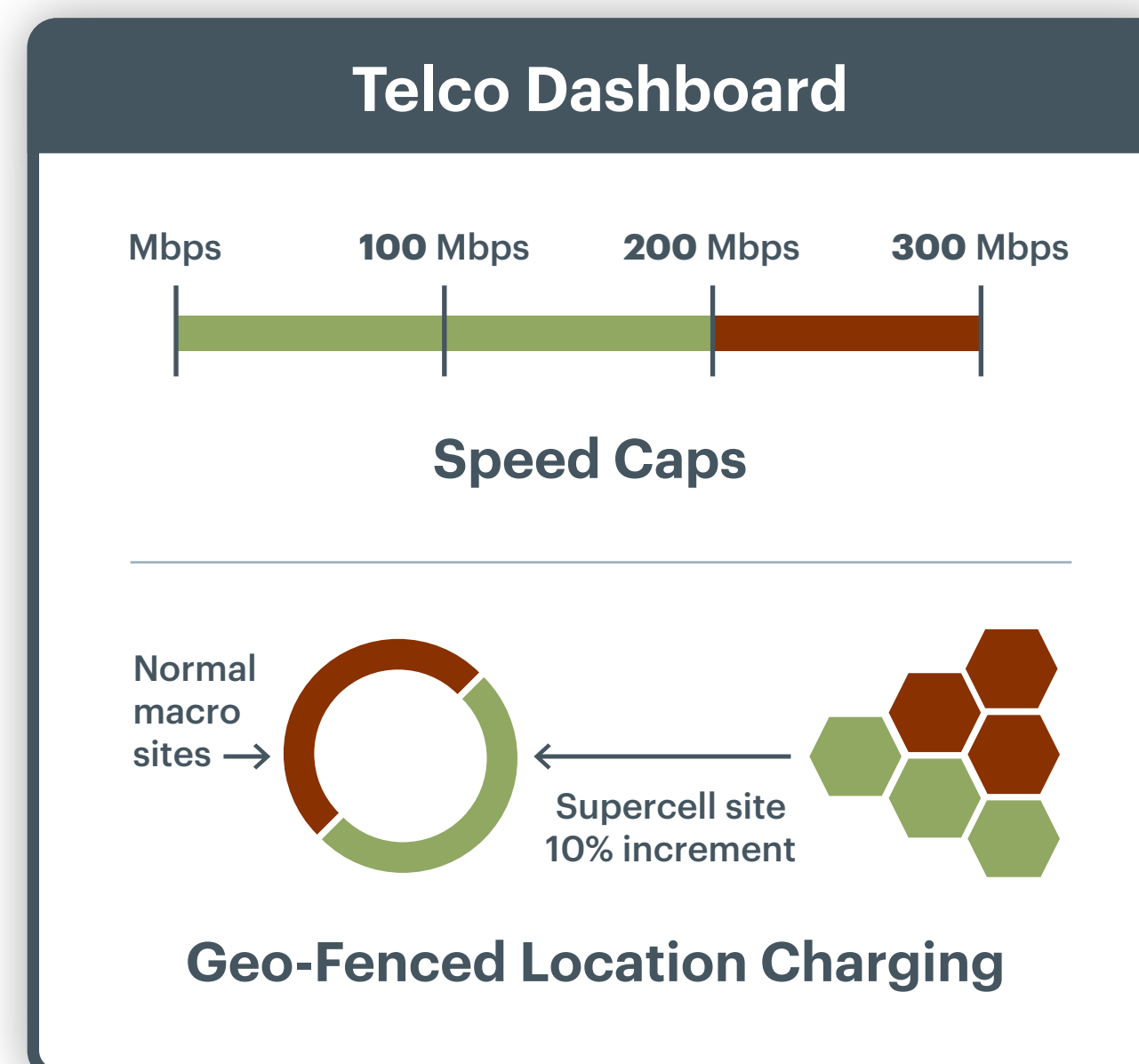


USE-CASE

The Digital Mall

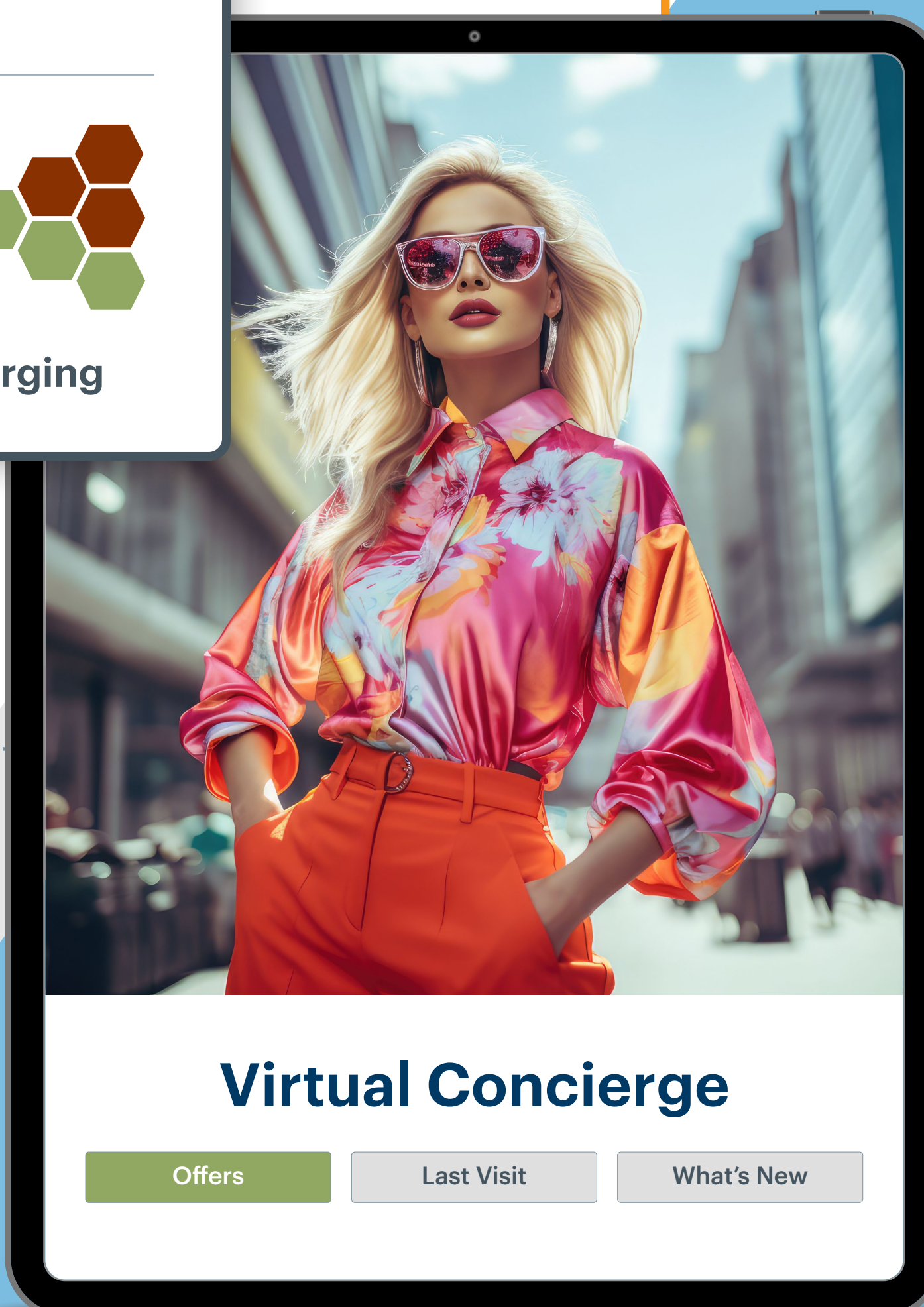
An immersive digital mall experience with a goal of increased footfall and revenue per visit requires a new approach to connectivity – 100% localized coverage guarantee, guaranteed response times for on-site devices and on-demand access to local geo-awareness data. It must be a zero not-spot environment.

The seamless integration of 5G and wi-fi combined with innovative revenue sharing, joint geo-localized offerings and retailer-subsidized freezones help meet the business goals outlined.



Revenue share based on exclusivity

Seamless, Integrated
5G/Wi-fi 6/6E/7 ATSSS



CASE STUDY

Tier 1 Telco

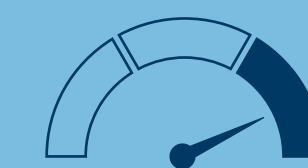
A major Tier 1 telco looks to capitalize on the significant investments being made in a new 5G standalone core and extensive spectrum deployments. The goal is to shift its model from being volume-based for 4G services to one that capitalizes on key 5G capabilities, such as network slicing, to deliver SLA-bound, business outcome-focused services that significantly move the needle in terms of margin and revenue contribution.

A new competitive paradigm based on a suite of monetization levers such as QoS, latency, device capacity, bandwidth, sessions and others, wrapped in appropriate business outcome-centric SLAs.

RETAIL SLICE



PDU/Sessions



Service Experience



Throughput

MINING SLICE



Device Capacity



Throughput



Packet Loss

A Call to **Action**

Moving from current NetCo-centric messages, megabytes and minutes volume-based monetization models to digital ServCo models based on business outcomes and service-level agreements is a step in the right direction. It is a step that must be taken to break free from the tyranny of commoditization and low returns on investment that have plagued telcos.

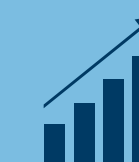
MATRIX Software has a key role to play in that transition. As a game changing leader in the delivery of unified monetization solutions, MATRIX is at the forefront of delivering new, ground-breaking ideas through its “art of the possible” workshops and engagements with telcos globally. Those shared insights are priceless in helping the transition to a digital ServCo mindset across both commercial and technology teams.

It's time to talk.

CONTACT US



True digital ServCo experience is **much more than an app/portal**



Focus on outcomes, not technology, for **business relevancy**



Early integration of monetization into strategy leads to **expanded opportunity**

About **MATRIXX** Software

MATRIXX Software delivers a dynamic billing, monetization and charging solution proven at scale. Global service providers like Telefónica, IoT providers like Tata Communications and network-as-a-service providers like DISH rely on MATRIXX to overcome the limitations of existing billing applications. MATRIXX provides a unified platform that transforms and simplifies billing operations across consumer, enterprise and wholesale businesses. With MATRIXX, operators can rapidly configure, deploy and monetize personalized offerings, enabling commercial innovation and real-time customer experiences that drive revenue and growth.

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