



INDUSTRY REVENUES IN DECLINE



Discouraging revenue reports are nothing new for telecom companies. Since 2012, operators have seen:

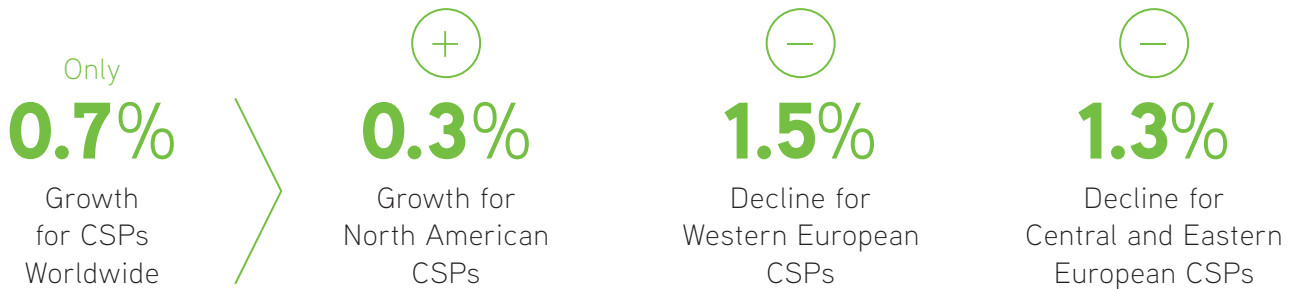


13% Decline in Share of Industry Profits¹

13-36% Drop in ARPU

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Looking ahead, the picture does not get much brighter. Through 2020 traditional telecom companies are predicted to see²:



3 FACTORS DRIVING DOWN REVENUES:

- 1 Market Saturation
- 2 Commoditization
- 3 Legacy Technology and Culture

*Traditional telcos will have to **shake up their culture** to remain relevant to consumers.*

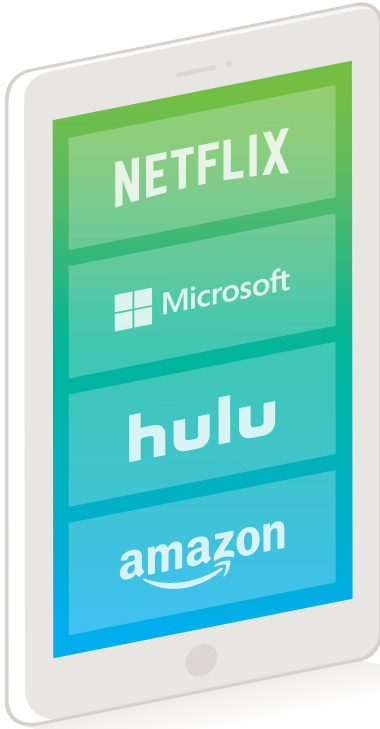
— ALEX HOLT, KPMG³



Unless CSPs take action, the future is revenue stagnation or outright decline.



THE NEWEST THREAT: OTT AND DIGITAL DISRUPTION



These factors have left CSPs vulnerable to disruption from one of the biggest threats yet: over-the-top (OTT) companies that deliver services directly to consumers.

\$100B Revenue that traditional telecom companies lose to over-the-top companies every single year.⁴

#2 Where the telecom sector sits on the list of industries facing disruption by digital technologies.⁵



To beat back these forces, CSPs must find new ways to differentiate and drive revenue.

4 STRATEGIES TO DIFFERENTIATE AND DRIVE DIGITAL TRANSFORMATION



The key to success in the digital economy is digital transformation. That's why...

82% of CSPs identified digital transformation as a critical and immediate objective.⁶

*The digital transformation of telecommunications represents a **\$2 trillion opportunity** for industry and society.*

— THE WORLD ECONOMIC FORUM⁷

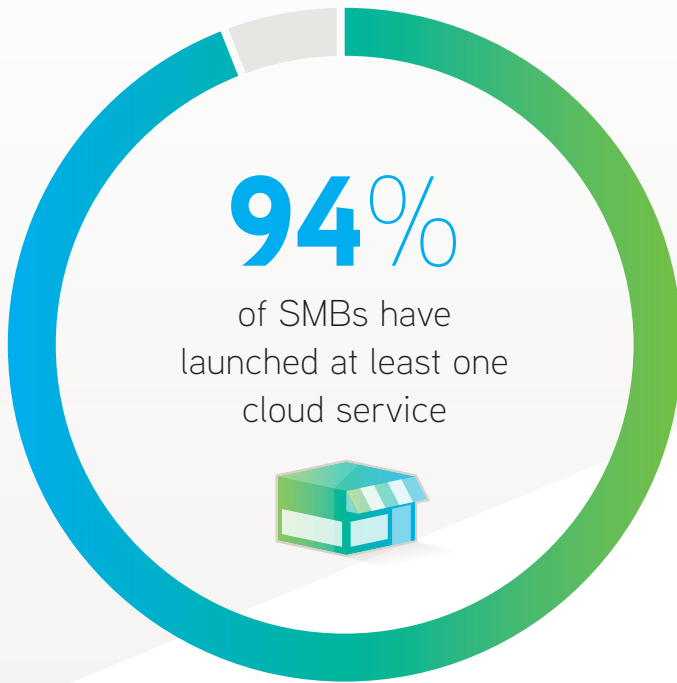


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FOCUS ON SMBS

1



SMBs can have a reputation for being risk averse when it comes to new technology, but many are jumping headfirst into cloud.

But SMBs need help...

- 73%** are overwhelmed and need help buying cloud software
- 67%** say having to go to multiple vendors is 'a waste of time'
- 66%** want to purchase their services from one vendor



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OFFER INNOVATIVE DIGITAL PRODUCTS AND SERVICES

2

CSPs are ideally positioned to become cloud services providers of choice for their SMB business customers, and many are bullish on their prospects. In fact, a quarter expect...

+25% of total revenues from digital services by 2020⁸



Here are five of the top SaaS application types SMBs purchase⁹:

- 39%** File Sharing
- 30%** Online Backup and Storage
- 30%** Online Accounting
- 9%** Support and Help Desk
- 8%** Online CRM



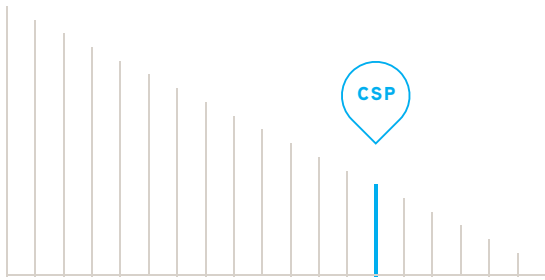
IMPROVE THE CUSTOMER EXPERIENCE

3

The telecom industry has done a poor job delivering satisfactory customer service:

31 NPS CSP industry Net Promoter Score, placing it **14th out of 20** industries.¹⁰

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Today's digitally savvy customers have higher expectations than ever before. To meet them, here's what CSPs can offer:

- **Contextualized interactions**
By 2020, **75 percent** of business buyers will expect companies to anticipate their needs and make relevant suggestions before they initiate contact.¹¹
- **Onboarding and training**
One-third of SMBs say training—in-person, tutorials, and self-service—is the most effective way to drive adoption of software services.¹³
- **The human element**
82 percent of business buyers say personalized customer care influences loyalty.¹²
- **An omnichannel experience**
Omnichannel can increase product usage, sales, and customer satisfaction.¹⁴

\$9B

Together these drivers will generate up to \$9 billion in new value over the next 10 years.¹⁵

FOCUS ON THE INDUSTRIAL INTERNET OF THINGS (IIOT)

4

As connectivity providers, CSPs are poised to play a critical role in the industrial IoT revolution.

\$14T will be added by IIoT to the value to the global economy by 2030.¹⁶



For CSPs, IIoT could add:

+ **\$65B** for data and bandwidth

+ **\$75B** for implementation and professional services¹⁷

*Operators are ideally positioned to **serve as the backbone** of the complex data flow that links machine sensors to back-end services.*

— THE WORLD ECONOMIC FORUM¹⁸



READY TO LEARN MORE?



For CSPs, the threat of digital disruption has never been greater, but with these strategies, there is still time to chart a new course for their businesses and the industry as a whole.

To learn more, visit www.appdirect.com



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SOURCES

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For more information contact info@appdirect.com or visit www.appdirect.com.

650 California Street, 25th Floor
San Francisco, CA 94108

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