

Pipeline

Knowledge Is Power

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What's Next for Telecom? Opportunities in the Enterprise Device Revolution

by Ed Finegold

In the past decade, it's evident that networked devices have become commonplace in our every day environment. ATMs have been around for decades and are no longer remarkable, but living in a city like Chicago, one sees newer types of devices everywhere. The neighborhood UPS driver carries a wireless-enabled clipboard. The stock boy in the local 7-11 uses a specialized tablet PC to take inventory and manage orders and deliveries. Nearly every shop, café, restaurant, supermarket, and bar has a multi-function point of sale terminal that can handle a range of debit and credit transactions. The city government is collecting revenue with traffic cameras that generate citations automatically and self-serve kiosks that take cash, debit, or credit for travel cards for the elevated trains. The state gets its share with electronic toll tag systems along I-88 and the Skyway. New digital billboards seem to pop up every month along the 90/94 route to O'Hare Airport. Inside the airport are more self-serve kiosks, POS terminals, and digital advertisements. At Wrigley Field, tickets are scanned with a hand held device. Inside the city's towering skyscrapers are a range of biometric security sensors and scanners, while its hospitals are upgrading scanning and data management systems to track every medication given to each patient. All of these technologies are dependent on communications technologies and each plays a role in collecting revenue or protecting the people who generate it. They are clear signs of a communications revolution, and yet, telecoms providers are not leading it.

Internet Blind to Enterprise

For several years, telecom providers have been feeling the heat as they watch Internet-based companies make fortunes on their backs. In the face of declining revenue in their traditional businesses, they've pursued expansion into parallel markets. Telcos are moving into TV, and cable TV providers have moved into voice and broadband. The whole industry has become obsessed with online and entertainment content as these worlds converge, but the focus is a sign of tunnel vision. Consumer content is an exciting and sexy business, but it's neither the only nor the biggest game in town. It represents just one shiny thread in a much greater tapestry of opportunity.

Traditionally, large enterprises have been telecom's best customers, but it appears

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that very few telecoms are keeping pace with their enterprise customers' real communications needs and developments. Every major corporation and government agency has a CIO and a CTO and spends millions, if not billions, every year to keep large teams of technology experts on staff. In many cases these folks are fixing PCs and showing folks how to use the new version of Outlook. The big dollars, however, are spent developing and rolling out new devices and supporting new types of customer-facing transactions that are critical to their revenue growth.

Working in the technology business, one tends to pick up pals along the way who deal with technology in their jobs. That handheld device the UPS driver carries? That's the result of decades of internal development and many teams of people in various locations who do everything from designing the devices and building the supporting software back-end to establishing and testing the wireless connectivity they need. The folks who've been developing these systems talked regularly about how they dragged their communications providers kicking and screaming into the future to support the logistics applications they needed to move more than 8 million packages a day.



Cooperation from telecom was relatively poor. The networks couldn't support what they claimed, and didn't provide data coverage everywhere their maps suggested. The carriers' support teams couldn't answer questions rapidly and were entirely reactive. When the UPS folks were out drive testing their new handhelds, there wasn't an engineer from the wireless operator riding along with them. There was no real sense of partnership here, despite the billions in revenue a company like UPS ultimately represents. Somewhere between the device revolution and this kind of customer-facing conundrum is the elusive answer to the question "What's next for telecom?"

Getting it Right

A few major telecoms understand the enterprise opportunity and are working on what's necessary to do things right. For example, Verizon Business has moved beyond a pure connectivity provider to become a real communications partner. Sticking with the device example, Verizon Business helps major banks to manage all of the connectivity to their ATM devices, and also manages the machines

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themselves. Where once the company only monitored the circuits it provided, Verizon Business now can provide a complete topology map for all of a customer's connectivity – regardless of who provides the actual circuits. Further, if an ATM machine runs out of cash, breaks down, or is hit by a runaway bus, Verizon Business knows about it in real-time and can deliver actionable business intelligence to its customer about the problem.

The major banks know exactly how much they earn per minute of uptime on an ATM, and know exactly what they lose when a machine is out of service for any reason. They know exactly how much value Verizon Business brings to the table for every second they can shave off of recognizing and repairing a problem. This is an example of where telecom's experience and skill sets form the basis for attractive business partnerships that go well beyond, and are much more valuable than, plain old connectivity.

That said, it's a big leap for many telecoms to become this sort of partner. Most, for example, still have manual processes just for generating quotes on connectivity. Their value proposition hasn't advanced much beyond reliable networking, and they don't tend to make it easy on their customers to compare quotes or understand their real costs for their network services. At the end of the day, it's up to the enterprise to figure it out, then to wire all of the connectivity together in such a way that supports their devices, financial transactions and so on. Telecoms aren't involved, in most cases, in this bigger game, and are likely cutting themselves out of a bigger revenue stream as a result. Connectivity is a commodity and the business has become all about price. This would not be the case if that connectivity was differentiated. The differentiation comes with service, knowledge, partnership, and in taking on some of the cost and risk enterprises face as they roll out new systems and devices. A big leap? Sure. But it's not a bigger leap than any telecom faces in morphing itself into an entertainment provider or playing me-too with Google.

Figuring it Out

If there's an opportunity to do more for enterprises and grow revenue as a result, there are two major questions to answer. First, why aren't telecoms already in this business? There has to be more to it than just their new love affair with content. Second, what roles make the most sense for telecoms to play as real partners to enterprises? There's only one way to figure it all out, and that's to go out and talk to end users and technology manufacturers – telecom's customers – and ask them. That's exactly what *Pipeline* plans to do.

During the next several months, we'll look at a number of major technology areas one by one, including:

- Scanning
- Logistics
- POS and Financial Terminals
- Airport and Municipal Devices and Applications
- Digital Signage and Advertisements
- Biometric Security Systems
- and Medical Technologies.

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We'll talk to manufacturers, end users, analysts, and knowledgeable members of the OSS/BSS community to discuss the opportunities, challenges, strengths and weaknesses for telecoms in each area. We'll find out from end users and manufacturers what more they'd like to see telecoms bring to the table as enabling partners. We'll ask the experts what the major hurdles are that telecoms need to clear to meet these needs. And, in the end, we hope provide some solid answers about what's really next for telecoms. Best of all, we won't talk here about entertainment content or social networking. We will, instead, address how telecoms can bring value to enterprises that Internet competitors don't have the expertise, technology, or business models to match.

If you have news you'd like to share with Pipeline, contact us at editor@pipelinepub.com.

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