

Post

M2M General



Telcos 2.0: from utilities to service providers

Tuesday, 16 October 2012



We live in a 24/7 connected society. Telcos now face different challenges than 10 years ago and they need to be in continuous evolution to be competitive.

From the need to adjust to the digital era came the most profound of the changes: a complete different approach to customers. Telcos needed to stop being just companies of utilities to become complete carrier service providers., with emphasis on the “service” part.

This change was triggered by other party companies coming to play in the digital communications landscape. Developers, vertical industries, governments looking to improve public services.... With time, all these players became interested in taking full advantage of the possibilities of digital communications.

To capture the potential revenue of all these new clients, telcos needed to add new [capabilities and services](#) to create new complete Business to business (B2B) platforms, effectively transforming their business model in something much more complex.

This is known as the Telco 2.0 ecosystem, where CSP turned to a multi-sided business model with them at the center, acting as an enabler between a upstream partners (software developers, content providers, consumers, public sector, vertical industries...) and downstream private and enterprise customers.

Right now, telcos provide services such as entertainment content (cable and Internet TV) software, customer care, and almost any kind of end-to-end connectivity solutions. Including M2M.



Adding value to M2M

Providing connectivity for M2M services is not enough. A Telco 2.0 [must provide the added value](#) that makes these companies real carrier *service* providers: complete, tailor-made, end-to-end M2M solutions. When we asked Angel David Barrio, Head of Alliances & New Business, Global M2M at Telefónica Digital, on the importance of the added value services, he said “20% of the content of M2M contracts define the connectivity services, 80% is related to these other services”.

Value-added services are the competitive edge, but the strategy and how deep into the water a Telco goes in placing itself as center of the Telco 2.0 environment is very important as well.

While other companies take a “defensive stance”, focusing just on value-added services, Telefónica has fully embraced the multisided business model acting as a middleman between end customers and other third party companies, according to a study by [Telco 2.0 Research](#).

This role involves, of course, a very active partner strategy, among other requirements. David Vellender Head of M2M Business Development UK&Ireland and Commercial Partnerships at Telefónica Digital, [said](#) that the objective is to “develop solutions working side by side with our partners along all the process to create and deliver specific final products to fulfill the diverse customer needs”.

In the end, what the client wants is a solution that works and simplifies their task, not something that creates more problems that solves them.



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