WELCOME

ROME BUSINESS SCHOOL FOR:

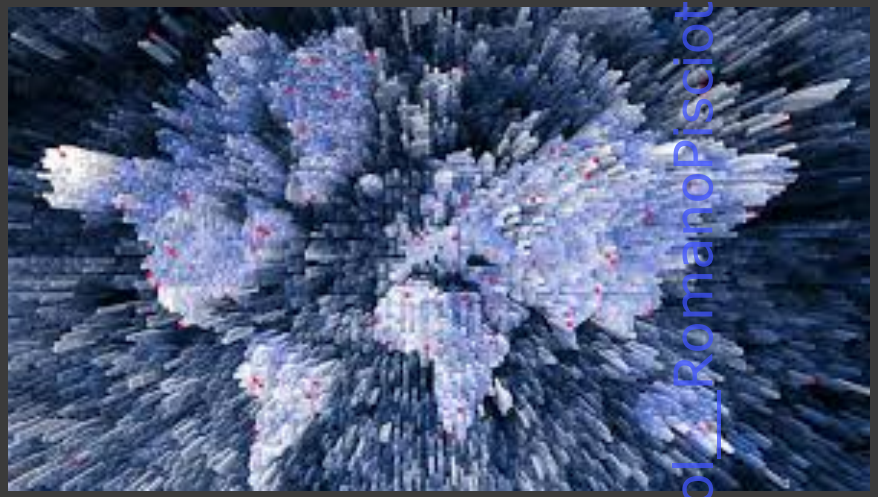
airtel

Romano Pisciotti

Tim, Vodafone, Wind and 3 are the four main Italian telephone companies.

Over time, the role they have taken on users has changed: from reference and identification brands they have become simple providers of mobile internet connections.

Will the future be the white sim?



In the beginning it was the SIP. The Italian telephone company, a true pioneer in the sector, in 1973 launched the first mobile radio service in Italy, intended for "vehicular" devices, that is to say mounted on cars and powered by the batteries of the cars themselves. Taking advantage of its role as first mover and substantial monopolist for 20 years, the Piemontese company has been riding the wave of mobile telephony since its beginnings and in 1990, when the mobile phone was a product already known by the market, it became the first operator European mobile phone by number of subscribers.

TELECOM ITALIA

TIM
Telecom Italia Mobile

TIM

The young people of the 90s were therefore participants and protagonists of a revolution without equal, a '68 of communication that would have literally upset the previous order:

- changes the mode and frequency of contacts between people, who suddenly find themselves much closer than they ever were;
- create a specific lexicon, a linguistic register made of acronyms that many dominate or pretend to dominate (gsm, gprs, wap, and I challenge anyone who has never pretended to know the difference);
- calling is no longer the only alternative, now you can write short text messages in time (almost) real, without having an internet connection or without waiting for the infinite time of the mails.

At this point, the average user is surrounded by offers and promoted, having minimal knowledge of the subject and relying mainly on the heard, on the word of mouth, on "my uncle who has the Omnitel does not get anywhere ". More: every company tends to offer immediately, first seasonally and then (when the market becomes mature) with regularity, promotions for calls and messages at prices never so low, but only to users belonging to the same operator

Community and tribe, the market splits

Word of mouth and closed promotions give life to the phenomenon that has characterized the technological adolescence of millions of Italian children: the birth of real communities based on their telephone operator. In this case, the term "community" is even reductive: in fact, real bubbles were created that were completely waterproof outside, which included only people with the same telephone operator, and categorically excluded the others, since they could not be communicated with them. without paying.

The situation that emerges between 1999 and (approximately) 2010 is therefore the following: four telephone companies divide up the utilities of all Italy, with the loyalty element that is the master and that makes the transaction costs from a company all 'other high, moreover sharpened by a territorial struggle between operators, a "Risiko!" in real life that aims to conquer the territory of one or another company by leveraging new users, trying (often unsuccessfully) to unseat the monopolist of that area.

In 2009, however, something happens. For some years now, the smartphone market has been evolving and it is starting to become saturated with telephones in which the telephone part goes into the background, full of functions and, above all, revolutionized in connectivity: Wi-Fi is now in every home, and the connection directly from smartphone becomes a commodity and no longer an exception or a luxury.

2009 is the year of birth of Whatsapp, a famous instant messaging application now owned by Facebook. Whatsapp (and with her similar apps that are born in the same years, Line, WeChat, Telegram, etc.), unlike the sms with which it had always communicated until then, has a peculiar charac
it is a deeply democratic system.

The focal point is that the telephone companies can charge the single sms discriminating the price according to the recipient (if the same operator or not); on the contrary, they can not charge individual messages that start from this type of app, nor do they make distinctions set on the operators, since at the base of the applications' functioning there is a "generic" connection to the internet.

Telephone operators only need to offer "flat" rates…

…monthly subscriptions that guarantee a certain number of gigabytes of data that can be used to communicate with the outside world.

From this moment on, the only discriminating factor to be part of the herd is to have access to an internet connection, it no longer matters what color. For users and for the market, this means the decay of the brand loyalty element, becoming now the price the only true demand driver.

It is the death of the community, the funeral of the tribe.

Sims raise the white flag

Put a tombstone on the community based on the providers, users needed other points of reference. Simultaneously with this change, therefore, we could observe the shift of focus from the operator to the software: no more Vodafone against Tim, but Apple against Android.

This change in attention can be read from two different and complementary points of view:

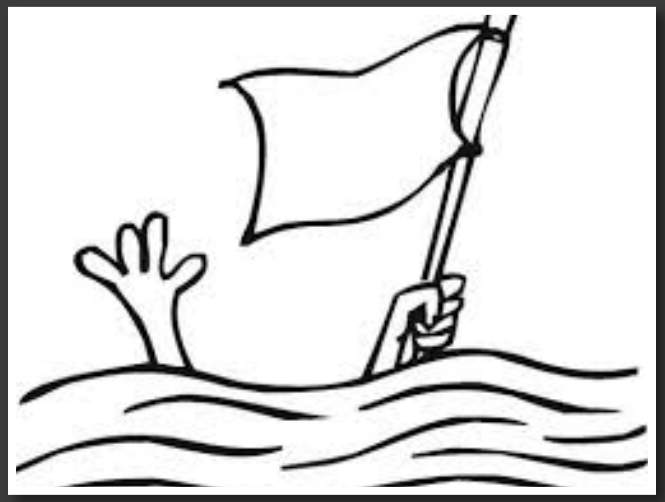
on the one hand, the research by consumers of companies in which to identify themselves, once the idols of the past had been killed; on the other hand, the already mentioned exponential growth of the smartphone market, which overshadowed the merely telephone part of the devices.

…the future?

According to someone, the future is white.

The Netherlands, in fact, is the first European nation in which the so-called "white sims" have been legalized, cards not belonging to any particular operator, with which it is very simple to switch from one network to another, depending on the needs of the 'user; Apple, who recently celebrated its fortieth birthday, is also working on Apple sim for iPad, to allow travelers to take advantage of the best network conditions without being tied to a single operator.

If the forecasts were to be confirmed truthfully, the concept of a telephone operator would be definitively distorted as we knew it 10 years ago, in favor of an open source change in the telephone side of mobile communication



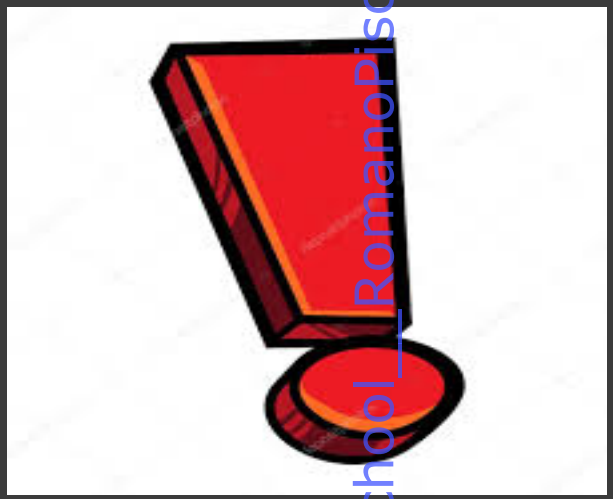
White flag of the telephone companies?

Think about this:

There are virtual networks and big data in the future of telecommunications, in the next 10-20 years, with an acceleration expected from 2025

Technologies that will accompany scenarios in which the internet will be much closer to us. Close in the sense both physical - technical and existential, since it should impact more strongly on our lives, on society and the economy, above all thanks to the paradigm "internet of things"…..

….According to a recent study, experts and sector operators foresee 39 interviews between chief technology officers and chief information officers belonging to 36 multinational companies in the telecommunications sector.



Data and the ability to extract value, a raw material on which operators can make their services evolve.

A new business model for telecommunications

From Connectivity Provider to Over-the-Network Platform Provider

(Marco Patuano - CEO of Telecom Italia)

ERRORS OF THE PAST AND ...

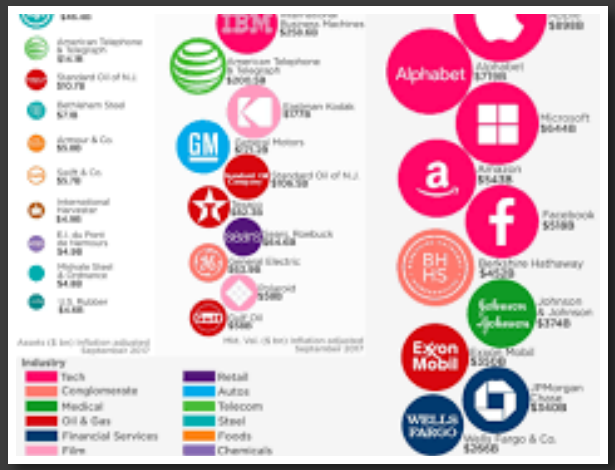
NEW SOLUTIONS

Telecommunications companies have always been referred to as service companies, although, on closer inspection, it would have been more appropriate to speak mostly of infrastructure companies or single-service companies.

Until the mass-market Internet services were rolled out, telecommunications companies offered only connectivity-related services that consisted of (a) voice services for consumer customers and (b) voice and data transmission services for business customers.

Even the innovation introduced by mobile telephony in the second half of the Nineties did not initially have a major impact on this business model.

In short, the SMS itself, more than a new service, was the transformation in text format of basic communications.



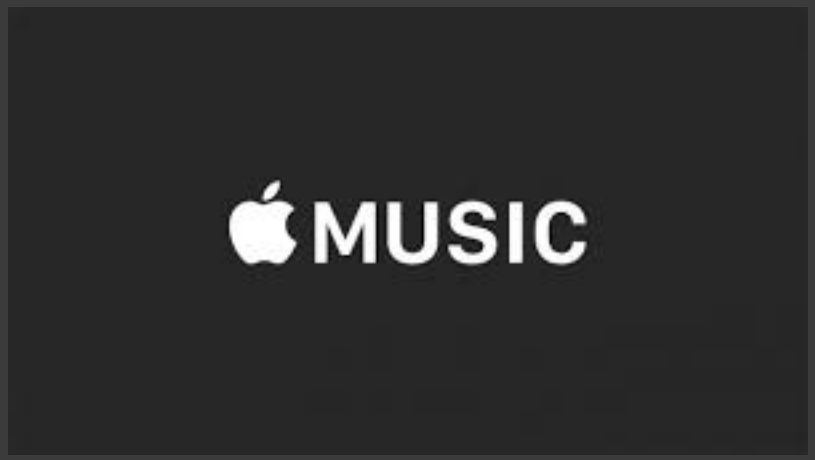
After decades in which the Telco business model has not recorded substantial changes, the advent of Over-The-Top (OTT) has profoundly transformed the identity of telecommunications operators, enhancing their role as infrastructure providers (infrastructure providers) to detriment of the service company function.

The OTT revolution

- *the reference business model: from orientation to income to adoption orientation.*

- *the logic of the bilateral platform (Two Sided Platform - TSP).*

OTTs have created a layer that uses telecommunications operators' infrastructures mostly for free, in order to provide a wide variety of services to end customers



The Telcos have all the characteristics of the infrastructure companies: they have a high capital intensity, they operate on local markets, they serve a clientele that gives the maximum value to the reliability and availability of the service.

For this the costs of any error are very high and the innovation proceeds with rather slow times.

The Telco business model is that characteristic of the infrastructure companies.

The companies continue to constantly feed a model of investments inextricably linked to the revenue model: to slow the intensity of investments, they slow down revenues.

The creation of value derives from the cash flow that the company is able to guarantee over the medium term.

On the contrary, OTTs start from a completely different criterion: they develop the idea of a service on which to quickly build an application to attract the greatest number of users and achieve a high level of adoption. To do this, they initially invest little capital and operate on a global scale, using the local Telco infrastructure

The value for the customer lies in the ability to provide useful services paying close attention to the user interface.

In many cases, OTTs start with a rather uncertain revenue model, often based on the ability to profile customers for a subsequent valuation based on advertising revenues.

The key aspect is to quickly attract millions of users, and then transfer ownership to companies that pay for the ability to increase customer knowledge.

The initial phase is in many cases the provision of services in free mode, to then evolve to a freemium logic in case of great application success.

For this reason we can define the OTT business model as based on the level of adoption.

Therefore, the success of the adoption-based business model can not but undermine the business model (based on revenues) of the Telco infrastructural operators, as these found part of their return on the capital invested on a service that gradually ceased to be paid from customers.

The OTTs were the first to understand the discontinuous power of bilateral platforms, environments in which two groups of subjects directly exchange products, information and / or content, deriving a mutual benefit.

There is no single product that, although excellent, can compete with an "efficient" platform, which will always be characterized by an incredibly superior innovation speed compared to the single product. Consider, for example, how the evolution of cell phone operating systems (both IOS and Android) has in fact destroyed the best mobile mailing product in the world: Blackberry.

OTTs, using and not having the data transport infrastructures, have been extremely effective in obtaining a regulation that allows them to develop concentrating investments on the platforms only and avoiding investing in infrastructures.

(The regulations on Net Neutrality have effectively ratified an important regulatory success of the OTT sector over that of Telco.)

OTTs have water ... not aqueducts...

....keep this in mind !!!!

It was very simple for OTTs to argue that connectivity was already paid by the end customer and that the nature of a non-replicable facility of access networks required its usability in a non-discriminatory way.

…it is quite clear how the Telco have adopted a rather weak defensive line, demanding payment for the use of the networks by virtue of the huge investments made!!!…WHY ??

The answer lies in the incredible success that the traditional business model of TLC has assured all over the world for an extraordinarily long period of time. With the opening to the mass market of mobile telephony which in the case of the big national players had amply repaid the investment required…

Meanwhile, the situation was exacerbated by the growing success of OTTs, which, even before destroying traditional services, appropriated a good part of the margins built on the new generation networks, and against which the reaction of Telco operators was the typical defense to the bitter end of who owns the infrastructures (that is, who wants to use the networks that we have built at a high price must pay the right "toll"). The crisis of the so-called service component of the traditional business model (the communications under attack first by Skype and Viber, and then by the protocols of enhanced messaging), has only worsened the situation.

Only some telecommunications operators realized in a timely manner that the OTTs represented enemies-friends (frenemies) in the search for an economic return for the huge investments in access infrastructures: why a customer would have had to buy an ultra-broadband where the main OTT platforms to give a reason why to purchase?

We are in a situation of eggs and hens: a situation in which it is impossible today to establish which of the two things existed first and which caused the other.

How to get out of this situation?

In the markets where regulatory bodies have grasped the need to push the birth of OTTs and at the same time to safeguard the logic of the IRR (Internal Rate of Return) model of infrastructure operators, there has been a rapid concentration of operators and limited pressure on prices of connectivity (especially on mobile broadband). The resulting effect was that of rapid growth in investments in ultra-broadband fixed and mobile infrastructures

The solution of the Chicken & Egg syndrome had to go through an acceleration of the crisis of the traditional business model of the large integrated Telco operators, acceleration linked to another technological discontinuity, once again coming from the world of cellular telephony.

The evolution of mobile telephony has in fact taken place in a digital enabler logic for the consumer world and has had essentially three enabling factors:

…the first was the development of much more powerful smartphones (thanks to the evolution of chipsets and screens) and great durability (innovation in the world of batteries)

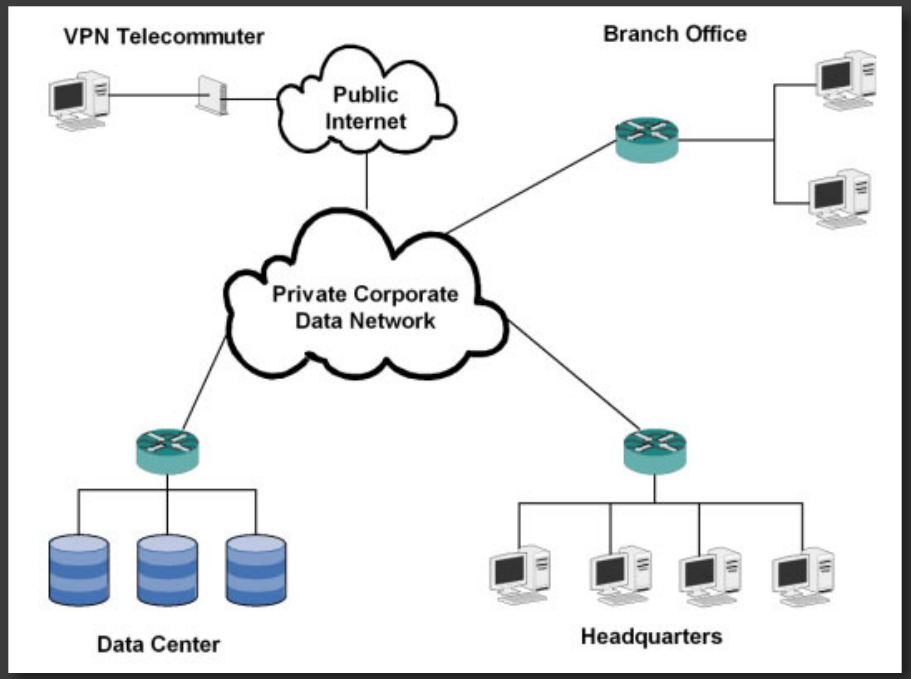
…the second consisted in the conception of more efficient cellular networks in the transport of data up to the generation of cellular networks natively intended for the transport of data (4G - 5G);

…and the third was the emergence of mobile application platforms and ecosystems consisting of a combination of next-generation operating systems, and the emergence of a community of App developers (iTunes, Google Play, etc).

OTN vs OTT:
the difference that creates an opportunity for Telco

The main difference between an Over-The-Top platform and an Over-The-Network platform is directly attributable to the same definition, ie the different relationship between the service delivery platform and the infrastructures.

While an OTT platform is more powerful when it is able to use the services offered by the infrastructures in the best possible way, from a technical point of view, for an external subject, in the case of an OTN platform the services are directly designed in order to use network and IT resources as efficiently as possible by moving within it.



It is therefore clear why OTN platforms are typically developed by Telco operators. The OTT and OTN platforms have clear distinctive features, observing which areas where Telco operators can have a competitive advantage can be identified.

In order to do this, it is necessary to address the user of the services provided by the platform and identify how relevant (high vs. low) three specific characteristics are: the Quality of Service (QoS) and / or the Quality of Experience (QoE); Security and / or Compliance; Proximity to the customer.

The more the above three parameters assume a high importance in the eyes of the customer (both consumer and business), the more likely it is that the platform is characterized by an OTN approach in which Telco operators have interesting opportunities to differentiate themselves.

Wanting to generalize the characteristics of OTT and OTN platforms, it can be seen that the former are mostly global, economic, best effort and unmanaged; while the latter are usually local, less economic, guaranteed quality and managed (managed).

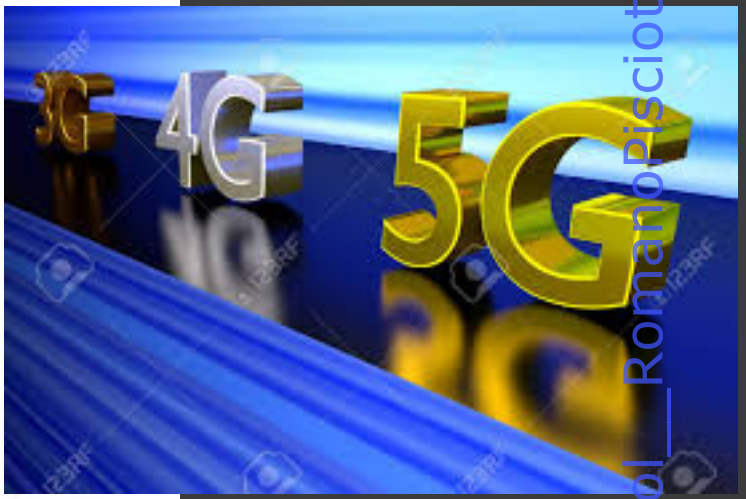
The teenager will probably look for a free site. In this case the QoS is of limited importance since the video will be shown on a PC or tablet (whose display quality is inherently much lower than that of an HD TV), security is not considered a value; and the proximity is irrelevant because every problem is solved independently without resorting to any customer service provider.

On the contrary, the person who wants to watch the football match live has completely different needs: the QoS is very relevant as the customer does not allow interruptions to live broadcast and the screen is most likely an HD-TV

Security *is crucial for content owners who want to limit the phenomenon of computer piracy; in case something does not work, customer service must be absolutely present!*

The same applies to business services: think, on the one hand, an IT cloud service for a small professional studio, and on the other hand a service capable of responding to a need for disaster recovery in a bank. It is intuitive how Security, Compliance and Proximity assume in the two cases a completely different value in the eyes of the customer.

The simple broadband connectivity is no longer able to satisfy a large part of the applications that affect the customers and, even less, does not allow the creation of platforms that work in OTN logic. Staying connected to low-performance connectivity exposes Telco to the risk of a revenue drop



Operators who develop access connectivity in

ultra-connectivity logic can return to revenue growth

Mobile telephony plays an absolutely privileged role (and in the future even more privileged) in the development of the second wave. In order to develop a synergistic environment between fixed and mobile telephony, as well as cancel the substitution effects between the two types of connectivity, the availability of converging networks (fixed and mobile) becomes crucial and it is essential that the performance of access networks (fixed vs. mobile) are comparable.

RISK

"commoditization" of ultra-connectivity (both fixed and mobile), where it is not accompanied by the development of OTN platforms.

Digital Life: the whole life of people is evolving in the direction of a wide digitalization: from digital commerce to smart environments (Connected & Smart Home, Smart Car, Smart City), from Digital Wellness & Health to Digital Learning, etc…. we obtain the Digital Citizen, whose applications can range from digital identity to digital voting, up to the digital health issue, etc.

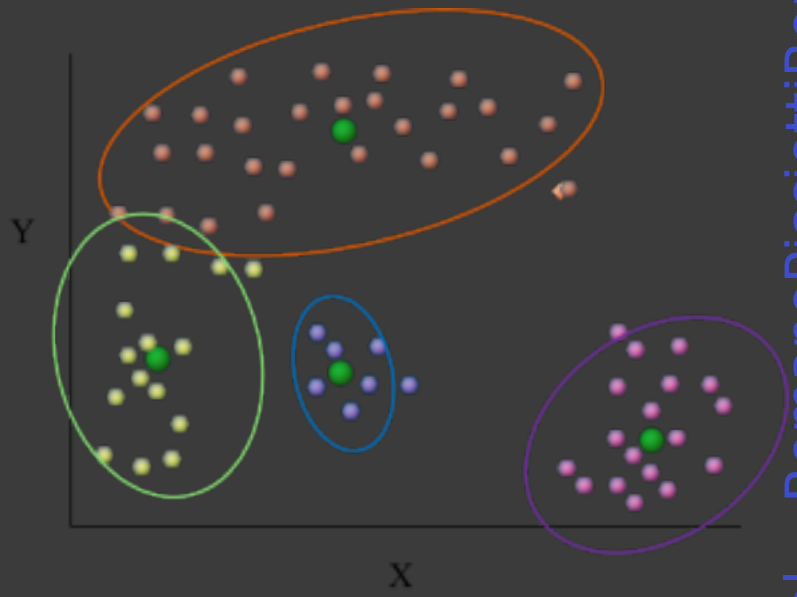
A new concept of unbundling related to the platforms must be developed, in which TLC operators can also request the unbundling of services reserved today for OTTs

Access by a telephone operator to the infrastructure of another operator to offer the user its own services.

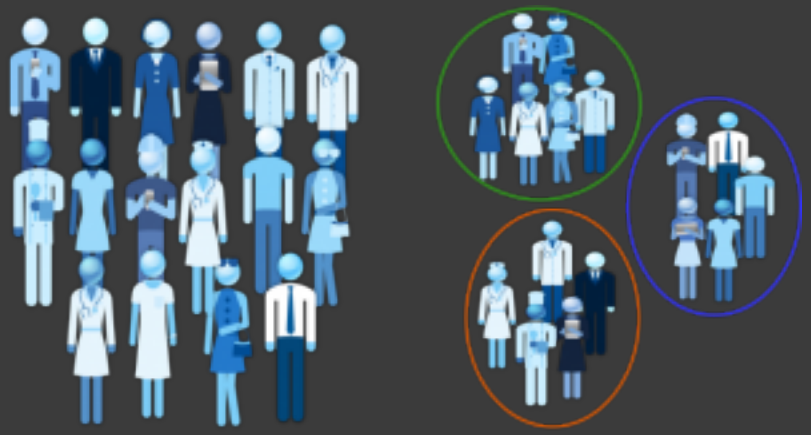
Marketing and supply:

the evolution of marketing starts from an infinitely superior knowledge of the customer compared to the past. New marketing must succeed in creating situations, in many cases apparent, of customizing the offer based on the "clustering" of the customer base based on relevant characteristics.

…it is a set of data analysis techniques aimed at the selection and grouping of homogeneous elements in a set of data.



When you organize the clothes in your closet, you put similar items together (e.g. shirts in one section, pants in another). Every personal organizing tip on the web to save you from your clutter suggests some sort of grouping of similar items together. Even we don't notice it, we are involved in grouping similar objects together in every aspect of our life. This is called clustering in machine learning, so in this post I will provide an overview of data mining clustering methods.



How to identify cluster groups…

..Studied the friendship networks of Facebook fan pages, you can find - as far as publicly accessible - friendship networks of people who have clicked on the "Like" button.

By classifying groups by emotionality ... for example: from 1 (product brands) to 5 (medical causes), some researchers found a positive correlation between network density and emotionality. This means that the more connected the friends of a cause or a brand, the more emotional they are about their cause. Even more interesting, they found a negative correlation between the clustering coefficient and the emotionality. This means that the more fan friends are divided into sub-groups, the less emotional they are. The conclusions would be that the causes with the most emotional supporters have a dense but uniformly distributed network, with no recognizable subgroups.

Example of use of social networks

In a Twitter Coolhunting job we can predict stock market indicators like Dow Jones, NASDAQ and S & P 500 one to three days ahead by analysing Twitter posts.

Collecting Twitter feeds for six months and getting a randomized sub-sample of about a hundredth of the full volume of all tweets. Hope and collective fear were measured every day and the correlation between these indices and the stock market indicators was analysed, counting the number of times that words like "hope", "fear" and "concern" occurred in the tweets. It has been found that the number of positive tweets is much higher than the negative ones, more than double on average, which may suggest that people prefer optimistic words to pessimistic ones.

We initially expected that the correlation between optimistic mood and stock market indicators would be positive, while the pessimistic mood would be negatively correlated with equity indices. Surprisingly, we found a negative correlation with Dow, NASDAQ and S & P500 for both positive mood words like "hope" and negative mood words like "fear" and "worry". This implies that people start to use more emotional words like hope, fear and worry in times of economic uncertainty, regardless of whether they have a positive or negative context.

To put it in simple words, when the emotions on Twitter fly high, that is when people express a lot of hope, fear, and worry, the Dow goes down the next day. When people have less hope, fear, and worry, the Dow goes up. It therefore seems that just checking on Twitter for emotional outbursts of any kind gives a predictor of how the stock market will be doing the next day.

Cool in English means cold, but if you think about it the link is there: a cool thing is new, something fresh because just thought and created - and then in the Anglo-Saxon countries it's cool to say cool for centuries!

Hunting from which Hunter: in the sense of searching, finding, intercepting.

Cool Hunter - Trend hunter

Simple, no? Well, forget it now!

To talk about this new profession and the fact that there were particularly intuitive and trendy characters walking around the streets around the world were able to perceive, well in advance, what would be the future successful products.

The point is that big multinationals like Disney, CocaCola, Nike, have actually started to pay good money to view the reports of the cool hunting agencies, raising in this way even more the image and the aura of myth that hovered around the figure of the cool hunter.

But reality is another!

The image of the cool hunter going around the world with the camera and the notebook to take notes remains just a romantic idea. There are complicated subtleties to explain, but the point is that perhaps it would be more correct to talk about the practice of cool hunting, rather than the individual cool hunter.

Doing cool hunting means nothing more than knowing how to breathe the spirit of our time.

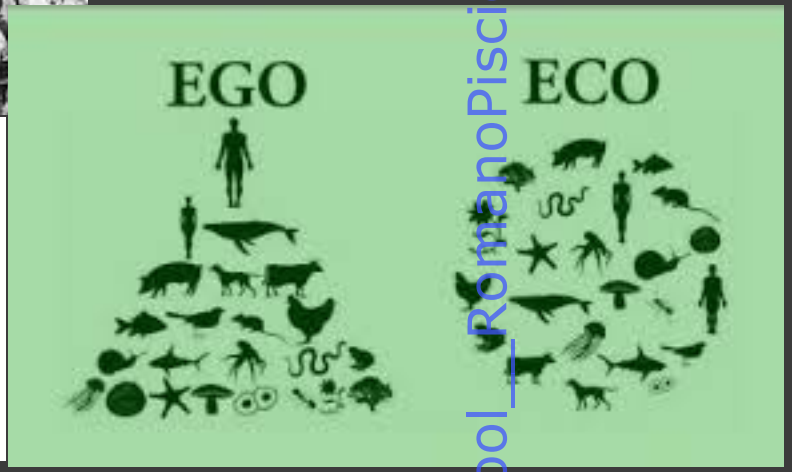
It means analyzing the present to understand where it is going and how society is moving, what it likes and what it will look for in the near future: it is in a sense anticipation that does not want to be predictive, on the other hand it could not be

The cool hunters are not prophets or psychics, but people able to speak the language of our time, to see and catch signs that seem to seem hidden. They know how to move between the various cultural devices that society has, they can interpret their rhythms. Their task is essentially to capture the latent message and decode it, to emphasize something that already exists but which is not yet a need, a determined desire.

This practice, halfway between anthropology and marketing analysis, is now used by many companies that need to catch market trends in advance.

It is the change of the socio-cultural scenarios that wanted it and the system has done nothing but adapt.

The true meaning of doing cool hunting is not to go in search of the cool moment, but to enter society, to go inside and to understand what is the most suitable language to communicate with it.



The Network, thanks to people who want to say, discover and pass information and knowledge as soon as possible and everywhere in the world and thanks, also, to its characteristics of sharing and collaboration of knowledge, has made it accessible to all the same information

The skills related to Big Data technologies will be dominant in the evolutionary development of the TLC operators' offer.

Will there be a conflict between technologists and infrastructure managers?

The answer is obviously not. The former will require the latter to be infrastructure managers and data repositories, to define Big Data architectures, to manage information gathering.

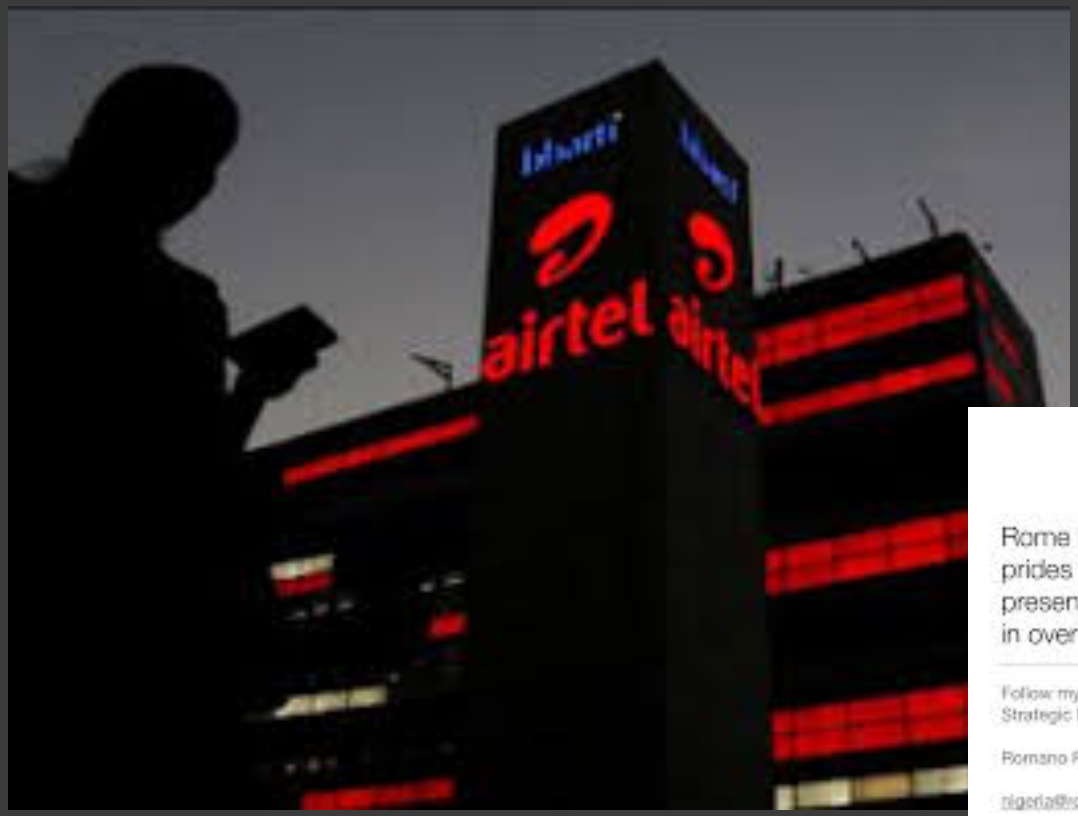
Conclusions

The progress of long-term sustainability waves offers a variety of challenges to the business model of Telco operators

Airtel Nigeria's CEO, Ogunsanya,

Airtel Nigeria’s CEO, Ogunsanya, to lead discourse on African Business at NBA Conference AUGUST 17, 2017 The Chief Executive Officer and Managing Director of Airtel Nigeria, Mr. Segun Ogunsanya, has been listed among important thought leaders in the corporate and government circles that will speak at this year’s edition of the Nigerian Bar Association (NBA) Conference. Ogunsanya, who was recently named African CEO of the Year by a pan African platform that recognizes customer service, innovation and excellence in Africa Telecom and Information Technology Industry, will join other panelist to discuss the theme, “African Business: The Road Less Travelled,” at the week-long NBA conference, which will kick off on Friday, 18th August, 2017.

THANK YOU



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