



Why telcos must transform into techcos — and how to do it (Reader Forum)

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Technology revolution is littered with success and failure stories; the first movers set the agenda and it is innovation in process as that generates lower cost, faster time to market and better quality. An analogy is something we take for granted today — robots in car manufacturing — but back in 1961 GM motors were the first to do this on an industrial scale in New Jersey, ushering in the next generation of consistency and mass-quality. Soon to be widely adopted it was a revolution back then. In the Techco world, the ability to identify customer needs, create additional value, fail fast and move on, and have the speed to lead the pack is key.

For telcos, the moral of that story is never rest on your laurels. No matter how large your margins are or how long you've dominated the marketplace, the future can turn on a dime. For the better part of a century, newspapers enjoyed profit margins north of 20 and even 30% thanks partly to classified ad revenue, which Rupert Murdoch once called "rivers of gold." [Then the internet changed the game](#), enabling upstarts such as Craigslist to poach that classified business. Some newspapers struggled to leverage the internet to retain subscribers and attract new ones: giving away their content online until consumers were conditioned to expect news to be free.

To avoid a similar fate, telcos need to transform themselves into "techcos." This name showcases their role as tech-first companies in customer value creation rather than pure communication enablers — including for over-the-top upstarts that could eat their lunch the way Craigslist feasted on newspapers. This transformation allows them to capture the benefits of 5G and edge computing — but only if that transformation is carefully planned and executed. Here's how.

Navigating the transformation

A telco has the capabilities of overnight mass software rollout, cloud services at the edge and more scalable environments. The catch is that those capabilities often are at odds with telco traditions such as five-nines reliability, a heavy reliance on standards, rigid regulatory requirements and a hodgepodge of legacy systems.

So to become techcos, telcos will need to fundamentally rethink how their networks are built and run, including migrating to flexible disaggregated environments, zero-touch operations, a truly cloud native approach and API based self-provisioning services. These changes highlight the importance of having an underlying infrastructure that facilitates the kind of seamless, multi-vendor environment that frees techcos to benefit of best-of-breed technologies to stay at the leading edge of new use cases in B2B and B2B2C.

Telcos also have to decide how they'll execute their techco transformation. Some are adding skills to they have that expertise in house, while others are turning to outside experts or integrators. This decision also begs the question of whether it's easier for telcos to go with a single vendor or adopt a multi-vendor approach. A key benefit of the multi-vendor approach is the sheer amount of choice it brings and the higher level of ownership over its digital transformation. Using multiple vendors leads to in-house ownership of any processes while gradually nurturing, training and skilling-up of staff. These telcos will be more dynamic entities, able to alter their trajectory and implement new ideas with greater ease.

But other telcos prefer to relay on an integrator to navigate their new course. One common reason is that they lack sufficient in-house expertise in key digital areas. What they relinquish in terms of ownership, they gain in the form of objective expertise and streamlined operations management. Neither option is right or wrong, but the choice is a defining step in their transformation process.

A constant state of improvement

Continuous improvement is another way that techcos can avoid resting on their laurels. This involves continuous integration (CI), deployment (CD) and testing (CT) in cloud-native environments, in order to achieve the efficiency and speed.

Indeed, the techco transformation is never something that can be "finished." Moving to the next level of automation will enable continuous improvement and evaluation. By definition, CI/CD/CT initiatives are automated as much as possible to maximize their effectiveness in terms of rolling out functional improvements.

Telcos that are up for this transformation will be around for decades to come instead of getting gobbled up by nimble, forward-thinking competitors.