

CSPs' professional services needs are changing, creating new opportunities for vendors

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The changing business priorities of communications service providers (CSPs) will have a profound impact on their requirements for professional services. This will affect the whole services lifecycle and will challenge traditional service models. Providers of professional services should re-align their engagement strategies with CSPs' new priorities, including expanding their traditional roles in the value chain. This comment highlights the findings of our strategy report: '[Telecoms software professional services: CSP transformation acceleration is creating vendor opportunities](#)'.

Aspects of digital transformations where CSPs have the least expertise are driving professional services spending

Analysys Mason estimates that CSPs' spending on telecoms software professional services reached USD38.4 billion in 2019, an increase of USD229 million compared with 2018. The highest-growth segments were AI and analytics and network automation and orchestration, which grew by 5.1% and 9.6%, respectively, in 2019, well outpacing the overall growth of 0.6%.

CSPs are spending more on professional services because they need to transform the way that they operate to achieve service agility, significantly reduce costs and efficiently deploy 5G. As a result, they are increasingly adopting data-driven, closed-loop network and operations automation, and exploiting new technologies and approaches to monetise 5G and to digitalise customer engagement. CSPs are also increasingly seeking to move both IT and network workloads to the cloud to support business requirements using digital infrastructure and open-source software that is low-cost, fast to deploy, and easy to operate and scale.

The need for automated and open networks is becoming an even higher-priority for CSPs because manual approaches to operations are incompatible with networks that are disaggregating and growing bigger and faster, and with processes that are becoming more-complex as CSPs plan for 5G.

The process of implementing new technologies and approaches is difficult and requires advanced skills and talents. Furthermore, both network- and customer-facing transformations have many technology implementation options. The complexity and the variety of these options can overwhelm CSPs that often do not have the internal skills and capabilities needed, and lack an end-to-end vision of the process. CSPs will outsource these tasks to experienced professional services providers to accelerate change, often in parallel with growing in-house expertise. Professional services providers include different types of vendors that, for the purpose of this research, we grouped in five categories: system integrators (SIs), network equipment providers (NEPs), IT vendors, independent software vendors (ISV) and new entrants, such as value-added resellers (VARs).

Traditional professional services and related software development processes are not fit for purpose to address these new digital processes and requirements. They are too rigid and insufficiently collaborative, based on long, on-site engagements and on large bespoke waterfall projects. These approaches are in stark contrast with CSPs' increased desire for business flexibility and agility.

Professional services providers need to adapt to CSPs' desire for tangible outcomes, simplification and transformation acceleration

A new approach is needed throughout the professional services lifecycle in order to adapt to CSPs' changing strategic priorities. For example, CSPs and professional services providers have traditionally worked on custom developments in order to optimise solutions and differentiate themselves, but are now trying to move away from that, in favour of standardised products and processes that reduce cost and are reusable across organisations and business units.

Our research highlighted changes in the type of professional services that CSPs want and in how these services are delivered and consumed. CSPs are increasingly seeking less-customised, stepwise and outcome-based engagements with partners that will help them to accelerate digital transformations. This will give them more control over project costs and outcomes.

We have identified four key factors that providers should consider when redesigning their professional service portfolios to satisfy CSP's new requirements. Professional services providers should:

- offer contracts that are more flexible than in the past, with shorter, phased projects designed with clear business goals
- increasingly engage with multiple and different business units within CSPs as projects become broader and more strategic
- productise their offerings and introduce AI into their processes to improve service automation and reduce operational complexity
- reshape transformational project delivery to reduce the time to market for new solutions and to minimise systems and operations disruptions.

Professional services providers should capture new opportunities that will arise from the changing needs of CSPs

Professional service providers have an opportunity to expand their traditional roles in the value chain as a result of CSPs' reassessment of their business priorities. Technologies such as softwareisation and virtualisation are blurring the lines between what were discrete roles; it is becoming easier for incumbent vendors to move across the value chain and for new entrants to grasp new opportunities to expand their business.

Professional services providers should have a clear vision of how to shape their businesses and how to pursue new opportunities based on CSPs' new requirements while prioritising features and capabilities that can help them to differentiate their businesses. Below are the expansion strategies that we suggest for the five professional service provider groups that we analysed.

- NEPs should offer value-added services and expand into other growth areas outside the network domain, such as enterprise services and implementation of data-driven processes.
- SIs should use productised services to offer end-to-end solutions and expand their capabilities into new areas.
- OSS/BSS ISVs should use their understanding of end-to-end processes and agile service delivery to cement and expand their roles in transformation projects.
- New entrants can use their telecoms expertise to deliver vendor-agnostic solutions and support CSPs' open networking journeys.

- IT vendors have an opportunity to translate their domain expertise to support CSPs' cloudification initiatives and to encourage them to explore the benefits of the '-as-a-service' model.