Digital marketplaces give CSPs a gateway to new B2B opportunities

The roll-out of 5G gives communication service providers (CSPs) many opportunities to innovate in order to broaden their revenue streams across multiple industry verticals. The B2B segment is expected to have the highest potential for revenue growth because it enables CSPs to differentiate themselves from traditional providers of voice and data services by offering IoT, cloud and virtualised services in addition to connectivity. CSPs are exploring digital marketplaces as a way of monetising 5G and increasing their share of revenue in the B2B market.

This article is based on information from Analysys Mason's report, *Digital marketplaces: how CSPs can boost revenue growth*.

Digital marketplaces enable CSPs to expand their B2B revenue beyond connectivity

CSPs are under increasing pressure to diversify their services and grow their core business beyond connectivity services as these services become increasingly commoditised. They must compete with hyperscalers, OTT providers and value-added resellers to increase their presence in B2B markets. The results of a recent survey by Analysys Mason show that CSPs consider digital marketplaces and advanced partner settlement models to be strategically crucial to their participation in the B2B2X value chain and are prioritising their development.[1] CSPs also plan to transform their enterprise-focused systems within the next 2 years to reduce the time to market, support flexible commercial models, lower the commercial risk and reduce operational costs.

A digital marketplace is a partner enablement platform that allows CSPs to co-design and co-create new offerings that serve cross-industry requirements by combining their services with partners' portfolios. Digital marketplaces enable CSPs to bundle a variety of products and services such as hardware, software, cloud storage, network slicing, network security and data analytics with their ecosystem partners' products. This allows CSPs to deliver offers and experiences that are more personalised and comparable to those provided by digital natives. They can also levy the profit margin on partners' products and services.

The migration of legacy architecture to enterprise-ready BSS stacks is crucial for supporting B2B marketplaces

CSPs are recognising how important digital marketplaces are for monetisation as 5G evolves towards being a service-oriented network that is enabled by new technologies such as edge computing, network slicing, virtualised networks and artificial intelligence. However, many telecoms applications are currently built on

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[1] For more information, see *Analysys Mason's survey findings: CSPs' B2B success will be defined by the flexibility of their commercial models*.

legacy systems that lack flexible and configurable architecture. CSPs must therefore enhance their IT and commercial capabilities to support new business models and enable flexible service delivery.

Developing a successful B2B marketplace requires CSPs to accelerate their digital transformation initiatives and reinvent their legacy architecture to support new enterprise capabilities. They must:

- provide a unified product catalogue that will allow CSPs to seamlessly bundle their products and services with those of ecosystem partners to deliver relevant and personalised offerings
- implement an end-to-end service lifecycle management system with automated onboarding, fulfilment and assurance capabilities to accelerate the concept-to-cash flow and provide a seamless experience
- deploy cloud-native, microservices-based architecture with open APIs to enable the dynamic control and management of operations and to ensure interoperability between CSPs and ecosystem partners
- introduce partner relationship management systems to support and orchestrate a multi-dimensional partner ecosystem that can interact and transact across industry verticals and regions
- enhance revenue management systems with real-time billing, charging and multi-party settlement capabilities to handle complex payment processes
- provide flexible payment options such as pay-as-you-use or monthly subscription bundles.

CSPs must develop an ecosystem of partners and decide on the best marketplace model to suit their business goals

A digital marketplace requires CSPs to establish a network of ecosystem partners that includes wholesale operators, software developers, public cloud providers and value-added resellers. This enables CSPs to bundle their connectivity offerings with other products and services. This in turn allows CSPs to shift from being service providers to being service enablers and to generate revenue from the profit margin levied on partners' services.

Businesses' needs regarding telecoms services vary, and CSPs must evaluate multiple approaches to better engage with their customers. Many CSPs consider hyperscalers to be a competitive threat in the B2B market and are cautious of open marketplaces hosted by cloud providers. As a result, CSPs prefer to establish their own ecosystem of partners across the B2B2X value chain and are inclined to adopt the following marketplace models.

- **A B2B2X portal operated by the CSP itself which sells the CSP's own products and services and those of its partners.** Enterprises can buy and bundle services offered by the CSP and its ecosystem partners. The CSP has complete ownership of its customers and full control and management of the end-to-end delivery of BSS products and services.

- **An open marketplace that is hosted by a neutral, third-party platform provider.** CSPs can choose to be in competition with all ecosystem players in the marketplace or they can integrate their products and services with those of other companies to create differentiated and customised offers.

Ecosystem-centric business models will become an important differentiator for enterprise customers and prospects in the long term. CSPs must shift from a producer–consumer framework in which services are delivered directly to a well-identified customer base to one that is more open, collaborative, software-driven and centred around digital ecosystems.

The success of digital marketplaces will depend on the agility and flexibility of CSPs' commercial models

The deployment of marketplaces will enable CSPs to strengthen their collaborations with ecosystem partners and deliver highly customised, multi-party solutions to enterprise customers. To effectively address emerging 5G-enabled use cases, CSPs must increase their investments in agile and flexible commercial models to support the end-to-end delivery of services and to offer enhanced experiences that are comparable to those of digital natives. Automation throughout the entire service delivery lifecycle (including partner onboarding, management systems and billing and revenue management systems) is key to improving operational efficiency in a digital marketplace and accelerating the concept-to-cash flow. The use of standardised software architecture built on open APIs and microservices will also help CSPs to ensure interoperability between the various orchestrated products and services for all ecosystem partners within the digital marketplace.

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