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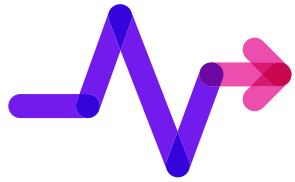
London Tech Week 2020

# IBM Digital Leadership Telecoms & Media Executive Summary

In partnership with



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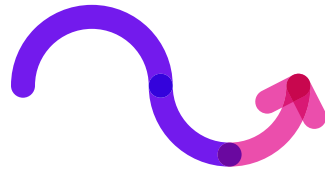


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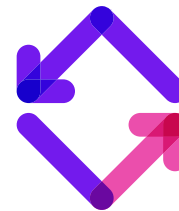


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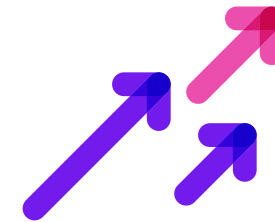


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# Introduction

**The experience of lockdown during the COVID-19 pandemic has emphasised the criticality of areas including remote working, business agility, digital customer engagement, and supply chain continuity.** In the new post-pandemic reality, these aspects of business are permanently changed, and if enterprises are to prosper then they must focus on accelerating their digital transformation programs, strengthening their business and technology platforms, and empowering their remote workforces, while reducing operational costs in response to budget pressures and managing risk.

Omdia has conducted a research project and survey on behalf of IBM, which examines UK enterprise attitudes to the impact of COVID-19 on digital innovation and business transformation, and provides thought

leadership on how enterprise decision makers can succeed in the post-pandemic world. The survey seeks to identify how organisations across five key vertical sectors are planning to move beyond lockdown, the lessons learned during this period, and the perceived opportunities for accelerating transformation with technologies including cloud platforms, remote working, online commerce and the cognitive enterprise.

The survey also investigates the key pain points and challenges that organisations face in this renewal phase, including the importance of cybersecurity and the demand for increased resilience, and will examine the perceived criteria for selecting trusted technology vendors to partner with in this process.

# Research methodology

For this study Omdia ran an online quantitative survey of decision-makers from 306 UK companies. The questionnaire was designed to examine enterprise attitudes to the impact of COVID-19 on digital innovation and business transformation, and provide thought leadership on how enterprise decision makers can succeed in the post-pandemic world.

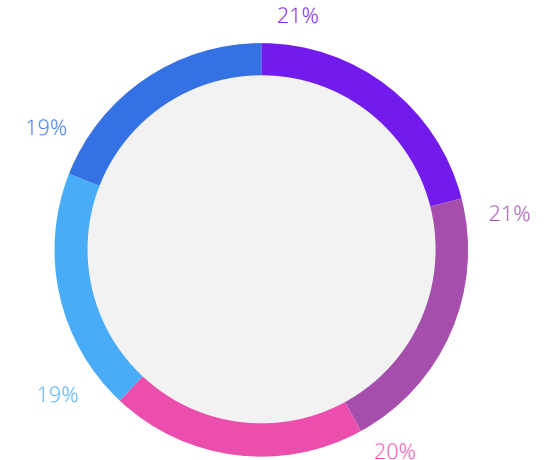
Fieldwork took place during June and July 2020.

## Respondent breakdown

Total respondents – 306

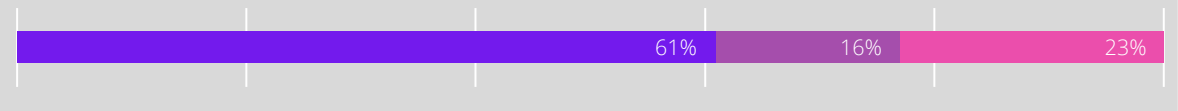
Respondents by industry

- Public Sector
- Telecoms & Media
- Consumer: CPG, Wholesale & Retail
- Banking/Financial Markets
- Healthcare



## Respondent companies by size (number of employees)

- 250 to 1000
- 1001 to 5000
- 5001 or more



## Departmental breakdown

40% of respondents came from IT roles, 60% from lines of business, including operations, finance/accounting, sales / customer support and strategy.

# Summary Recommendations

1

## **Prepare for Force Majeure.**

Now that companies understand the scale and impact of Covid19, they must be prepared for the worst, especially if they are hit with a second wave. Firms must review general organisational readiness, including disaster recovery and business continuity plans.

2

## **Formalize changes made during lockdown.**

For firms in the Telecoms & Media vertical, the lockdowns enforced during the Covid19 pandemic have had significant impacts on their business and way of working. However, unlike other verticals, telecoms and media continued to operate as their services were generally classified as “essential”. For many of these firms, existing investments already made in Digital combined with remote work have saved the day. But it is necessary to “formalize” some of the changes made during lockdown. For eg – remote work.

3

## **Reprioritize and optimize DX.**

The telecoms & media vertical were only “somewhat prepared” for digital transformation. This was particularly true in areas of customer engagement and supply chain. Many firms indicated issues with competing priorities and a lack of executive ownership. There is a window of opportunity to reprioritize DX initiatives and embed them throughout the organization and change the culture towards digital.

4

## **Invest in the cloud/edge and automation.**

The cloud will offer firms scalability and flexibility, which will be crucial as it is very tough to predict traffic and demand patterns post-pandemic. Firms also need to operationalize AI throughout the organization but this does not happen without the needed investments in robotics, RPA and IOT, all integrated with the company's digital systems.

5

## **Secure the “New Perimeter”.**

As new business and operational models take hold, companies need to bridge the increasingly diverse locations of their employees and customers and take precautions to secure the much greater perimeter.

# The four stages of the Survive to Thrive journey

The Covid-19 pandemic has crisis pushed almost every business into survival mode. There is now a four-stage journey to be undertaken to move from merely surviving to thriving. Strategies, objectives, and actions must fit each stage.



## Survive

Stage One

The COVID-19 pandemic causes hard lockdown. Companies try to survive by protecting their revenue streams, maintaining their capabilities and capacity to produce, hanging on to their customers, and securing their supply chains. Second waves and future lockdowns may push companies back into survive mode.



## Revive

Stage Two

When hard lockdown is eased, companies try to rebuild their operations toward pre-lockdown performance. They examine options to strengthen their digital offerings and connect to customers digitally. Part of the revive stage is a review of what they did during the hard lockdown to assess whether it should be continued, accelerated, or stopped.



## Renew

Stage Three

While the pandemic continues, and after they have secured their ongoing continuity, companies rethink their digital and business models. They factor in changes in customer behaviours, stability (or not) of the supply chain, ongoing operational conditions, the possibility of further crises, and so on.



## Thrive

Stage Four

There is little chance of circumstances returning to pre-pandemic conditions. If a company is to prosper during the in-pandemic, and post-pandemic period, it needs to implement its revised and improved digital and business model.



# Survive Stage One

The pandemic is a wake-up  
call for digital capability



# Despite business impacts, rebound expected from Q3 2020 through 2H 2021

**Like all sectors, the Covid19 pandemic delivered a shock to the Telecoms & Media sector as well.** However, unlike most other sectors, these companies quickly became “essential” services and continued operations due to high demand. The biggest challenge was keeping mission-critical network and business support systems online without personnel in the field or at office locations.

While only 8% report shutdown, the majority report significant (42%) to moderate (43%) impact to their business.

Up to 67% of large enterprises saw activity in “normal range” to “significant increase in activity/turnover” from Q3 2020 itself.





## Remote work proved crucial with “Work Safe, Work Smart” a focus

Most companies, especially small to mid-sized, had the majority of their employees working remotely, though large companies had up to 60% working remotely pre-pandemic. This trend which is expected to continue post-lockdown.

Only 17% were prepared for Work safe, Work Smart pre-pandemic

During the pandemic, 100% of large enterprises in the sector indicated new investments made for Work Safe, Work Smart.

# Companies were relatively “under-prepared” for Digital Transformation

The pandemic has led to many disruptions, in supply chain, customer engagement, cybersecurity and more.

## 78%

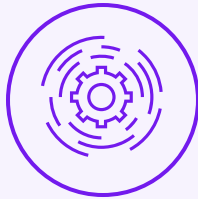
of Telecoms and media companies said that they were “digitally prepared” before the pandemic.

However, when asked specifics, many revised answers to “somewhat prepared”. For eg – 57% were somewhat prepared to engage customers anywhere.



# Recommendations in the Survive phase:

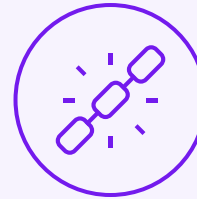
Take stock and prepare for a second wave



**Prepare for “Force Majeure”** - review general organisational readiness, including disaster recovery and business continuity plans.



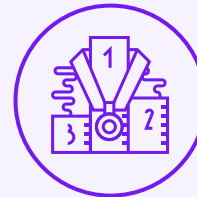
**Invest in remote work and increased collaboration.** Procure the tools that employees need, from collaboration platforms to AR/VR.



**Review the organisational supply chain.** Especially true for the Telecoms vertical which is susceptible to geopolitical tensions.



**Prepare for the Second Wave of the pandemic.** Digital investments will be crucial for second wave preparedness.



**Maintain operational effectiveness and ensure services and networks continue to meet changing demands of consumer and enterprise clients**

# Revive Stage Two

Applying lessons learnt to a  
post-lockdown world



# Remote work drove cybersecurity concerns

One of the biggest lessons from the pandemic was that the attack surface increased greatly as a result of the forced shift to remote work. This was especially true for the mid sized firms (69% identified this as a priority).

For the larger firms, the biggest lessons were the feasibility of remote work and the importance of the digital, analytics and cloud platforms. 67% indicated that these were key lessons.

IT depts (100% of respondents) at large firms were focused on enabling remote work while a similar proportion of LOBs at large firms admitted that investments in digital should have been made earlier.







# Customer engagement amongst key challenges post-pandemic

Customer engagement was a key concern cited by Telecoms & Media

**68%** of smaller Telecoms & Media firms, with the smaller firms likely concerned by weak demand post lockdown.

Medium firms were more concerned about the need for digital offerings, while 83% of large firm respondents recognized the need to change business models and embed changes made during lockdown.

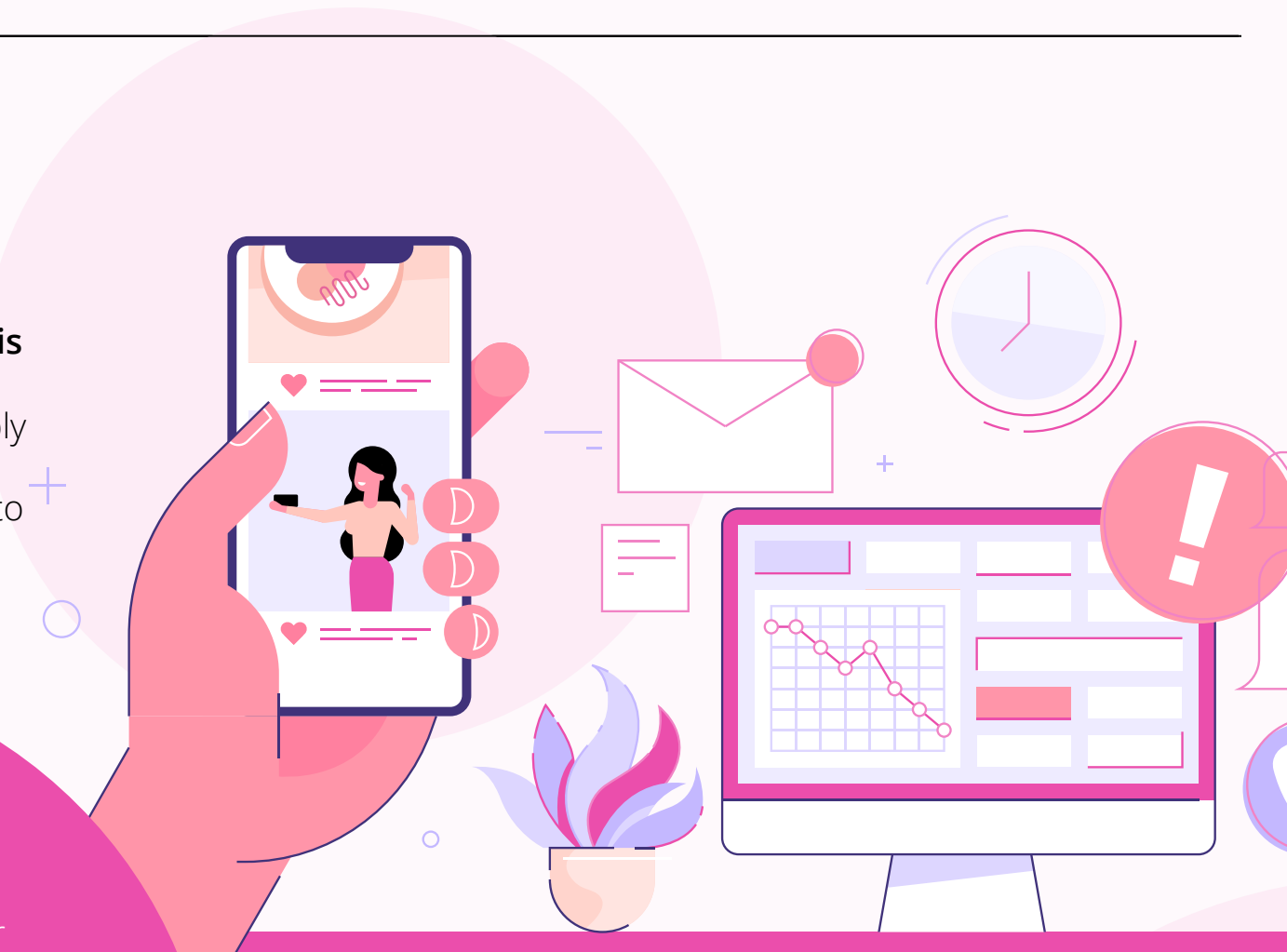
Firms in early stages to “In Progress” and “Well Advanced” stages of DX were all primarily concerned with customer engagement through digital as a key challenge coming out of lockdown.

# Customer engagement requires IT resiliency

The need to enhance customer engagement post-lockdown is pushing Telecoms & media firms to realize that they need to prioritize IT resiliency and business continuity. One goal simply can't happen without the other. The larger the company size, the more the emphasis on robust IT systems and building resiliency to withstand the new way of working and selling to customers.

75%

of IT respondents cited customer engagement as the priority, but a slightly higher number (83%) of LOBs cited the need for robust IT systems.



# Recommendations in the Revive phase:

Formalize in-pandemic survival tactics and identify additional investments



**Conduct cybersecurity audits and ensure that new “perimeter” is secure. Identify additional investments to be made.**



**Formalize “Work Safe, Work Smart”.** Remote work has become embedded during lockdown but it is necessary to review the trend, identify which teams work remotely – when, how, frequency – and formalize the new way of working.



**Identify additional investments in IT** – the need for IT resiliency is now pronounced, especially at the larger firms. New investments are likely to be needed to support the new way of working.



**Strive to maintain excellent customer service through the increase of online communications, chatbots and call centre expansion.**

# Renew Stage Three

Resetting digital strategy for  
the post-pandemic world



# Digital transformation picks up pace again in 2021

Post-lockdown, the telecoms and media vertical has indicated overwhelmingly (63%) that DX will be put on hold in 2020, with a similar number indicating DX plans will be constrained by budget even in 2021. The majority (63% plus) only indicate DX momentum from 2022 onwards but with new priorities.

Only 17% of large firms indicated putting DX plans on hold. This could suggest that budget challenges are weighing more heavily on the smaller and mid-sized companies.

IT depts believe DX momentum will resume in 2021 but LOBs (70% of respondents) cite budgets as an issue even in 2021.







# Post-lockdown investments are squarely focused on digital and supply chain security

Major focus for this sector is on the supply chain, likely influenced by the telecoms players (52% of respondents) who are currently caught in the middle of the geopolitical battles which are threatening their installed networks as well as jeopardizing future supply.

Another big focus area for new investments is squarely on digital, including omnichannel strategy, data analytics and a digital workplace

Majority of respondents were “In Progress” for DX and 51% were very focused on creating new digital products.

# Post-pandemic DX needs focus and executive ownership

The largest concern around DX initiatives post-pandemic seemed to be around conflicting objectives and the lack of a clear focus, followed by budget issues.

This was particularly true for small and mid sized companies with 49% and 50% of respondents citing a lack of clear goals.

The large enterprises cited budget issues (67%) and the lack of executive sponsorship/ownership (67%) as major hindrances to DX.

IT depts seemed concerned by budget issues while LOBs were more concerned by competing priorities.



# Recommendations in the Renew phase:

## Reprioritize Digital Transformation and Optimize Budgets



**Assign executive ownership** – preferably from the C-Suite, with a new cross-functional team for execution.



**Refocus digital priorities to the “new normal”** – digital investments must be refocused to enabling remote work, omnichannel customer engagement, IT resiliency with a view to helping the business achieve results in the new and uncertain post-pandemic environment.



**Reallocate budgets to digital projects** – new priorities are meaningless without budgetary allocations. Projects that are not directly impactful to the bottom line need to be cut and budgets reallocated to those that do.

# Thrive Stage Four

Accelerating transformation  
with digital technologies



# Cloud and edge are the primary digital enablers

**Major spending areas for the Telecoms and Media vertical are focused on cloud and edge compute.** Service management platforms are another focus area, along with IOT.

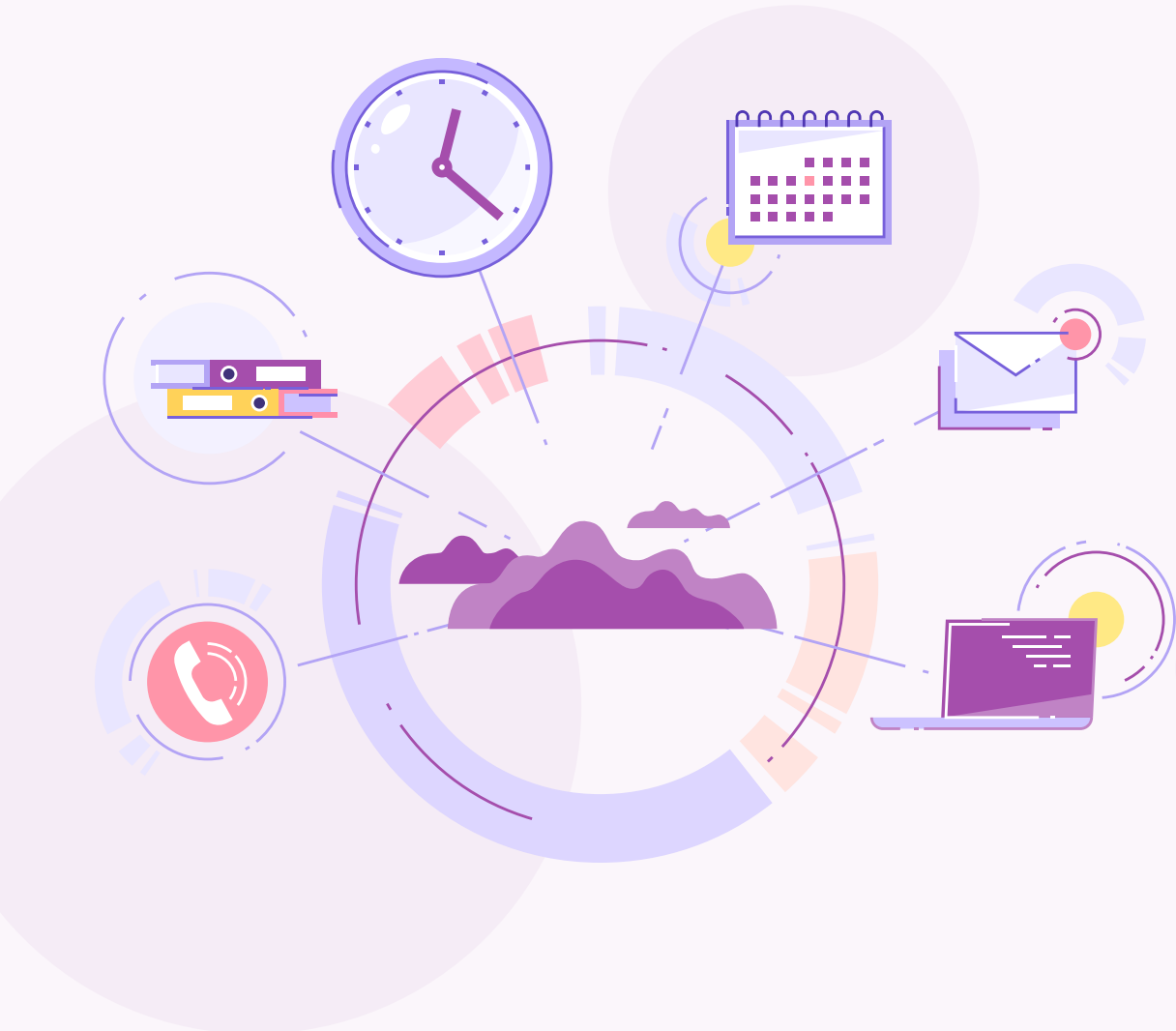
For small cos, edge computing comes out on top, possibly indicating a preference for media companies wanting to cache content locally to save costs and reduce latency.

For medium cos, cloud is very heavy with 83%, followed by data analytics and then virtual bots/assistants, possibly indicating automation of contact centers.

For large cos, big focus on cloud and IOT.







## Doubling down on SaaS and public cloud

**Overall, technology has really helped companies weather the pandemic.** For Telecoms & Media firms, existing SaaS applications will see more momentum as these firms (76%).

# 54%

of respondents indicate increased investments in public cloud, possibly indicating a move of non-network functions and workloads to the cloud.

LOBs are most interested in SaaS (81%)

# An automation imperative will drive investments in AI/ML

**During the pandemic, TMT companies have clearly made inroads with AI.** Moreover, they have indicated a clear interest in ramping up investments in both building AI capabilities but also operationalizing it through the business. This would validate the broader theme of greater automation across networks and business systems with a view to increasing efficiency and reducing costs.

## 68%

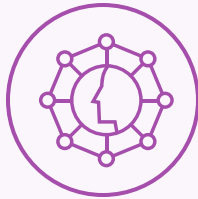
of respondents indicated a desire to operationalize AI throughout the business.

Customer insights (52%) and supply chain insights (68%) are key objectives.



# Recommendations in the Thrive phase:

Invest in Cloud and Automation while securing the new perimeter



**Invest in robotics and RPA** – to serve the objective of greater automation and reducing the need for workers on site and manual interventions.



**Invest in a scalable and flexible cloud/edge strategy** – scalability will be crucial as it is very tough to predict traffic and demand patterns post-pandemic.



**IOT must be integrated with digital platforms for** greater effectiveness and to drive crucial insights.



**Cybersecurity must accompany all digital initiatives** – all gains through digital must not be squandered due to security gaps.

# Summary Methodology & About



# About

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## IBM

**IBM is a leading cloud and cognitive solutions company, and the largest technology and consulting employer in the world.**

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## OMDIA

**Omdia is a global technology research powerhouse, established following the merger of the research division of Informa Tech (Ovum, Heavy Reading, and Tractica) and the acquired IHS Markit technology research portfolio\*.**

We combine the expertise of more than 400 analysts across the entire technology spectrum, covering 150 markets. We publish over 3,000 research reports annually, reaching more than 14,000 subscribers, and cover thousands of technology, media, and telecommunications companies.

Our exhaustive intelligence and deep technology expertise enable us to uncover actionable insights that help our customers connect the dots in today's constantly evolving technology environment and empower them to improve their businesses – today and tomorrow.

\* The majority of IHS Markit technology research products and solutions were acquired by Informa in August 2019 and are now part of Omdia.



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