

Deutsche Telekom's International Carrier Sales & Solutions is developing innovative, network-based services for its wholesale customers. Executives explain the business's strategy

It's all about development and innovation



Matthias Maurer: Wholesalers have to keep their ears near the end customer

The international wholesale business is profiting from the growth in the technology market. While the classical voice market is falling, there is an increasing broadband hunger in the IP business and for new enabling services in the areas of multimedia and unified communication.

New products and activities supplement voice services and change customers' behaviour.

Deutsche Telekom's ICSS is meeting the call of the market with new, innovative, network-based services, generating agile time-to-market business models with best-in-class partners and innovating with a renewed focus on customer experience.

"Managing the IP traffic explosion caused by online video and Web TV will stay in the focus of wholesale," says Matthias Maurer, head of customer value management at ICSS.

As a consequence, ICSS is continuously developing its portfolio — for example to serve new video and video-based markets, creating a partner ecosystem in order to react quickly to changing market conditions.

"The question is, however, how we as wholesalers can participate in this area positively without having to invest constantly," says Maurer. "In the process, the topics of content delivery networks and media enabling are at the top of the agenda. Wholesalers have to keep their ears near the end customer."

Solution-oriented business

Carsten Schindler, head of innovation projects at the unit, agrees. Over the next five years, "besides a consolidation of the voice business, we will see more solution-oriented business and new customer segments served by wholesalers", he says.

However, Andres Jordan, responsible for innovative content solutions, says: "I think that we need to develop the business along platforms and services that drive the creative impulse. Everything we do is basically a creative impulse derived from our desire to do that particular action, be it making a call or watching a video on our smartphones.

"The critical piece for us is to make the platforms and services experience-focused so that we drive the creative impulse of our users more due to that superb customer experience. The better the experience, the more creative impulses we will have to watch a movie on that handset, to send a text message, to use that broadband connection more, and to make more calls."

Schindler amplifies this: "Wholesale means providing services to 'resellers', who use the service to offer the same one or adapt it for others. But with solution-focused business and new segments, a different approach is required. Wholesalers have to be aware that this means longer sales cycle and more project management."

Steven Donald, responsible for virtual carrier solution, agrees: "We at ICSS need to be aware that getting into new products and innovative solutions will be a critical part of any success in the future."

ICSS has an innovations group: "This shows that management is aware of the need to change from commodity products and create offerings that differentiate ICSS from other players," says Donald. "Being innovative will also mean keeping up with the pace of the market. Look at how quickly apps are placed on the iPhone app store, for example."

Convergence of fixed and mobile

Karl-Heinz Ratschkowski is responsible for carrier VPN solutions: "We will see a strong growth of mobile data," he says. "With the convergence of mobile and fixed networks, there will also be a demand for high bandwidth on mobile devices. LTE as an access solution to mobile networks will serve the demand on the end-customer side and IPX as multiservice platform between all kind of operators will cover the wholesale demand."

He explains: "GRX was developed as an international mobile data service, whereas IPX is open to all kinds of service providers. As all these service providers have their own special requirements, so why should there be a difference for the existing mobile operators? We developed IPX as a multiservice platform of which GRX is a part and which will still be in place as a mobile data roaming service in the future."

The focus is still on mobile operators, he notes, "but I see demand for content and application providers that want access to the mobile world with quality of service."

The development of next generation networks means there is a need for IP-based voice services from all operators. "IPX is the perfect platform to manage mobile voice on one hand while providing access to other NGNs," says Ratschkowski.

An IPX provider cannot exist without having partner relations with other IPX providers. "Even though the environment is competitive, we have to assure an



Carsten Schindler: We will see more solution-oriented business



Andres Jordan: Make the platforms and services experience-focused



Steven Donald: New products and solutions will be a critical part of success

end-to-end guarantee, which can only be achieved if we have the right partners connected to each other,” says Ratschkowski. “I foresee that there will be different services from different providers commercially shared between the IPX providers.”

What new services will be available on IPX in five years time? “There will be definitely voice services, as well as the central application and content offers. And last but not least, the currently existing services like mobile data roaming and secured IP transport will need with end to end quality.”

Create value by partnering

Further development into new wholesale areas is partnering, this is “absolutely critical”, says Jordan. “There is a narrative regarding business models. The new key words are ‘partnering’ and ‘revenue sharing’. I think we need to move away from building everything on our own and instead create value by partnering with best-in-class technology companies that are agile and hungry.”

ICSS has done this in the past “and it has been effective”, he says. “The key is to learn and constantly improve on the process of choosing and selecting partners. This is becoming a skill in itself. New digital technologies allow for this trend to happen. In a world of open APIs everything can be interconnected, reported on, and accounted for.”

ICSS is developing what Maurer calls “an enabling layer” for its own services and for third parties. “A first step in this direction is the MyCommsuite product,” he notes.

Ulrich Hammerschmidt, responsible for unified communication solution, explains more about MyCommsuite. “More and more service providers realise that building and operating infrastructure is not really their core business. They want to focus on marketing and sales instead. Using DT’s managed service offering also allows them to benefit from our economies of scale — and all that without any capex.”

Not very long ago, using somebody else’s infrastructure for your own data was not accepted in the market, notes Hammerschmidt. “Now, with growing cost pressure and increasing convenience and security, more and more users are happy to have their data stored elsewhere. With MyCommsuite, they can be sure that their data is stored safely in a Deutsche Telekom location, protected by state-of-the-art firewalls and filters.”

The service has already been launched in a number of European countries, first contracts have been signed already in France and Singapore, says Donald. “It has become apparent that the MyCommsuite solution has a very broad market,” he says. “We are in discussions across the entire spectrum: sports associations to bring fans closer to the teams, transport organisations to provide simpler more effective communications, the health field to provide a platform for end-user communities with similar health issues.”

The platform is designed to “provide a secure, friendly meeting place for users to share experiences, provide advice, communicate and so on”, he adds.

“We can be sure that the needs of our customers will warrant fast, cheap, comprehensive, no hassle solutions in the coming years, and MyCommsuite fills all those requirements.”

“MyCommsuite users have access to their emails, contacts and calendar through any state-of-the-art smartphone. Especially in the SME market, this opens a huge revenue potential for service providers. We at ICSS will support our wholesale customers in monetising this attractive market.”

Ulrich Hammerschmidt

Users are becoming more demanding, points out Hammerschmidt. “They want to run an application from any type of operating system, wherever they are, and from any type of device. This is the vision that we support with MyCommsuite.”

“Unified communication is all about the convergence of fixed and mobile,” he adds. “MyCommsuite users have access to their emails, contacts and calendar through any state-of-the-art smartphone. Especially in the SME market, this opens a huge revenue potential for service providers. We at ICSS will support our wholesale customers in monetising this attractive market.”

Higher-value products

This all goes to emphasise a significant change in the wholesale business in recent years, says Hammerschmidt. “The times are gone where you could generate huge profits with commodity services. The future is with products with higher added value, such as MyCommsuite.”

Within ICSS, innovation will continue, says Schindler. “It is all about disruptive development, new markets and new business models. Innovations are new and have to be explored by all within an existing organisation. Find 10 solutions, try to set them up, fast fail, and, at the end, you might have only three,” he says.

Jordan elaborates on this strategy: “We are continuously developing in innovation management as well as the discovery of new insights and the creation of platforms to serve these new insights. It is a young science — if we can call it that.”

But the age of building products in labs detached from reality is over, he says. “In the next five years we will learn what works in innovation management and, as we learn best practices, we will be able to develop an innovation ‘algorithm’ that maybe, just maybe, we can apply to all idea generation and creation.”

He says his role — responsible for innovative content solutions — is “an absolutely fascinating job, very challenging because you have to be multidimensional and quickly learn how to capture value with partners in new areas of business”. However, “the innovation model must constantly be tweaked and optimised to deliver results quicker and less costly”.

Over the next five years, “demands from consumers will drive us all to be more creative and innovative”, concludes Donald. ■



Karl-Heinz Ratschkowski: Demand for high bandwidth on mobile devices



Ulrich Hammerschmidt: Service providers want to focus on marketing and sales

For further information

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