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Business / Technical Brief

Techco Imperatives to Monetize B2B in the 5G Era

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It's time to rethink the B2B strategy

The fifth-generation network (5G) has been touted as a transformational technology that will transform industries. GSMA Intelligence[1] estimates that 5G will benefit the global economy by more than $960 billion in 2030, with the service and manufacturing industries benefiting the most, and CSPs are hoping to get their fair share. Although the communications industry continues to search for viable 5G use cases, it has become increasingly clear that the enterprise segment offers CSPs the best opportunity at generating a return on their investment in the 5G network.

Many of the viable 5G use cases identified thus far appeal more to enterprises than consumers. At the same time, many enterprises are undergoing a digital transformation, with the COVID-19 pandemic accelerating transformation timelines for many businesses. A survey[2] of 300 UK-based enterprises conducted by government-based research firm, UK5G, found that 92% of the enterprises surveyed accelerated their transformation timelines because of the pandemic. Enterprises are also eager to adopt 5G. In the same UK5G survey, 70% of enterprises said they were either using or planning to use 5G to gain a competitive edge. Moreover, nearly half of enterprises surveyed said they are actively working to deploy 5G.

Despite what seems like an abundance of opportunity, capitalizing on B2B 5G is not a sure thing for CSPs. Research from Omdia[3] found that nearly 35% of enterprises who plan to use 5G most trust network equipment providers to deliver 5G connectivity. Furthermore, only a quarter of enterprises said that they trusted mobile network operators (MNOs) to deliver 5G. Competition in the market is also heating up. For enterprises planning to deploy private 5G networks, the provider ecosystem continues to expand and CSPs do not appear to be the provider of choice. Analysis from Omdia[4] on publicly announced private network contracts found that more than half of private networks announcements in the first half of 2022 were led by technology vendors or by enterprises themselves and less than 15% of announcements were from CSP-led deployments. These trends coupled with increased competition from new market players including hyperscalers like AWS[5] and systems integrators, leaves CSPs with little room for error in their enterprise 5G strategy.

Capturing the enterprise 5G market will require CSPs to overcome more than just increased competition. One of the biggest barriers to success that the industry must address is the enterprise customer experience. Historically, CSPs have underinvested in their enterprise or B2B lines of business. In recent years, however, CSPs have increased IT spend to improve the B2B customer experience – such as by improving self-service tools – but many more improvements are still needed.

As CSPs strive to achieve a return on their investment in 5G and capture their fair share of enterprise 5G revenue, they must revisit their strategy for the B2B market.

Understanding current challenges with the B2B customer experience

Although 5G presents a tremendous revenue opportunity for CSPs, it will not be handed to them easily. In an increasingly competitive communications market, the 5G spoils will go to the service providers who deliver the best enterprise customer experience. Meeting enterprise 5G experience needs, however, first requires CSPs to understand where they currently fall short.

In the report, "The Customer-Centric Techco: Delivering True Enterprise-Grade 5G Customer Experiences to Unlock Growth"[6], Oracle, alongside TM Forum and Accenture, uncovered some of the elements lacking in today's B2B customer experience. Through a series of primary research interviews conducted with enterprises in the retail, construction, and aviation industries, as well as with CSPs and cloud hyperscalers, three major pain-points in the B2B customer experience were uncovered.

1. **CSPs must offer services beyond one-size-fits-all basic connectivity –** CSPs and enterprises agree that connectivity on its own is not an enticing value proposition. Enterprises note that "technologies such as 5G" offer very little value if it is not addressing business challenges. Furthermore, as a commoditized asset the

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value and profitability of connectivity only declines over time. As such, it becomes increasingly more difficult over time for CSPs to generate a return on their investment in network deployments by relying solely on selling connectivity services. Enterprises want CSPs to bundle connectivity services with additional technology or capabilities to deliver relevant solutions that address their specific business needs.

2. **CSPs lack the required industry insight –** From the enterprises that Oracle interviewed, the most prevalent grievance was the lack of understanding of the challenges that they faced within their respective industries. Specifically, enterprises noted that both the lack of understanding and a seemingly unwillingness to learn about the challenges that drive their respective industries made it nearly impossible for CSPs to deliver valuable solutions and services. To their credit, all the CSPs interviewed acknowledge this as a weak spot in their ability to serve enterprise customers.

3. **Partnerships are an under-utilized tool in addressing enterprise needs –** Enterprises and CSPs acknowledge that cultivating the deep industry insight needed to deliver solutions that best address enterprise business needs is a tall feat to accomplish. Both sides also agree that partnering with industry experts to co-develop industry specific solutions presents the path of least resistance for CSPs. To date, however, the number of CSP partnerships remains extremely limited.

Bridging the gap between the perception and reality of the B2B customer experience

Despite these mutually acknowledged areas of opportunity, CSPs still have several glaring gaps in their understanding of enterprises' desired customer experience and what enterprises themselves say they desire. Figure 1 summarizes some of the key findings from Oracle's interviews with enterprises across the construction, retail, and aviation industries. Note the vast contrast between CSPs' perceptions of the experience their enterprise customers want versus the reality of what enterprises expect to receive from their service provider.

Figure 1: Comparing CSP perception versus the reality of the desired enterprise customer experience

CSP PERCEPTION	VS. ENTERPRISE REALITY
Customers want a hyperscaleresque self-service experience	Self-service preferences will vary widely by enterprise, with distinct differences based on company size. All of the large enterprises that Oracle interviewed said they would only consider self-service tools to manage "commodities" such as ordering additional SIMs or managing bandwidth. The large enterprises also eschewed the hyperscaler approach as being a "cold" experience and emphasized their desire for personal and human relationships with their service provider.
5G's fast speeds is a unique selling proposition	Many enterprises report limited understanding of how faster network speeds from 5G will transform their business. For enterprises with business models less dependent on latency, the value proposition remains unclear.
Customers will pay more for guaranteed QoS/QoE	The enterprises Oracle interviewed showed little interest in paying extra for a guaranteed quality of service or experience (QoS/QoE). This trepidation was due to a lack of trust in their CSP's ability to deliver the paid for QoS. The enterprises noted today's discrepancies in the network speeds they pay for versus the actual speed of the network while in use as an example of why they are reluctant to pay more for guaranteed 5G QoS.
Our website and ads educate the market on 5G	CSPs have spent hundreds of millions of dollars on advertising 5G yet enterprises report little to no direct discussion with their service provider about the role that 5G can play within their business – leaving enterprises

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	to educate themselves. This "self-service" approach to educating enterprises about 5G means that many fail to understand the benefits of the network to their industry and business.
Viable 5G use cases remain unclear	Identifying viable use cases and business models for 5G remains a top challenge for many CSPs today. On the contrary, all of the enterprises that Oracle interviewed indicated a clear vision of how 5G and 5G enabled solutions could transform their business and industry. Additionally, a UK5G enterprise survey found that only 19% of enterprises in the UK that were interested in 5G were uncertain about how to go about it. This contrast further highlights the lack of communication and collaboration between CSPs and their enterprise customers.

Source: Oracle

The above differences highlight why it is so important for CSPs to rethink their B2B strategy. While CSPs are aware of some of the weak points in their B2B customer experience, there are fundamental inadequacies that must be addressed in order to successfully monetize 5G.

Five imperatives for monetizing B2B in the 5G era

As CSPs strive to close the gap between the delivered and desired B2B customer experience and monetize the business opportunity, there are five imperatives to which they must adhere (as outlined in Figure 2).

Figure 2: Five business imperatives for a differentiated B2B experience

1	2	3	4	5
Understand the engagement needs of enterprises based on size and profile	**Offer an array of pricing models for enterprise services**	**Meet customers where they are**	**Build B2B customer communities**	**Leverage partnerships and B2B2X models to deliver relevant industry solutions**

Source: Oracle

Understand the engagement needs of enterprises based on size and profile

Before revamping the B2B customer experience, CSPs must first understand that different types of B2B customers will demand a different experience. A large financial institution spanning the globe will have a very different set of expectations and requirements than a local grocery store chain or a tech startup. CSPs must recognize these differences and align their service and engagement models with these expectations.

Large and multi-national enterprises, by nature, will have more complex service needs. These customers are best served by proactive and coordinated approaches in which customer success is emphasized and attention is given to

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simplifying a complicated lifecycle journey. Oracle research found that large enterprises – surprisingly – are less likely to prefer a self-service experience. Instead, larger enterprises tend to place importance on having a collaborative relationship with their service provider and prefer to work directly with a single point of contact such as an account manager. The preference toward a more "human" relationship with their service provider has been attributed to many factors. For one, enterprises note that the human factor enables them to negotiate the best deals on contracts. More importantly, they note that these personal relationships enable them to bring in key people from the CSP to "whiteboard" new solutions to business challenges they are facing. As CSPs continue to seek out viable monetization strategies for 5G, this type of customer collaboration could spark successful business ideas.

At the other end of the spectrum, small and medium (SME) sized businesses face a unique set of challenges that impact their experience expectations. Smaller enterprises are more likely to face resource constraints and be more price sensitive than larger enterprises while also being in a less advantageous position to negotiate their service contract. Additionally, with smaller and less complex business structures, SMEs are more likely to have their needs met by standard "out-of-the-box" offerings and pricing whereas large enterprises may require more complex service level agreements and pricing structures to account for complex hierarchies and multiple office locations.

SMEs have also shown a preference towards a more consumer-like customer experience underpinned by an abundance of digital self-service tools. A study conducted by Omdia[7] found that SMEs are enticed to use online channels to purchase services due to the ability to take advantage of price comparison tools, free trials, and because of simplified menu-based pricing for enterprise services. Furthermore, the study found that SMEs are more likely to prefer digital self-service channels when buying voice and network connectivity services, which contrasts with the desired experience for large enterprises.

Figure 3: Small and medium enterprises represent the largest proportion of the B2B market
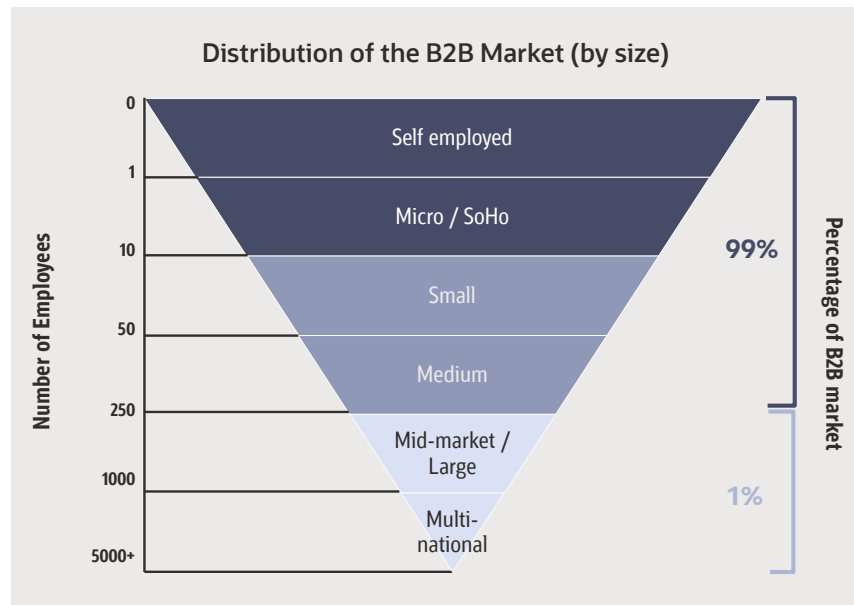

Source: Omdia

Balancing the needs of customers across a wide spectrum of enterprise sizes will require CSPs to constantly fine-tune their B2B customer experience strategy. While it may be tempting for CSPs to focus all their efforts at one end of the spectrum or another, CSPs should first aim to understand the distribution of their existing enterprise customer base. As Figure 3 shows, across the broader B2B market, large and multi-national enterprises – while representing the most lucrative contract opportunities – only account for 1% of the total market. Conversely, SMEs, small office/home office (SoHo) and self-employed enterprises account for the other 99%. CSPs must be able to effectively meet the needs of all of their customers regardless of size or industry, by providing differentiated experiences executed by systems and processes that are efficient, and well-integrated across the entire IT stack. B2B

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customers of all sizes want their experience to feel relevant to their circumstances. Balancing customization and standardization will be an ongoing challenge, as CSPs need to be both accommodating and efficient in the delivery of 5G products and services.

Offer an array of pricing models for enterprise services

The proliferation of the digital economy has seen a reimagination of pricing strategies for businesses across industries. Within the communications industry, pricing models have remained relatively unchanged over the decades, even as CSPs have introduced new types of services such as data and digital services. With CSPs banking on 5G as being a new revenue and innovation catalyst, it is time for the industry to evolve its pricing strategy; particularly for B2B services.

Figure 4: An example of tiered pricing based on enterprise solution needs
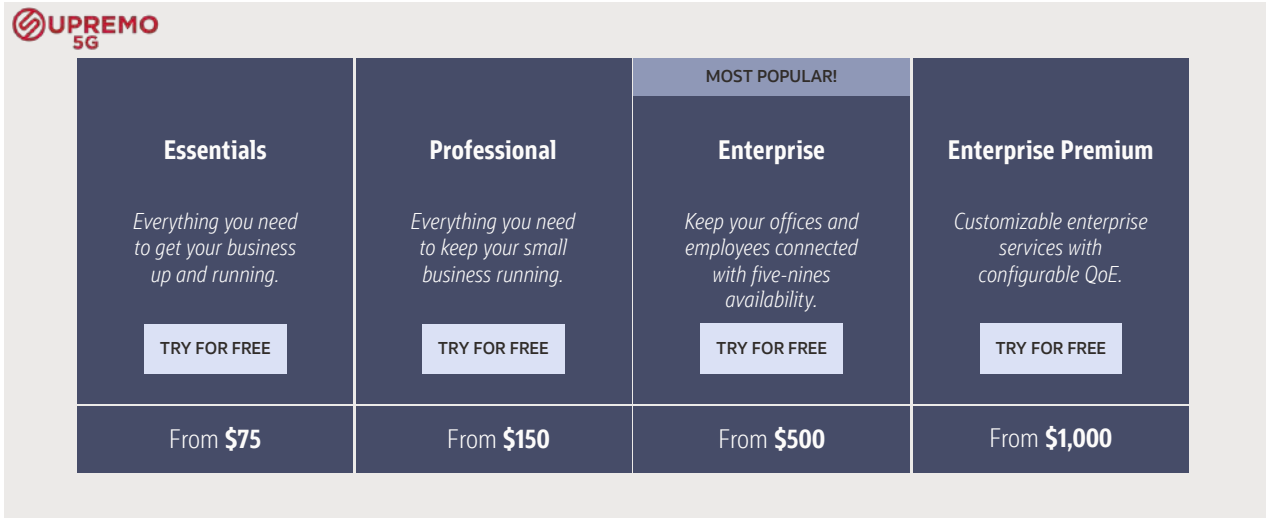
Source: Oracle

Outside of the communications industry, enterprises have grown accustomed to selecting from a variety of pricing methods from their service providers, such as in the example showcased in Figure 4. Tiered pricing, "freemium" or try before you buy, dynamic pricing, and subscriptions are just some of the more common pricing options made available to enterprises via their SaaS and cloud providers. These strategies provide customers with more choice, as well as more perceived value of the services for which they are paying.

In the era of 5G, CSPs can take advantage of enhanced network configurability to deliver differentiated experiences for enterprise customers and restructure the way, but also reform, subsequent pricing strategies for these services. These new configurable attributes will allow CSPs to customize the quality of service or experience for different network slices, services, applications, devices, and even location. Additionally, CSPs will now be able create differentiated packages and pricing based on the QoE of the service being delivered which will be key in creating new monetization angles for B2B services that have broad appeal across enterprise size and industry. IoT services, for example, which appeal to enterprises from healthcare to construction, media and entertainment, and beyond – can now be priced according to the intended use and required QoS of each sensor.

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Figure 5: Differentiating solution features and pricing by tier can help CSPs sell to a broader B2B audience

UPREMO 5G

Connected Worksite
IoT connected worksite in a box for any enterprise size or project.

	Startup	Small Business	Enterprise	Enterprise Plus
100 free sensors	✓	✓	✓	✓
Asset tracking	✓	✓	✓	✓
Safety monitoring		✓	✓	✓
Real-time data streaming		✓	✓	✓
24/7 Multi-office support			✓	✓
24/7 Multi-country support				✓
SLA Customizations				✓

Source: Oracle

By evolving the pricing strategy and leveraging 5G's new pricing levers, CSPs can better appeal to a wider array of customers, including those who may be more price sensitive. Moreover, by evolving the B2B pricing strategy to incorporate tiered pricing such as in the example highlighted in Figure 5, CSPs can better communicate their value proposition to different customer segments. Solution bundling and pricing are essential pieces in the end-to-end enterprise customer journey and is critical to delivering a differentiated customer experience.

While new pricing strategies will create new business and revenue opportunities for CSPs, it does not mean that CSPs must abandon traditional pricing models altogether. Usage based and flat rate pricing models will still play an important role in the delivery of enterprise services. However, by embracing new pricing strategies in addition to traditional models, CSPs will be able to create more personalized pricing to better meet the distinct needs of each of its customer segments.

Meet customers where they are

In the complex B2B landscape, it can be challenging for CSPs to deliver the appropriate experience when customers are spread across multiple engagement channels. Through customer journey mapping and engagement analysis, CSPs can better understand where, how, and what profile of customer is engaging with them across each channel.

The B2B segment is inherently omnichannel in nature. Human, digital and hybrid interactions all have their place in the B2B customer lifecycle with new habits and preferences having been shaped in recent years by the COVID-19 pandemic. A 2021 McKinsey[8] study on omnichannel B2B sales found that 94% of enterprise respondents found B2B omnichannel support to be as or more effective than before the pandemic. The study also found that B2B customers regularly use ten or more channels to interact with their suppliers as of 2021, which is up from five channels in 2016.

A study conducted by Deloitte Digital[9] revealed similar results, with buyers across industries indicating they use a mix of traditional, remote human, and digital self-service channels as they go through the customer journey. Ensuring that customers are met in the right channels at the right time is a fundamental need for CSPs.

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Nearly a fifth (19%) of UK enterprises would like to use 5G but are struggling with how to go about it according to UK5G. Drawing correlations from Oracle's interviews with enterprise executives, much of the uncertainty around how to go about 5G can be attributed towards very little – if any – communication between CSPs and enterprises (in any channel) on the value of 5G and how the network can be used to transform enterprise operations. Without meeting customers in their channels of choice and arming them with information and tools, CSPs will miss their chance to monetize 5G across vertical industries. As CSPs formulate a new B2B strategy around 5G, it is crucial that they develop a poignant marketing and outreach program that is aligned with the channel preferences of their B2B customers.

Build B2B support communities

Once an enterprise becomes a customer, the challenges around the flow of information do not subside. The Deloitte Digital survey found that the vast majority of enterprise survey respondents experienced post-sale challenges around the timeliness of problem resolution (86%), timeliness of information or status retrieval (84%), and inaccurate information on product availability and delivery (84%). While these challenges are not exclusive to enterprises' experiences with their service provider, the data does highlight common pain-points CSPs should be cognizant of as they craft a new B2B strategy.

With the velocity of business today, digital tools are fundamental to ensuring that B2B customers get the information, service, and resolution they expect in a timely manner. For many CSPs, managing the complex and often niche requests from enterprise customers may be beyond their ability. This is where digital tools such as customer support communities can be a powerful tool for CSPs to manage the B2B customer experience.

Figure 6: Customer support communities like the Apple Community encourages knowledge sharing among customers
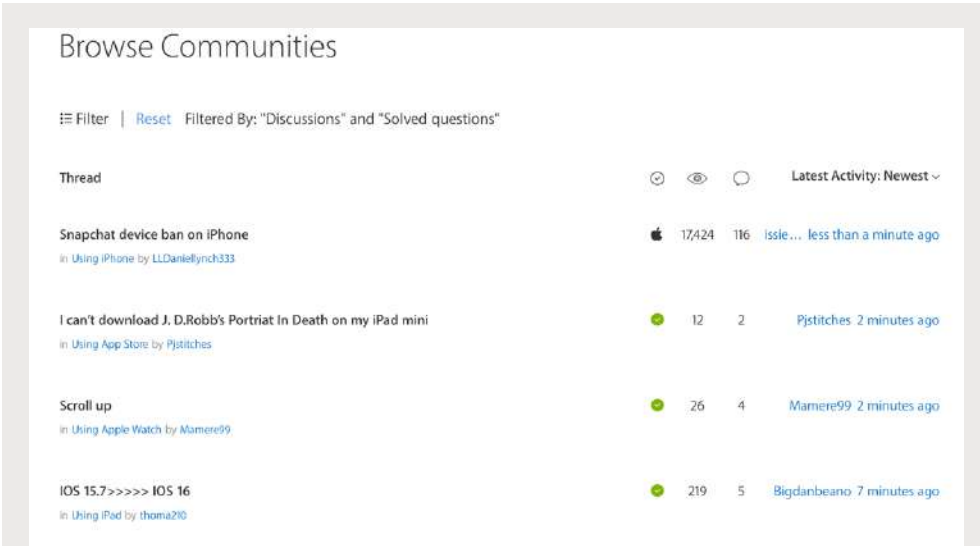
Source: Apple Community

Customer support communities like the Apple Community[10] highlighted in Figure 6 can play an important role in CSPs omnichannel experience strategy. Within the Apple Community, for example, customers can ask, and answer questions posted in the community about Apple-related news and releases or product issues. In addition to the community, Apple customers have access to support via other digital channels as well as traditional channels like retail stores.

Building a customer community to serve B2B customers could also prove to be invaluable for CSPs to expand into new verticals. Enterprises and CSPs agree that vertical industry expertise is a weak point that many CSPs will be unable to address. By building a customer community portal, CSPs can tap into the expertise of its customer base.

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Enterprise customer communities can go well beyond troubleshooting and user guidance. The communities can become a central knowledge sharing hub where enterprises can share best practices and industry insight. Looking to the model employed by the TM Forum[11], CSPs might also make training material and certifications available to enterprises via the customer community.

The impact of customer communities cannot be overstated. In a client study[12] on the impact of brand customer communities, community consultancy, FeverBee, found that the customer experience was impacted across engagement channels. The study revealed that over the course of four months in which one of FeverBee's client's customer community was "hidden" from search engines, they witnessed the number of tickets across the online and contact center channels increase by 58%. The surge in the number of generated tickets also resulted in a 35% reduction in average customer response times and a notable decline in customer satisfaction ratings. Finally, the client also found that it was 72% cheaper to have questions answered via the customer community, rather than a support channel.

Leverage partnerships and B2B2X models to deliver relevant industry solutions

A significant hurdle that CSPs must overcome in their pursuit of delivering a differentiated B2B customer experience is addressing the lack of vertical industry expertise. Unfortunately, gaining industry expertise does not come cheap. Though some CSPs will be able to organically expand into new industry verticals via research and development (R&D) and others inorganically via acquisitions, these CSPs are in the minority. For the vast majority of CSPs it will be nearly impossible to gain the industry insight needed to deliver relevant industry solutions.

This is where partnerships and B2B2X business models can play a central role for CSPs hoping to tap into the 5G revenue opportunity across industries. Strategic and innovation partnerships will help CSPs gain vertical industry insight and enable them to develop credible industry solutions. One enterprise executive interviewed by Oracle bemoaned the fact their service provider only sells them technology when, "…we want solutions to industry challenges we face."

Figure 7: Marketplaces and partnerships will help CSPs innovate new solutions across vertical industries

Source: Walmart

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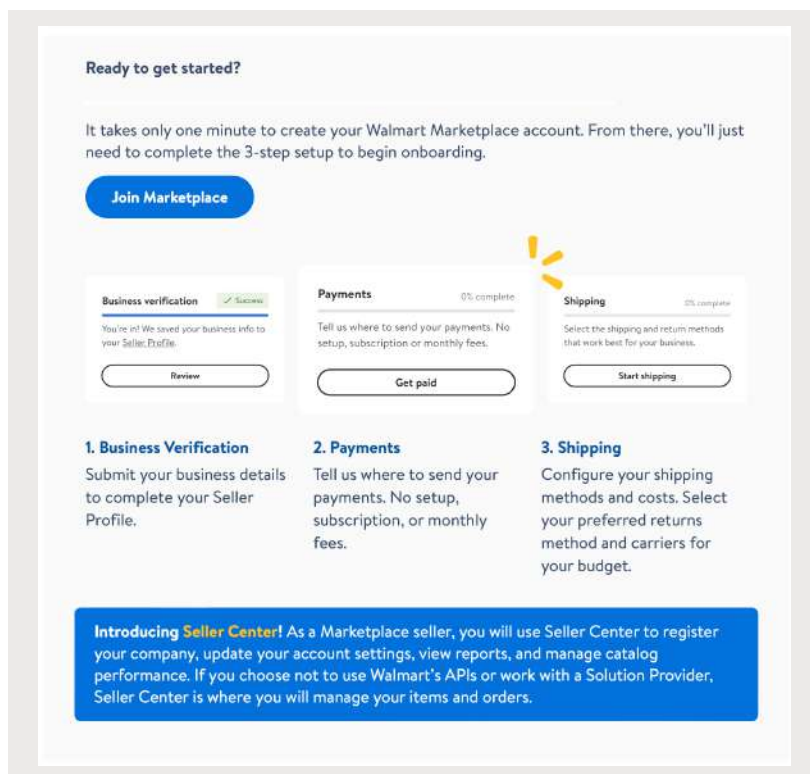
Brand recognition and authority is another challenge that CSPs stand to face as they launch new industry solutions. For many B2B customers, brand recognition and authority are just as, if not more important that developing a compelling solution. However, brand recognition is not easily acquired. By partnering with brands that have the name recognition and authority in various industries, CSPs should see increased adoption of enterprise industry solutions.

Partner marketplaces, such as the Walmart Marketplace[13] (in Figure 7), have become the norm in many industries such as ecommerce and even IT. By either building a partner marketplace, or participating in a partner marketplace, CSPs can expand their network of partners and create credible solutions to meet their enterprise customer needs.

Summary

CSPs are struggling to find the optimal means to engage with B2B customers, and this has been the case for some time. CSPs are also committed to fixing this. In a recent TM Forum survey[14], 71% of respondents stated that improving the customer experience for B2B organizations is their number one priority. However, with 5G and the wide array of services it enables, CSPs will continue to face challenges as they aim to deliver a differentiated B2B customer experience. This goes well beyond the challenges of translating 5G value beyond improved connectivity to enterprises. The real value-generating use cases for enterprises are still in their adolescence. CSPs will have to attend to the basics of delivering compelling use cases with revenue models consistent with enterprise economics. To really deliver a compelling B2B customer experience, CSPs must also address core issues around how they interact with enterprises.

As CSPs invest in their B2B strategy it is critical that they remember:

- One size does not fit all – different B2B customers will require different engagement models
- Meet customers where they are while striking the appropriate balance between human, digital, and hybrid interactions
- Maintaining customer relationships can be hard – once an enterprise is a customer the challenges do not subside. CSPs must adapt with their customers and continue to invest in evolving their customer experience strategy
- Partnerships can be invaluable to CSPs hoping to offer compelling industry-focused solutions to enterprise customers

CSPs need to act quickly. New entrants in the communications industry are providing enterprises with more choices than ever for service. The longer CSPs linger on revamping their strategy, the harder it will become to capitalize on this near trillion-dollar market opportunity.

Methodology

The content of this report includes insight and findings from primary research interviews conducted by Oracle, Accenture, and TM Forum. Secondary research from publicly available sources and desk research conducted by students at the Duke University Fuqua, were also used in this report.

For additional information on Oracle's research methodologies, please contact us.

Appendix

1. The Mobile Economy 2022, GSMA Intelligence, [Source]

2. Vertical Extension Project 2022: Insights Report, UK5G, [Source]

3. Enabling Experience-Driven Monetization for 5G, Omdia, [Source]

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4. LTE and 5G Private Networks Tracker Report – 1H22, Omdia, [Source]

5. "AWS Private 5G", AWS, [Source]

6. The Customer-Centric Techco: Delivering True Enterprise-Grade 5G Customer Experiences to Unlock Growth, TM Forum, [Source]

7. Market Landscape: Telco B2B Customer Engagement, Part One – The Status Quo, Omdia, [Source]

8. B2B sales: Omnichannel everywhere, every time, McKinsey, [Source]

9. Customer Experience Enters the B2B Battlefield, Deloitte Digital, [Source]

10. "Apple Support Community", Apple, [Source]

11. Training and Accreditation, TM Forum, [Source]

12. "The Real Value of Your Brand Community", Harvard Business Review, [Source]

13. Walmart Marketplace, Walmart, [Source]

14. Improving Customer Experience in B2B Market, TM Forum, [Source]

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