

THE NEW

02
2017

COMMANDERS

A LOOK AT WHAT THEY HAVE TO SAY ABOUT RE-THINKING THE BUSINESS

THE NEW CREW

LEADING THE WHOLESALE REVOLUTION



NEW WHOLESALE ENTREPRENEURS

We are at a point of no-return in the evolution of our industry, where wholesalers need to completely re-think the way they go about their business. In addition to reviewing the services they offer, they also need to re-invent many of their business models, when it comes to their customers, partners and, maybe even more importantly, when it comes to their dealings with other wholesalers.

The natural reaction when you are attacked from all sides, as the voice wholesalers are at the moment, is to retreat and protect what you still have. But I strongly believe that attack is the best form of defense here.

Yes, it is crucial for wholesalers to protect their voice business, as it will continue to be a source of revenue for some time to come. But at the same time, they also need to create the right environment to become entrepreneurs again.

This will probably be the greatest challenge in wholesalers' history: successfully managing both sides of the wholesale brain - the entrepreneurial and operational sides.

To achieve this, wholesalers must start by simplifying their voice wholesale business from start to finish and by optimizing the way they manage their traffic, they negotiate their agreements, and they make routing decisions. This will happen by creating an automated, self-serve, high quality, direct termination model and the business is ready for it.

From there, it is time for them to go on the attack, by looking at their challenges and opportunities with a new set of eyes.

This starts by getting closer to the end-user and by creating a strong global connectivity base to build innovation on top.

So, we are getting to the \$1 billion-dollar question. The question that all my customers ask: 'What will be the next big thing to put on top of the network'. Well, the reality is that there will not be a next big thing, but rather several smaller innovations that will build the new wholesalers' portfolio - this will be the new wholesale reality.

For some, these innovations may lie in IoT and addressing not only transport, but a more intelligent type of transport, complemented by real-time analytics. For others, it may lie in serving enterprises with high quality Unified Communications applications. Finally, others may decide to become enablers of the hyper-connected world.

But whatever the next big things will be, the industry will need the right people to inspire it to push the wholesale boundaries and take risks. As at the end of the day, the industry's success will start with the people who lead it - the wholesale entrepreneurs.

Such entrepreneurs are not people who own businesses, they are individuals who make things happen. They create hope and empower people to make the extraordinary real. As you will see through this portfolio of interviews, the New Commanders who have recently joined our industry have inspiring visions and strategies to make wholesale great again!

Isabelle Paradis
President, HOT TELECOM



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SUCCESS
Adaptability or death

BIGGER, FASTER, BOLDER

Pierre-Louis de Guillebon
CEO Orange International Carriers

Pierre-Louis is CEO Orange International Carriers, and the inspiration behind the group's race towards wholesale success.

As a front-runner of wholesale innovation, Orange is accelerating its transformation, not only to support voice evolution, but more importantly to enable the growing mobile data economy through pioneering services in the payment, data and security sectors.

This article will give you a glimpse into Pierre-Louis' vision and what, from his point of view, could empower wholesalers to triumph in years to come.

One step at a time, one challenge at a time, one opportunity at a time – running towards success.



RIDING THE DATA EXPLOSION

From your point of view, which are the main trends currently shaping our industry?

There are many evolutions currently taking place that will have a great impact on operators' business and on the telecom industry as a whole, and at Orange we are focusing to address them.

The first one is unsurprisingly IoT, with its billions of connected devices. The explosion of this new reality will not only impact our day to day lives, but also the network, services and technologies necessary to support it.

Operators will have to gear up to support multiple IoT applications, each with their specificities in terms of network quality, latency and technology. This is a significant evolution from the world we have known up to now, where network connectivity was pretty standard.

From there, we are also seeing an explosion of data and the bandwidth requirements that comes with it. We are experiencing a soaring consumption of content, video, gaming, eSports and soon virtual reality.

Many of these applications will require connectivity levels well above 10G, so offering scalable bandwidth will be a pre-requisite to success. But more importantly, all these applications will also require low latency to enable a high quality of experience.

So, quality will be the next big thing in connectivity, together with security obviously. We have recently seen a growing number of massive cyber-attacks, not only in Europe but

also in the USA. These were simple DDoS attacks generated by connected devices, but we should expect much larger and complex attacks occurring in the near future. We are now experiencing the creation of a 4th war dimension (after terrestrial, sea and air), which is cyberspace, and telecom operators will play a central role in this new challenge.

In addition, operators are going through a power struggle with mega-OTTs who are easily impacting the lives of billions of people around the world, independently of borders. This is creating a power-shift in the telecom world that no single operator can match or tackle.

Finally, there is the evolution of mobile money, with OTTs such as WeChat with its 800 million subscribers for example, who are revolutionizing the mPayment industry. This is a field of great interest to Orange and we have been busy launching many initiatives in this field, including Orange money, Orange bank and finally Orange cash.

FROM SURVIVAL TO TRIUMPH

Should wholesalers re-think their business and if so how?

All the trends I have discussed are rapidly taking hold and we have no choice but to adapt to these new realities if we want to thrive. I think the wholesale industry realizes that it needs to evolve, but it has not taken the necessary steps to start addressing the multifaceted social and technological changes we are going through today. We are starting to see some innovation, but still mostly around voice, SMS and roaming, nothing more.

One thing that must change, is that wholesalers need to get a better understanding of the end-user beyond the operator-customer. Wholesalers should understand if the end-user is a gamer, an enterprise or a consumer for example and therefore what his or her precise requirements are.

If wholesalers do not understand the needs of the end-customers they ultimately serve, they will never be able to drive the industry forward as they should.

On the contrary, until now wholesalers have followed retail operators' lead when it comes to launching new services, but I believe this needs to change.

We, as an industry, must become the front-runners of innovation and enable disruptive services on a global scale, from day one, as OTTs do. Retailers do not have that capability, as they can only innovate within their local market.

But more importantly, it is crucial that we learn to adapt to all the evolutions going on around us, otherwise we will not survive. We can continue to manage the slow death of voice or continue expanding our bandwidth, and this can continue for a while.

But if we don't elevate ourselves to the next level (for example by supporting IoT, payments, security), we will leave the door open for OTTs to increasingly control end-users and their communication experience.

At the end of the day, we must have the courage of our convictions, we must start taking risks and must re-think our business to not only survive but to triumph.

ORANGE'S STRATEGIC AXIS FOR SUCCESS

What is your future vision for Orange's strategic evolution?

Orange's international carriers group has three main strategic axes: supporting the evolution of voice, enabling the explosion of data and growing our capabilities around mobile value added services.

Our strategic vision starts with the continued support of voice and its evolution through VoLTE. We are looking to extract the maximum value possible to maintain our position as one of the market leaders. This will be achieved partly by continuing to support and capitalize on the Orange African and European footprint.

The second key strategy revolves around the transport of data, with the aim of transforming our data transit network into a high quality intelligent content delivery network. Our main objective here is to adapt our network to the end-users' specific requirements, while supporting the continued explosion of bandwidth demand.

Our third strategic axis is the enablement of mobile value added services, such as IoT, payments and RCS, so we can integrate ourselves in the mobile value chain.

Finally, we will continue to reinforce each of our product lines with security, by creating a portfolio of services which focuses on protecting against cybercriminals and fraud.

Each building block helps us to address our new reality to be bigger, faster, bolder.

SUCCESS

Do something that no one has done before

EMPOWERING SOCIETIES' DIGITAL JOURNEY

Harald Krohg
CEO Global Wholesale
Telenor

Harald Krohg is Telenor's Global Wholesale CEO. He is now spearheading the group's international evolution, whilst also enabling Telenor's goal of empowering societies by supporting people of all walks of life in their digital journey.

As a relatively newcomer to the international wholesale business, Harald is bringing a fresh vision and strong drive to steer his team towards the new wholesale reality, which requires adaptability, ingenuity and, last but not least, a heightened level of understanding of what end-users really need.

This article summarizes Harald's views regarding what wholesalers should focus on to adapt to the new world order that is taking shape in our global telecom industry.

As you will see, simplicity could be the key to unraveling it all.





DISRUPTION - DISRUPTION - DISRUPTION

In your view, what is the new wholesale reality?

There are three key trends presently disrupting our industry.

The first one is what I like to call 'Voice disruption'. This comes from the fact that we must increasingly compete with OTTs on a day to day basis, which pushes us, at least in Europe, to evolve the way we offer voice services. For example, we increasingly see operators in Europe offering all-you-can eat type packages and soon, Roam-Like-Home will become a reality.

Wholesalers in turn will therefore need to evolve their wholesale voice offering, partly by simplifying their voice termination business model to mirror their customers' evolving reality.

Another trend impacting our business is the 'Ecosystem disruption', or what I like to call the 'Disintermediarization' of the wholesale business. Wholesale middle-men are being taken out of the equation, with increased direct group to group activities.

We experience this first hand at Telenor, as we exchange more and more of our retail traffic directly with other retail-based groups. Thus, the pure wholesalers are progressively struggling to remain relevant.

Finally, the third trend I would like to discuss is the 'Strategic focus disruption' or the fact that wholesalers will need to specialize and focus on developing specific capabilities to differentiate.

Wholesalers will not be able to be everything to everyone going forward. So, we will have to compete and complement each other with our relative strengths.

In the case of Telenor, we capitalize on our footprint and retail customers. We will therefore focus on serving our business units and customers as well as possible and on exporting that specific knowledge and competence to the external market.

SIMPLIFY TO REMAIN COMPETITIVE

How should wholesalers evolve to succeed?

Up to recently, wholesalers have been very removed from the end consumer experience, but I strongly believe that we have a key role to play in that chain.

Often, saving one tenth of a cent, at the cost of quality termination, is highly detrimental to our long-term business. By doing so, we encourage our customers to use higher quality OTTs.

We should on the contrary work much more closely with mobile operators to develop attractive and simple packages, both in terms of quality and cost, to gain customers' confidence back.

We have tried such endeavors with our Scandinavian operators in the summer of 2016 by introducing Roam Like at Home offerings, and were able to win back significant traffic from the OTT players. We saw a several hundred percent increase in data, voice and SMS roaming traffic as a result.

So, the key here is to focus on providing high

quality end-user experience and defining what issue, as a wholesaler, I am trying to solve for my customers. If you only focus on your competitors, you will always be number two. You need to focus on your customers to be number one.

Following that line of thought, the move to VoLTE brings an increasing requirement for the simplification of the business model, more particularly when it comes to roaming.

Consequently, wholesalers and mobile operators should work together to find ways to simplify the roaming business model. This may entail moving to a data roaming model with home routing for both voice and data. But really, the key here will be to simplify to remain competitive.

It worries me that in response to decreasing traffic volumes and margins, some are increasing MTRs. It is very similar to what economists call the 'Tragedy of the commons', where by trying to gain a larger share of the wholesale pie, the stakeholders are actually shrinking that pie.

So, moving away from this type of behavior is key to success for the industry going forward.

What wholesalers are providing is exceptionally important for our society, but to be successful going forward, we must let go of our traditional view on how we generate revenue.

At the end of the day, for our industry to succeed, we have to continuously challenge ourselves to make things simpler. We are far too concerned about making things perfect – this needs to change.

THE TELENOR JOURNEY

How do you see Telenor evolve in the wholesale industry to remain relevant?

Firstly, at Telenor we aim at empowering societies and at offering services that will enable our customers' evolution into their digital life. As you know, we operate in countries where putting in digital infrastructure is a huge benefit to the society and prosperity, as is the case in Bangladesh, Pakistan and Myanmar for example.

Bringing digital communications to these countries is shifting the power to the underprivileged people and therefore at the same time decreasing poverty.

From a wholesale point of view, we see our role as supporting this digital journey globally. Therefore, even if delivering on voice traffic and margins is crucial, we also need to develop better data connectivity into our footprint and expand our capabilities to outside customers, as stated earlier.

To achieve this, it will be vital to increase our speed of learning to be able to adapt fast to our changing environment. Getting faster at learning and adapting will therefore become a key focus for our group going forward.



SUCCESS
Be an agent of change

THE BIG WHOLESALE RE-THINK

Damien Staples
Vice President, Wholesale Voice & Roaming
BT Global Services & EE

Damien is Vice President Wholesale Voice and Roaming at BT Global Services & EE, and the driving force behind the group's new wholesale strategy. In his opinion, it is time for wholesalers to return to their retail-customer driven roots, focusing on enabling the evolution toward cloud-based IP technologies.

He has put in place a lean, forward-thinking wholesale organization, closely aligned and integrated with BT's retail consumer, EE and global enterprise lines, with the main focus of underpinning growth across the Group. Damien believes that the future is bright for wholesale as part of a comprehensive retail strategy. Here is why.



TODAY'S WHOLESALE REALITY

The telecom world is changing rapidly and the role of the wholesaler with it. In your opinion, how do you see the role of the wholesaler evolving going forward?

To my mind, there are five notable telecom macro trends which have wholesale specific implications: network and data security; the growing significance of content; the move to IP and the Cloud; cost efficiency and sector consolidation.

Wholesale has always played an important role in underpinning consumer retail and enterprise telecommunications and that remains true today.

When choosing which partners to do business with, considering the five trends I mentioned above, operators are looking for companies with several key qualities.

They are increasingly looking for trusted partners that can provide a secure, reliable service cost efficiently and that are investing in the IP and cloud evolution to facilitate significant cost savings as legacy networks are replaced.

To achieve this, wholesalers need to understand the needs of the end-customer at the retail / enterprise level, to ensure they are delivering a quality wholesale service, worthy of the retail brand they are supporting.

However, many wholesalers today are not aligned to significant retail operations and therefore don't share this motivation.

But pure price competition for commoditized

services based on huge volumes neither enables successful differentiation in the market, nor is it a viable business model in times of over-the-top disruption.

Most of all, it does not address the real need most of the telcos have in a fast changing customer environment. For that reason, I believe it's time for change.

BACK TO OUR ROOTS

What do you think needs to take place to trigger the wholesale shift towards efficiency, flexibility and adaptability?

Talking more specifically about the products I am responsible for, which are voice and roaming, I believe that to achieve this shift, wholesalers need to re-think the way they conduct their business. This starts by managing traditional services, such as voice, more efficiently.

We need a better, more efficient trading model and ideally common switching platforms that facilitate real-time settlement and financial clearing.

In an ideal world, we would do away with fixed-term wholesale commitments for both voice and roaming, transitioning to a more dynamic trading model, not unlike the way financial stocks are traded.

By doing so, we could take a huge amount of cost, complexity and time spent on disputes out of the business.

We need to innovate in the way we automate this industry. This requires us to work

better together, as creating more effective partnerships amongst wholesalers supporting healthy retail businesses would be very powerful.

BT - AN AGENT OF CHANGE

How does BT's wholesale strategy fit into the new industry requirements?

Our core strategy is two-fold. Firstly, we focus on being the enabling function for BT's retail, mobile and enterprise businesses. We are the custodians for BT/EE's retail, mobile and enterprise voice and data traffic, along with that of our global partners.

We have an obligation to carry that traffic at the best possible quality, whilst managing our costs effectively.

To succeed in this endeavor, we will continue to invest and drive the evolution towards IP and replace legacy networks. We will also champion the type of change I've spoken about to lead the industry toward a better, more efficient trading model.

Secondly, we will leverage our investments, our network, and our scale, to bring the best of our capabilities to those players in the market who are struggling to invest in their own right, and this will drive natural synergy within our industry.

We deployed many innovative services in recent years, and we will continue to do so. For example, we have made some significant investments in our global IP platform, in our value-added voice services and in our roaming portfolio following the acquisition of EE.

We have deployed innovative offerings around mobility, one example being our WiFi roaming hub which is growing globally. More recently, we completed the first successful UK VoLTE roaming pilot and we anticipate launching VoLTE roaming at the retail level in the summer of 2017.

We have also developed a unique value proposition around the cloud of clouds model, and this supports the core of our enterprise strategy through our direct relationships with both our multinational customers and the big global cloud platforms such as Amazon and Azure.

In essence, we are incorporating the best of BT, with the best of EE to develop a holistic wholesale portfolio – all of which is underpinning BT Group's retail, mobile and enterprise strategy.

At BT, we want to lead the industry forward and trigger the wholesale evolution we've discussed here. This is a great challenge, but I believe we have the people, the structure, the strategy and the ambition to succeed.

Meet Ade

Do you want his minutes?



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MAKING ORDINARY PEOPLE DO THE EXTRAORDINARY

Mardia van der Walt
Senior Vice President International Carrier Sales & Solutions
Deutsche Telekom

Mardia is Senior Vice President of Deutsche Telekom's International Carrier Sales & Solutions (ICSS) unit. She is a rousing leader with the guts to challenge and empower people to transform the business. With an extensive background in IT, having led T-Systems South Africa as CEO for many years, she brings a fresh perspective to an industry in need of a new vision.

I had the opportunity to discuss with her not only her views on the current trends shaping our industry, but more importantly how wholesalers should go about shifting their mindsets to adapt to their fluid environment.

Under her guidance, ICSS' strategy now places greater and more concentrated focus on connectivity, innovation, adaptability and customer centricity.





RESHAPING OUR INDUSTRY

We are going through multiple changes in the telecom world, but in your view, which are the main trends reshaping the wholesale industry?

We can look at the current telecom evolution from two different perspectives. One is from the end-user angle and the other from the technology standpoint.

From the point of view of end-users, one of the most important shifts is the expectation of continued connectivity and all-you-can-eat packages, which in my opinion will possibly translate into free access to services over the long term. People are getting used to consuming as much data as they want. This is a major shift from what we have known and it is definitely shaping our world.

To that, add the current changes in roaming regulations in Europe, such as introducing the concept of roam-like-home. This will not only further boost mobile consumption while travelling, but it will also challenge the current business model and will force us to adapt to this new mobile environment.

From the technology perspective, we see the acceleration of data shifting to cloud, which brings concerns around security, as the public internet was not built to support security-sensitive applications.

Next, there is the internet of things, which drives the need for connectivity and again, security. Finally, network virtualization has grown, which impacts how we interwork and interconnect.

These are all challenges that are not only reshaping our industry, but are also bringing new opportunities for those who embrace them.

ENABLING 360° SECURITY

How is Deutsche Telekom addressing all these challenges?

For the industry as a whole, it is difficult to precisely calculate where the wholesale business is headed. We have, however, undertaken our own investigations and are choosing the areas we will focus on in the future. One of them is definitely security.

We realize that because of who we are, a trusted brand with a strong network, we have the capabilities to pull together a powerful security offering for the market. We are therefore delivering our 360° defense strategy to become the secure global gateway for our customers across all services, from mobile to voice and data. This is unquestionably something we will focus on in 2017.

Deutsche Telekom has also embarked on a strategy to deploy a Pan-European network to interconnect all of our national operators with high-quality, secure connectivity. This has enabled us to move from our legacy operations to a virtual environment, which is based on IP, SDN and NFV.

This evolution not only enables us to reduce time-to-market for our European operations, but also allows us to reduce cost and complexity.

Retail-based carriers like Deutsche Telekom are in a prime position because they can ensure

close cooperation with retail units. This secures their role in the value chain and contributes toward accelerating profitable solutions for everyone, today and into the future.

CHANGING THE WHOLESALE MINDSET

What steps do you think wholesalers need to take to make the necessary changes to remain relevant?

It is clear to me that we need to transform our business in order to stay in the game and remain profitable. This encompasses not only launching innovative services, but also optimizing the way we trade between each other to create more efficiency.

For example, last year my team put a lot of effort into making our business more simple, more streamlined and more effectual. From there, we have tried to change our mindset in the way we drive our business, to focus on becoming an interconnection enabler and a facilitator of innovative services.

In general, wholesalers need to shift their emphasis into expanding portfolios and moving business to the next level. One avenue may be to address embedded connectivity and devices, as it may open a brand-new wholesale market that was not addressed before. Wholesalers may also need to find a place in the IoT space.

However, I am not seeing many embarking on those journeys yet. If they are, it is in the very early days of the transformation. Everyone is talking about the fact that we have to change, but no one is taking concrete steps. Many wholesalers have a false sense of security, but that cannot last.

In the future, there will always be wholesale connectivity, but only a few key players will dominate the market - and we intend to be one of them.

So we are working on connecting the world, more particularly where it is related to our footprint. We are also making sure we maintain a close relationship with our retail customers and content providers, which will improve our position across the value chain.

UNLOCKING POTENTIAL

What do you think is most challenging and exciting as a business leader in the current environment?

For me, what is most exciting is to find a way to challenge people to think in a new way and to foster a culture that enables creativity. The challenge lies in how to unlock people's potential to embrace change.

Considering where we are at present in the wholesale industry, all of us as leaders need to find a way to enable ordinary people to push their boundaries and do the extraordinary.

We need to create an environment which empowers people. We need to enable people to become more creative, agile and brave enough to transform the old into the new.

To achieve this, I lead with my actions, as one of my responsibilities is to have hope in the future and to give hope to my team.

Truly believing in people is very powerful.

THE GUTS TO CREATE THE NEW

Feddo Hazewindus
CEO - iBasis

Feddo is CEO at iBasis and one of the industry's experienced wholesale executives. He is now leading iBasis' transformation into an efficient, partnership-driven innovator, focusing not only on voice, roaming and mobile, but also on enabling the IoT global play through customization and interoperability.

I spent some time discussing his views of the key success factors for today's wholesalers, how the industry and iBasis are transforming and how he sees his role as an agent of change.

As you will see, he has a no-nonsense approach to the current complex and chaotic wholesale reality and has the guts to create the new.





FAIL FAST - LEARN FAST

What in your opinion are the keys to a successful wholesaler in today's changing wholesale environment?

Wholesalers' new reality is all about having the ability to optimize their current traditional services, while at the same time having the guts to transform their business to be in a position to harvest the new big opportunities through innovation and partnerships.

When it comes to voice, the challenge is to squeeze as much value out of it as possible, while keeping the OPEX and CAPEX in line with a declining market. From there, the task is to find substitutes for the loss in revenue. That is the number one challenge for iBasis and probably for 80% of wholesalers.

From there, the next tasks are not only to shift to a new business model, but more importantly, to have the acumen to identify the next big things that will substitute for the loss of voice revenue.

To achieve that, wholesalers will have to find new ways to monetize their capabilities, partner, cooperate and share revenue.

Hence, the challenge is not only technological, operational and tactical, but it is also strategic, and that makes it very exciting.

To succeed, we must go back to being entrepreneurs again, as we were at the beginning of the wholesale business. This means getting used to trying 10 things and failing at 8 of them; learning from the experience and moving on; it's a 'Fail fast, learn fast' mode of operation.

SURVIVING THE BIG WHOLESALE CONSOLIDATION

What do you think the successful wholesaler of the future will look like?

The only two ways for wholesalers to still be around in 5 years' time will be to survive the big consolidation that is coming our way or to be able to develop a strong enough strategy to survive the turmoil as a stand-alone company. If you are part of neither, you will disappear.

Consequently, wholesalers who will survive will be much bigger companies (partly through consolidation), with voice being a much smaller part of their margins. They will have successfully developed a sizeable mobile business and will have made some significant strides into the IoT space.

These are all things we are aiming to achieve at iBasis, and I am convinced we have the right strategy to be one of the few leaders left standing.

IBASIS ENABLING THE GLOBAL IOT PLAY

What is your future strategic vision for iBasis?

As the current basic wholesale model will soon disappeared, we are focusing on two avenues of expansion.

The first is everything around the mobile play, and the second is to do with enabling secure, high-quality global IoT. It's also about creating new business models in wholesale, new partnerships with operators and emerging service providers where together we can

generate new revenues in different market segments. We are therefore strengthening our capabilities in the 4G mobile roaming space and in future 5G.

We are already quite successful in that area: focusing on delivering tailor-made technical and commercial solutions and analytics across all kinds of international traffic. This is and will continue to be an integral part of our mobile play through IPX.

The second part of our long-term strategy is to grow our IoT capabilities to offer smart global connectivity. We are not aiming to go head to head with the Googles and the Amazons of this world. However, I believe there will be a proliferation of start-ups who don't want to tie into the plug-and-play type of models offered by big operators.

On the contrary, these companies will be looking for someone able and willing to customize their offering to their interface, to offer them interoperability and analytics at a global scale in a differentiated fashion.

In essence, iBasis is aiming to help these multiple IoT players proliferate their service around the world by enabling their high quality, secure global IoT play through a modular, customized approach.

To make this happen, we will also capitalize on three main differentiators: strong partnerships, customization and quality commitment to enable the best customer quality of experience delivery.

These are strategies that excite our people, as we believe we can again create value and success. But obviously, it will not be a walk in the park.

The challenge will be to find a balance between squeezing all the value we can out of the old, while having the courage, long-term view and persistence to create the new.

Part of my day to day challenge as a leader is to change the organization while creating excitement, hope and a fearless attitude.

WORKING TOGETHER AS ONE

What do you find the most exciting in your role as an industry leader at such a critical time in the history of the wholesale business?

I think we are working in one of the coolest industries in the world. We bring people and the world together by enabling them to communicate, which is pretty amazing.

Sometimes we forget how important our work is to society. We therefore need to take a step back and be a bit prouder of what we have and continue to achieve.

In addition, as a global company that provides services that connect people across borders and continents, we have the rare and amazing experience of working with colleagues, customers and partners from virtually every country on earth.

To have the opportunity to experience the world and work as one with people from all over the globe is truly wonderful.

We are very lucky.



SUCCESS
Change needs to be in your heart

BUILDING ON CONNECTIVITY

Staffan Göjeryd
CEO – Telia Carrier

Staffan is CEO at Telia Carrier and the inspiration behind the group's wholesale vision. Coming from an extensive career at Telia, with key positions within the international carrier, network, infrastructure and product management groups, he has the 360° vision that it takes to lead Telia Carrier into the new world of connectivity.

During my latest interview with Staffan, he shared with me some insightful views of what it will take for wholesalers to succeed in the IP era of everything software, IoT and mobile. As you will see in this article, connectivity is at the center of this equation.



OPENING OUR MIND TO THE NEW SOFTWARE-CENTRIC WORLD

What do you think is key for wholesalers to succeed in a world that is becoming all about software and virtualization?

In my opinion, the wholesale industry in general is too inwardly-focused and not really concentrating on adapting to the entire shift that is occurring. For example, a large part of the evolution we need to address, is the change in behavior generated by the software industry moving more and more into the telecom space.

This means wholesalers need to move pretty quickly to adapt to the software-based way of thinking. It does not mean that we should become software companies, but we must understand that industry much better. By doing so, we will then understand their customers and their needs, which will give us the tools to remain relevant in that new everything-software world.

In general, we have to broaden our view and stop looking only at the telecom industry, which makes us very product-centric. It is key that we stop pushing what we have, rather than what people need. In my view, we therefore cannot be successful wholesalers if we don't understand our customers' customers.

It is also very important that we stop comparing ourselves only with other carriers. We must start measuring ourselves with other players entering the wholesale ecosystems. For example, companies such as pure-play software-based SDN operators who are now competing with us. We need to define what they are doing to successfully service their

customers in such a fluid and liquid way, something we are not very good at as an industry.

How can wholesalers initiate the shift?

The most critical success factor for the wholesale industry to initiate that shift is to be open-minded to change, to best practices in other industries, to new business models and to new technologies. Otherwise, we become irrelevant to our customers and will ultimately disappear.

For example, the wholesale industry is still stuck in its old ways, with many things done manually. We must look at how other industries are using automation and self-serve types of business models, and implement these concepts both internally within our organization and externally with our partners and customers.

This is where the world is going, this is what we are used to as individuals in our day to day life, and I believed that this is the way to go for wholesalers.

WHOLESALE'S CULTURAL JOURNEY

Do you think the cultural evolution of wholesalers is an important part of the equation?

I think that the evolution of our culture is where we will require the most profound changes. We need to find a way to get people in our companies to understand what we need to become in three to five years' time and what needs to change to enable that to happen.

In our industry, we have people with a lot of experience. It is a strength, but also a hindrance to change. Thus, many of the wholesalers are stuck in their old ways of doing things, in the way they have done them for the last 20 years.

We should enable a blend of that experience with a new way of thinking. This has nothing to do with age. It has more to do with the business angle you are coming from, and the thought process you use. That cultural journey should be our first priority, to ensure we instill an ethos of innovation within our organizations.

It is important that we move to a systematic approach to innovation, not only when it comes to the services we offer, but more importantly in terms of business model we use. We also need to innovate in the way we interconnect different types of customers in a tailored fashion and conduct a complete review of the business models we use.

We must move to a more agile way of doing business and this is going to take some time. It is our responsibility to empower people, so that change is anchored in the heart and not only in the mind.

IOT – THE BIG UNKNOWN

Is IoT the next big thing for wholesalers and for Telia more particularly?

We see that carriers have a natural role to play in the IoT eco-system. Connectivity has, of course, always been at the core of our business, but it has never been more important than now. Connecting 5 billion people is one thing – connecting 26 billion things is another ballgame.

There are many challenges that Mobile Operators face in this evolving market.

The question is, should wholesalers such as Telia Carrier look at IoT as a pure wholesale business by only securing the connectivity layer, or develop vertically, and by that support a larger part of the market. It is a balancing act, and different wholesalers will have different strategies.

More importantly, IoT needs to be divided and segmented. There are multiple different sets of requirements and needs from the different players. We have therefore set out to be experts at understanding the whole eco-system and how and where we are relevant.

It will be interesting to follow the development and evolution of IoT in the upcoming years. As for now, there isn't a more secure way to connect critical traffic than over IPX, which keeps the traffic separated from the public internet.

RIDING THE WHOLESALE WAVE

Nicolas Barret
Head of Altice International Carrier

Nicolas is Head of the newly formed Altice International Carrier group. The Altice Group is a mobile, cable, fiber, telecom, contents and media company with presence in four regions – Western Europe, the United States, Middle East and the Overseas Territories.

Altice's International Carrier group is responsible for powering Altice's global retail expansion (SFR, Portugal Telecom, Cablevision...) and develop wholesale activity. From there, it is capitalizing on the Group's specific capabilities around fixed-mobile convergence, content and its growing footprint in global markets, to become a partner of choice in the carrier ecosystem.

Nicolas is a man of action, who strongly believes that every minute is worth living to the fullest and incorporates this way of thinking in his day to day business philosophy to trigger the success of his group. An entrepreneurial drive and vision are characteristics he personifies and that are crucial in this day and age to successfully take the wholesale wave.

This article will give you a glimpse into what he thinks is the way forward for wholesalers in our constantly moving environment.





INNOVATE OR DIE

In your view, what does the future hold for wholesalers?

I think going forward, wholesalers only have two choices, either they continue to focus on voice and be part of the upcoming consolidation in this segment, or they rapidly evolve to offer new innovative services.

Many are finally coming to the realization that they have no choice but to start innovating to find a new growth path. We have already seen some innovation being launched in the field of messaging, cloud and security for example.

However, not everyone will be part of the group that will transform to something different, as not that many have that capability, as going forward, the importance of being part of a group that also controls the retail customers will grow in importance.

At Altice, we have an interesting strategy to tackle this challenge by getting closer to the content, by adding video, media and TV to our offerings, with the aim of possibly offering this using a wholesale approach down the line.

We also have a group called Altice Labs, which focuses on innovation. As we believe that if we only remain a pipe provider, it will be difficult to continue to be a highly profitable organization.

We therefore focus on where the value lies, and in my opinion, a large part of the value going forward will be centered around content and new sources of revenue generated by applications provided on top of the basic network.

THE GROWING VALUE OF THE MIDDLE-MEN

What is the main value that wholesalers can bring to the business going forward?

Obviously, one of our key challenges will be to find a way to address the continued OTT competition. Nevertheless, OTTs are both a threat and an opportunity, and in some way have created this mobile data addiction that we are all suffering from.

So somehow, they have been beneficial for companies such as ourselves, which are offering capacity solutions globally. This demand for data will only continue to accelerate and, in part, we have to thank them for that.

But at the end of the day, OTTs are missing one key component and it is customer service. They need operators to support that part of their business and will continue to do so for the near future. Customer service is a very complex component of the business, that is expensive to manage and complex to address properly. We can bring immense value there.

We are also a fabulous channel to market for many innovators that will increasingly enter the market. As the trusted middle-man in the whole international equation, we are perfectly positioned to facilitate a number of new initiatives and be the bridge between the innovation and the consumer.

Either for innovations developed in-house, such as the ones developed by Altice in the security and content segments, or by distributing solutions developed by external innovative application providers.

SELECTIVE PARTNERSHIP FOR SUCCESS

What will be the key to success for wholesalers in our new reality?

Obviously, wholesalers need to become agile entities with a lean organization to be able to operate as efficiently as possible. At the same time, they need to empower people within their organizations who have what it takes to lead the innovation and the strategic shift that is required.

But more importantly, in my view, wholesalers increasingly need to partner intelligently, by identifying the companies that will enable them to address new segments, offer new solutions and complement their existing capabilities.

This is easier said than done. To achieve this, wholesalers must take the time necessary to understand their partners' economic models, their strategy, their objectives and visions. This will create the necessary environment and alignment to generate ideas and solutions that will make the difference, that will position you as innovators.

From there, you have to determine your differentiators and do what it takes to make them a reality. In the case of Altice, we are positioning ourselves as a high-quality provider and wholesaler and this differentiator must permeate our business from top to bottom. We cannot go at it only half way.

In addition to focusing on providing high quality services, we focus on enabling the fixe-mobile convergence, we are starting the shift towards content and we are continuing to expand our business globally, more recently in the US.

On the wholesale side, we are not only focusing on powering our retail customers' international communication, as we are also leveraging the groups capabilities to become a partner of choice and attract customers looking for agility, high quality and innovation.

RE-ENGAGING WITH OUR CUSTOMERS

What will be the key to success for wholesalers?

I think we will soon go through a significant shift with a mass creation of new operators coming from the enterprise and the M2M segment. The first example that comes to mind that is very topical are the car manufacturers.

Going forward, the telecom element will become increasingly critical to the success of their business and they will want to control that component more and more. Up to now, we are used to interacting with other telecom experts, both within our partners and our customers.

However, going forward, we will have to readjust and get used to interacting with people who come from the IT world and from the manufacturing world and who are not experts in the field of telecom.

Many of them will need additional support and hand holding. We will therefore have to evolve and learn how to re-engage in some way with our customers. In future, we will not only be network providers, but will also need to become business enablers, as consultants to fill the gap our customers may have regarding their telecom expertise.

We must become the ultimate partners.

HOT TELECOM

Leading the wholesale
transformation



Dare
to be different