

5G for SMEs: what does it mean for CSPs?

Part 4 in the *Industries and enterprises are ready to reap the benefits of 5G* series

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SMEs believe strongly that CSPs can deliver

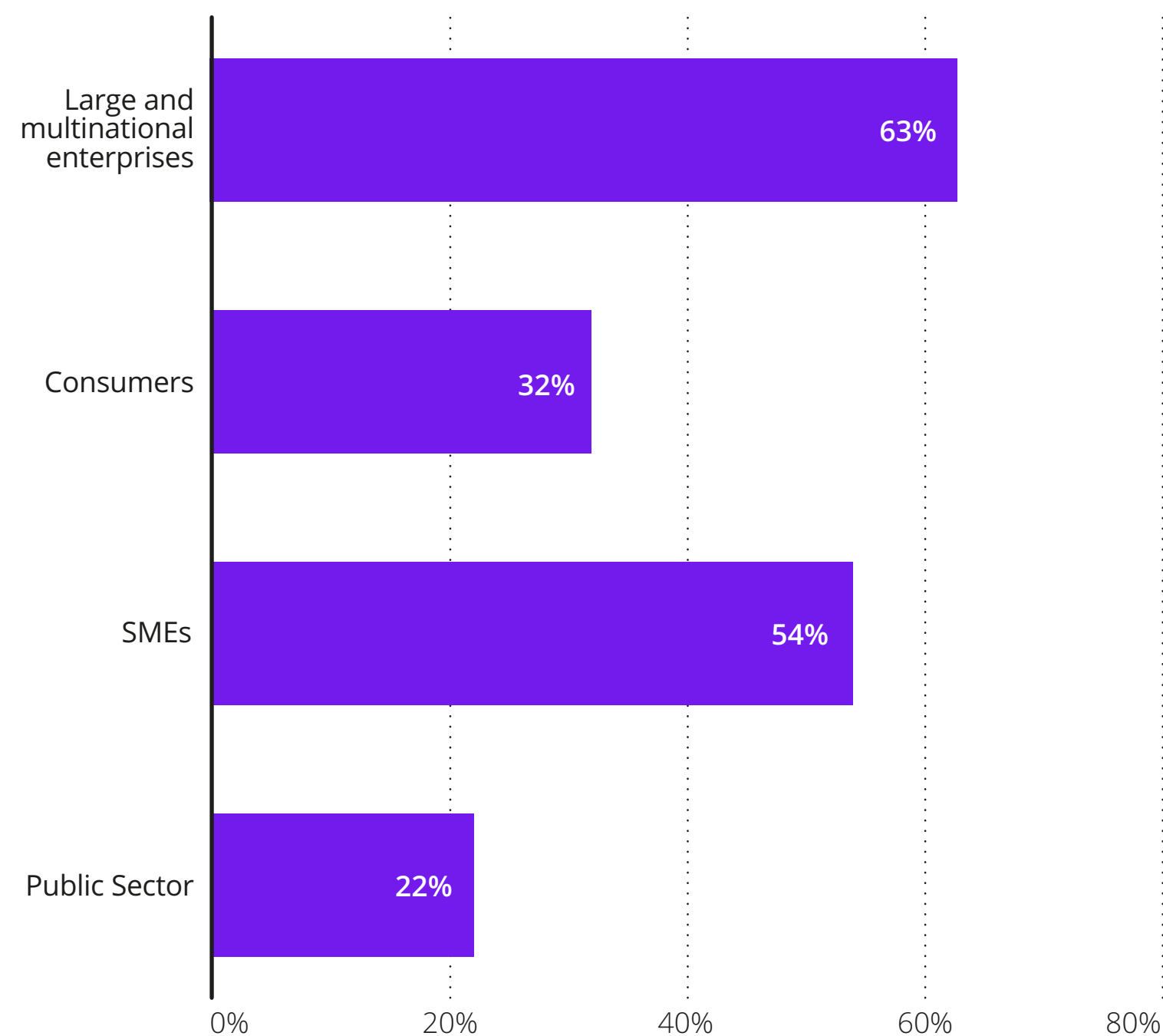
Small and medium-sized enterprises (SMEs) are often viewed as the unfashionable end of the B2B universe – only one in three communication service providers (CSPs) view them as a major source of future 5G revenue. However, they can be an important asset in the 5G landscape.

According to Omdia's 5G World 2020 Global Insights Survey, two-thirds of CSPs identify large, multinational enterprises as the segment that will bring in the most 5G revenue. However, large enterprises that Omdia surveyed don't put CSPs on their 5G priority list.

Meanwhile, SMEs express a different opinion: CSPs are their preferred partner for 5G strategy execution.

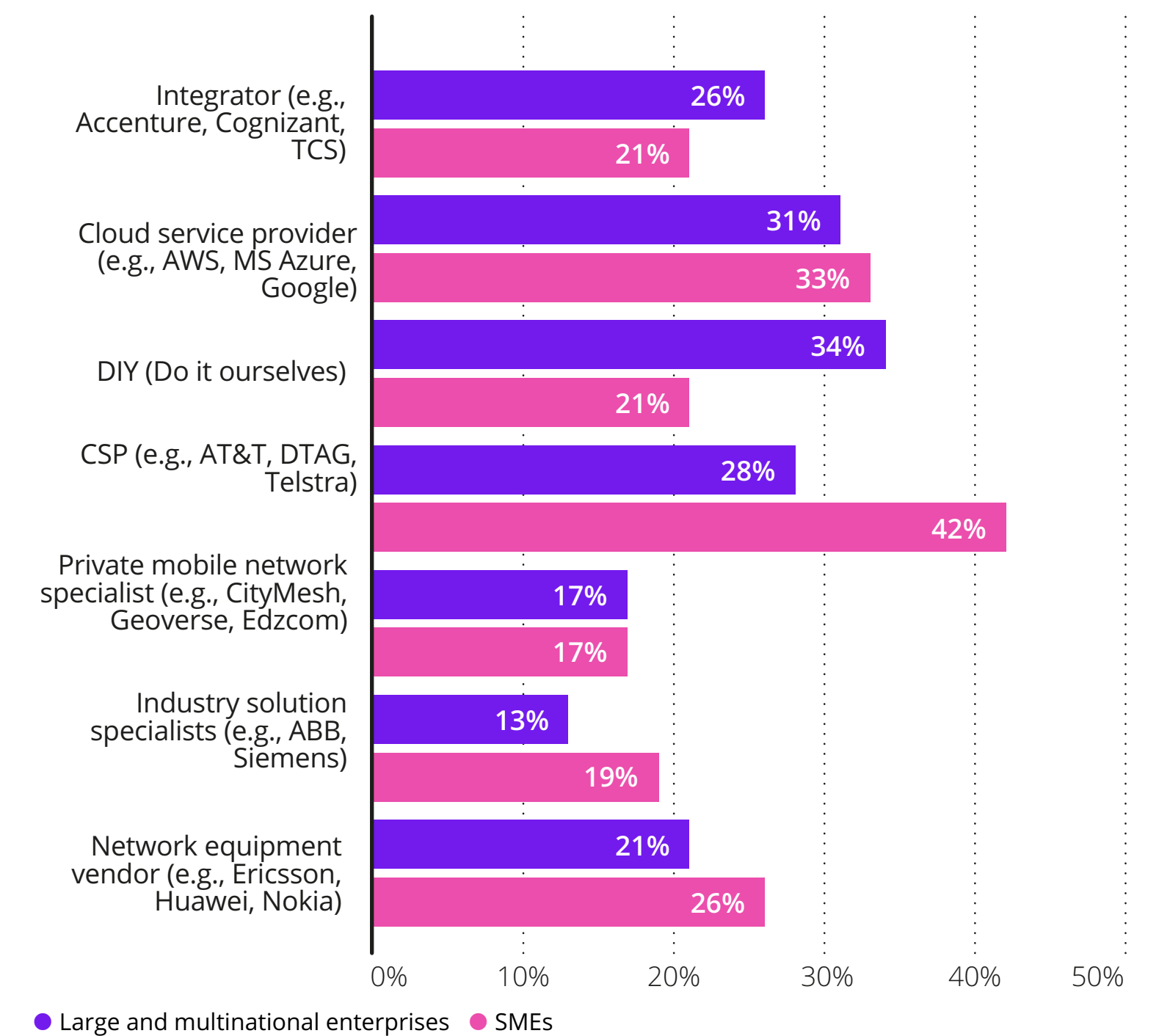
SMEs present a great potential for CSPs. Many of them already see value in 5G and view CSPs as their trusted 5G go-to partner.

CSPs: Which customer segments will generate the most 5G-related revenue for your organization?



NOTE: N=111. TOP FIVE ROLLOUT CONTEXTS SHOWN.
SOURCE: OMDIA 2020 5G WORLD GLOBAL INSIGHTS SURVEY

Enterprises: Who do you trust most to execute your 5G strategy?



NOTE: N=111. TOP FIVE ROLLOUT CONTEXTS SHOWN.
SOURCE: OMDIA 2020 5G WORLD GLOBAL INSIGHTS SURVEY

SMEs: a vast and untapped market for B2B revenue growth

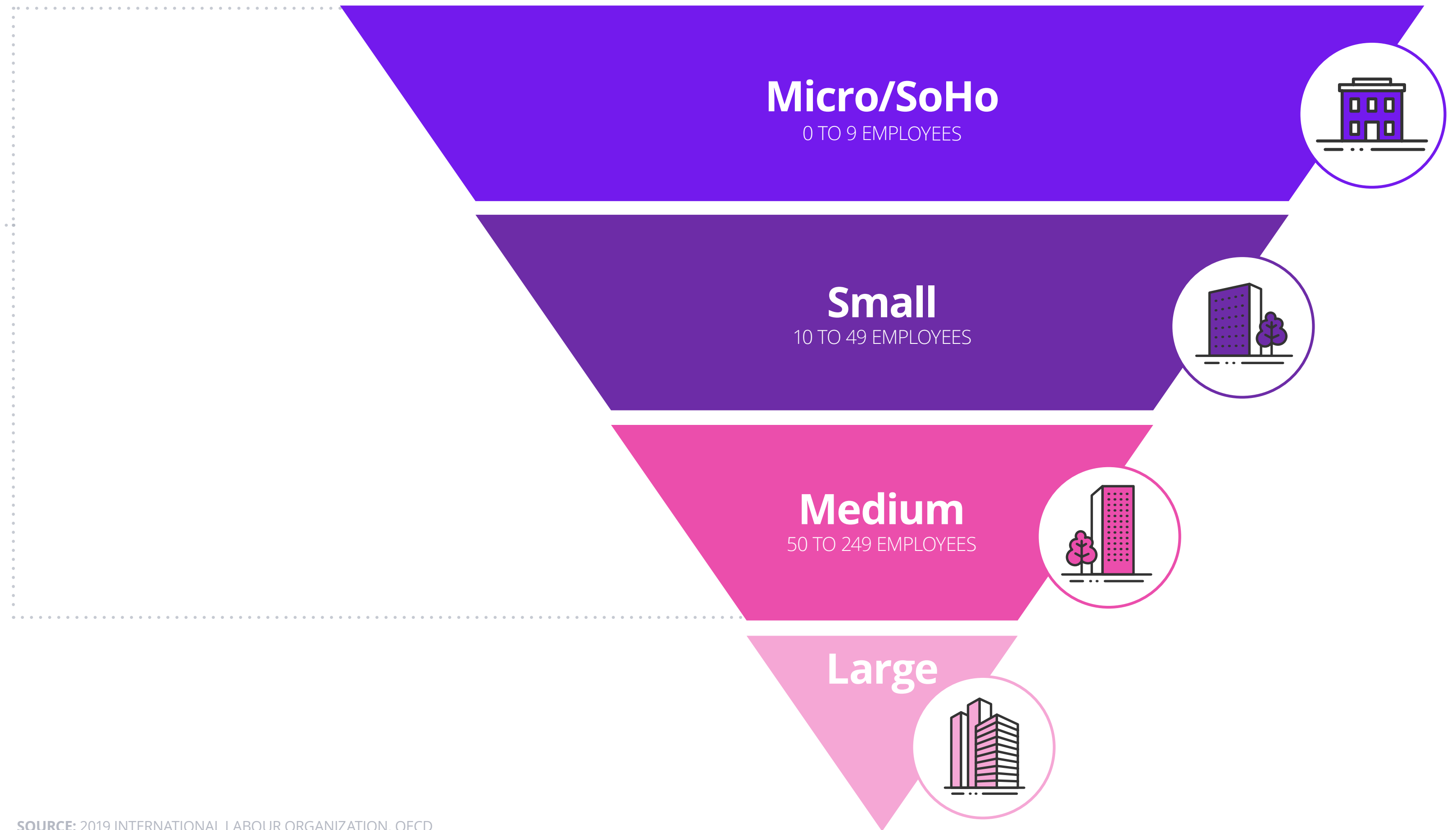
SMEs

99% of businesses

70% of employment

50–60% of GDP

SMEs are arguably the most overlooked actors in the market. They represent 99% of the world's businesses and could become the front line of 5G adoption and revenue generation. However, many CSPs are still focusing 70% of their B2B resources on less than 1% of the enterprise universe. The impact? Squander the opportunity to capture all ICT spend through 5G or cross-sell campaigns targeting SMEs.



SOURCE: 2019 INTERNATIONAL LABOUR ORGANIZATION, OECD

SMEs' business needs can be as complex as large enterprises but 5G can help to address them

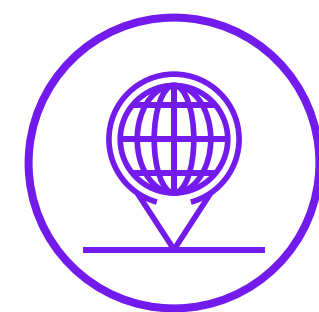
The volume end of the B2B market includes a huge number of non-technical B2B decision-makers. They don't care about technology - they only want tangible business outcomes. The top business priorities, or jobs needed to be done by SMEs, especially during the time of a pandemic are:

5G's fundamental core is about scalability. It could be a game-changer to help SMEs increase productivity and efficiency, and create new opportunities across the value chain. Most importantly, SMEs believe in 5G's value generation. A recent study conducted by Omdia has proven this: nearly half of SMEs trust that 5G can support their most critical business activities and assets to:



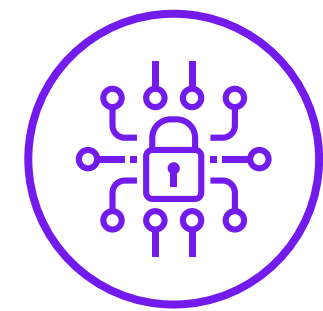
Stay healthy

Grow productivity, manage costs, and streamline processes



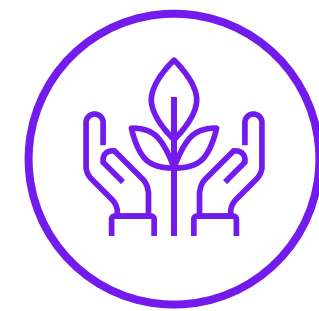
Manage the work environment

Work more efficiently anywhere, any time



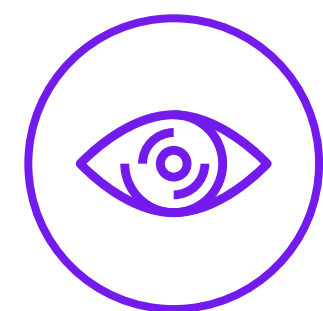
Be safe

Ensure all interactions and data are secure



Innovate and grow

Find new ways to create value



Get noticed

Make the business more visible, including growing online sales



Create business online

Change how they promote their businesses and provide an attractive digital storefront



Create business intelligence

Pressure for business efficiency is driving high interest in business analytics



Protect intellectual property

Organizing and storing business data to support the work-from-home model en masse

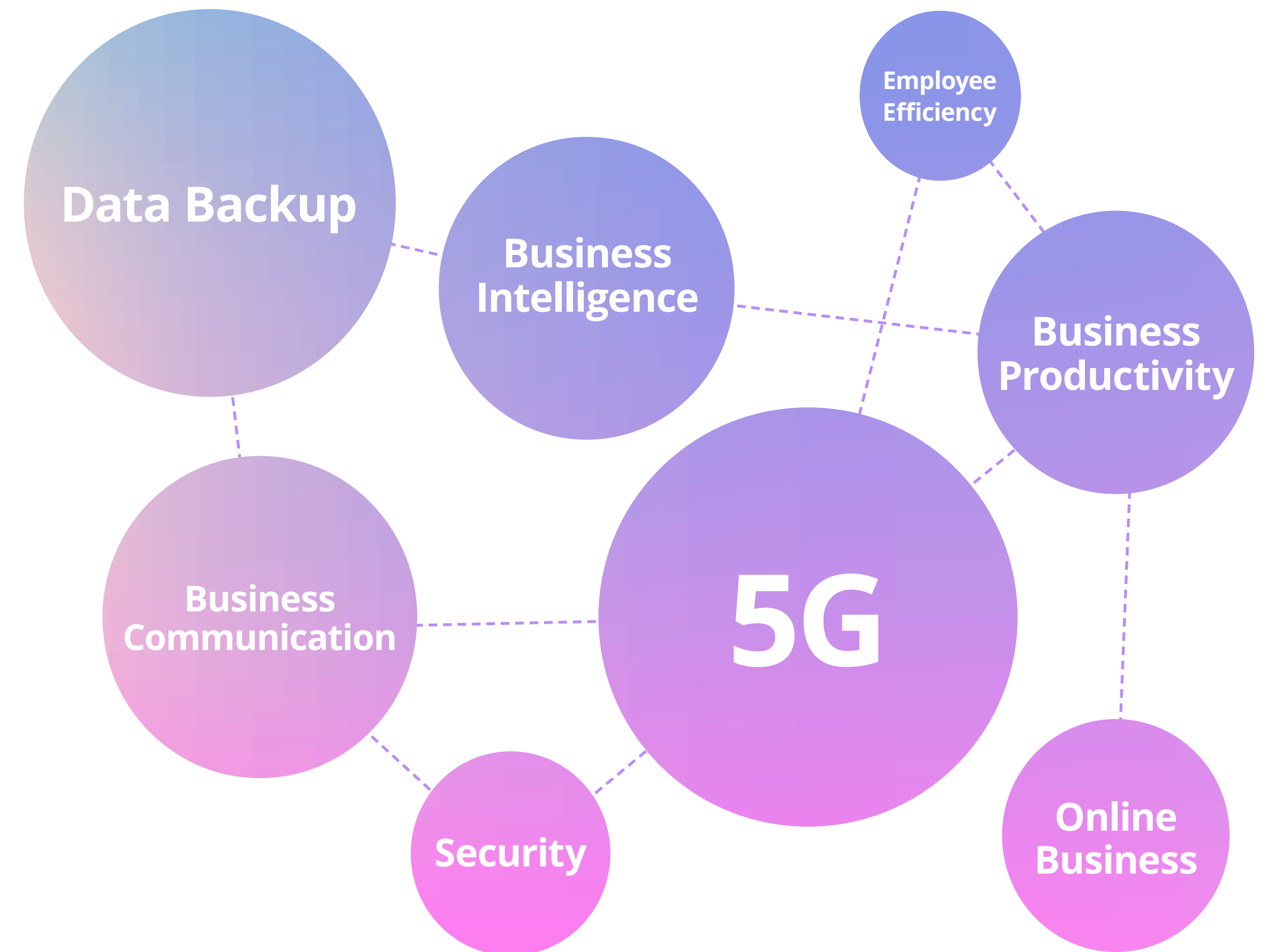
5G must triage SMEs' business context and industry solutions with an outcome-based value proposition

SMEs value quick-win outcomes. However "sexy" the technology, it must still address fundamental business needs. This should always be the foundation for CSPs to sell 5G, which is beyond pure connectivity.

CSPs must think about SMEs' business needs within their most common working context and industries, whether it is beyond offices to homes, construction sites, cafes, retail stores, salons, or when they are on the move. CSPs must also consider how 5G could improve SMEs' productivity, sales, and marketing outreach, while also helping them secure and analyze their rising volumes of digitized intelligence.

All of these must be embraced in an outcome-based proposition that is limited in scope, specific in result, and predictable in cost to entice a non-technical client to understand and buy.

SMEs' requirements are a blend of business and technology assistance, going far beyond business broadband. Offering guidance and support is a powerful element in value propositions to SMEs because many lack fluent digital skills.

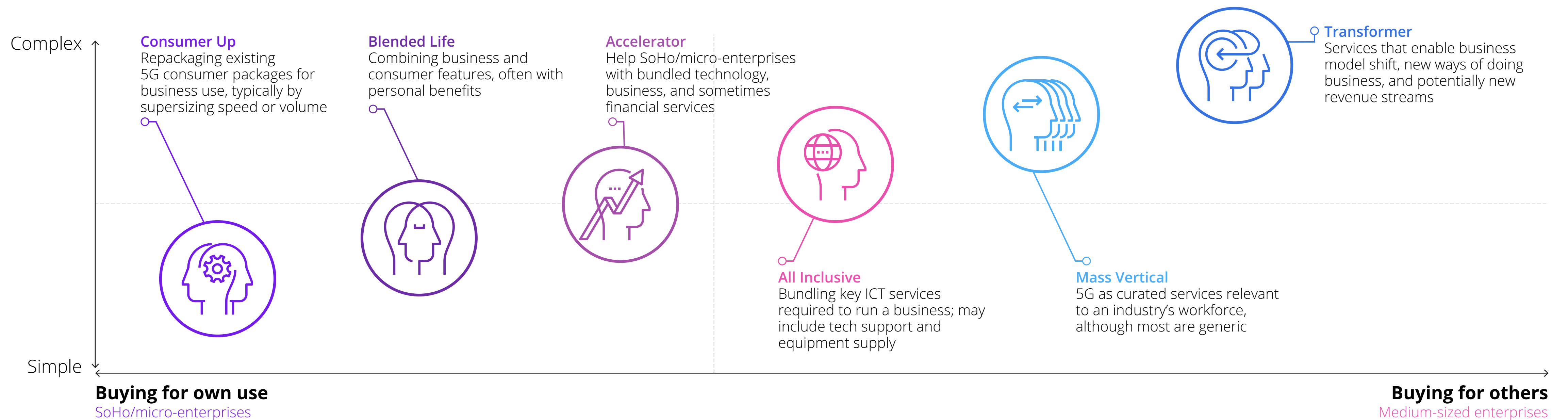


CSPs' 5G offers to SMEs fall into six main groups

Today, most 5G offers for SMEs are “Consumer Up” – a re-sleeved consumer offer. However, 5G’s real value lies at the higher tiers of the value propositions, which

often involve more ecosystem partners and can be deeply transformative to help SMEs achieve a significant strategic shift.

SME value propositions



SOURCE: OMDIA

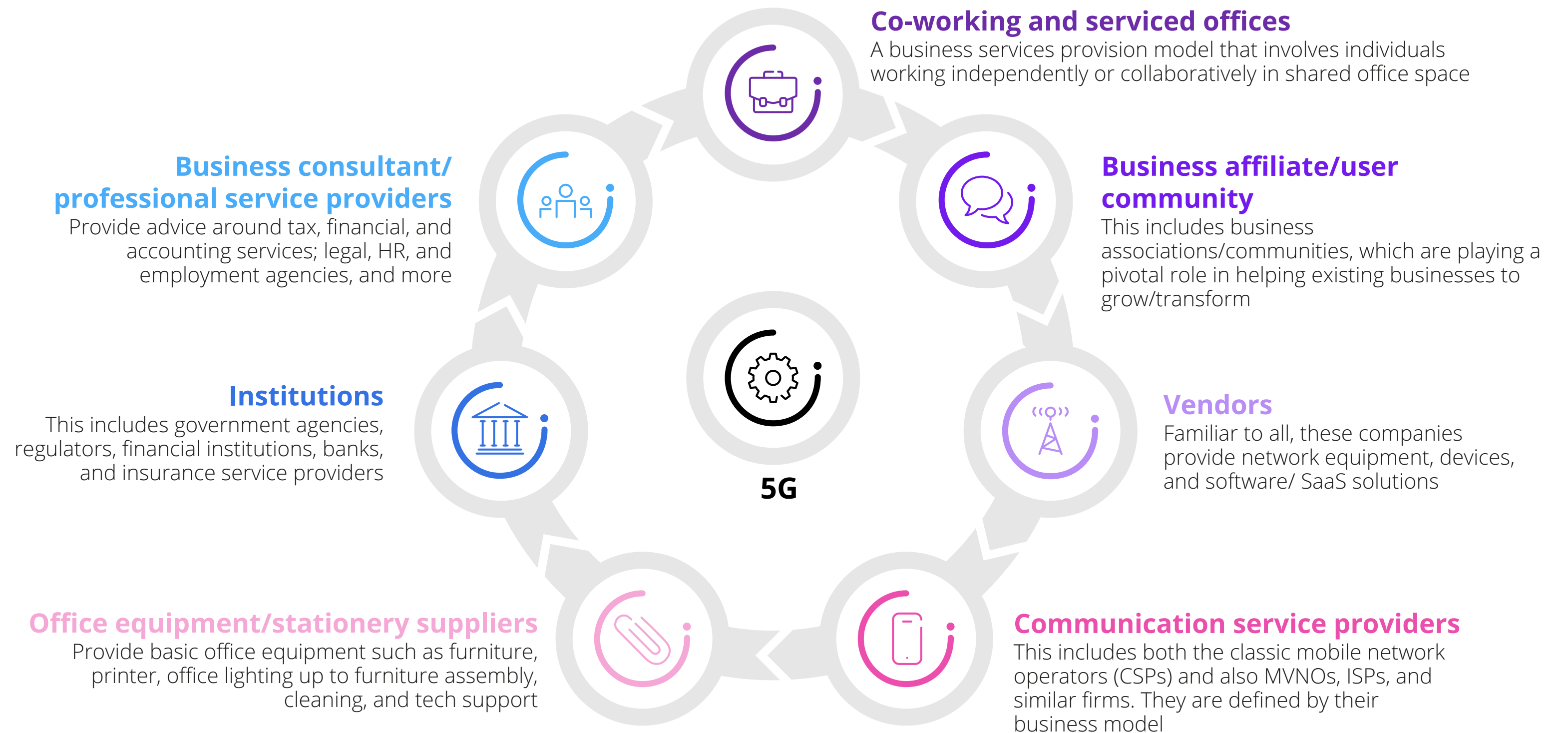
The partner ecosystem is the way forward for 5G in SMEs

The possession of 5G is not an ultimate differentiator for CSPs. In many cases, SMEs' business needs will require a different set of skills. CSPs may struggle to serve all B2B segments, especially to create a more complex value proposition (e.g., all inclusive, mass verticals, and transformer) in today's competitive environment.

This also means CSPs need to work with other partners to develop compelling 5G bundles that can provide ancillary services and processes to help SMEs achieve a significant strategic shift. CSPs should use their 5G assets to create value with their partners.

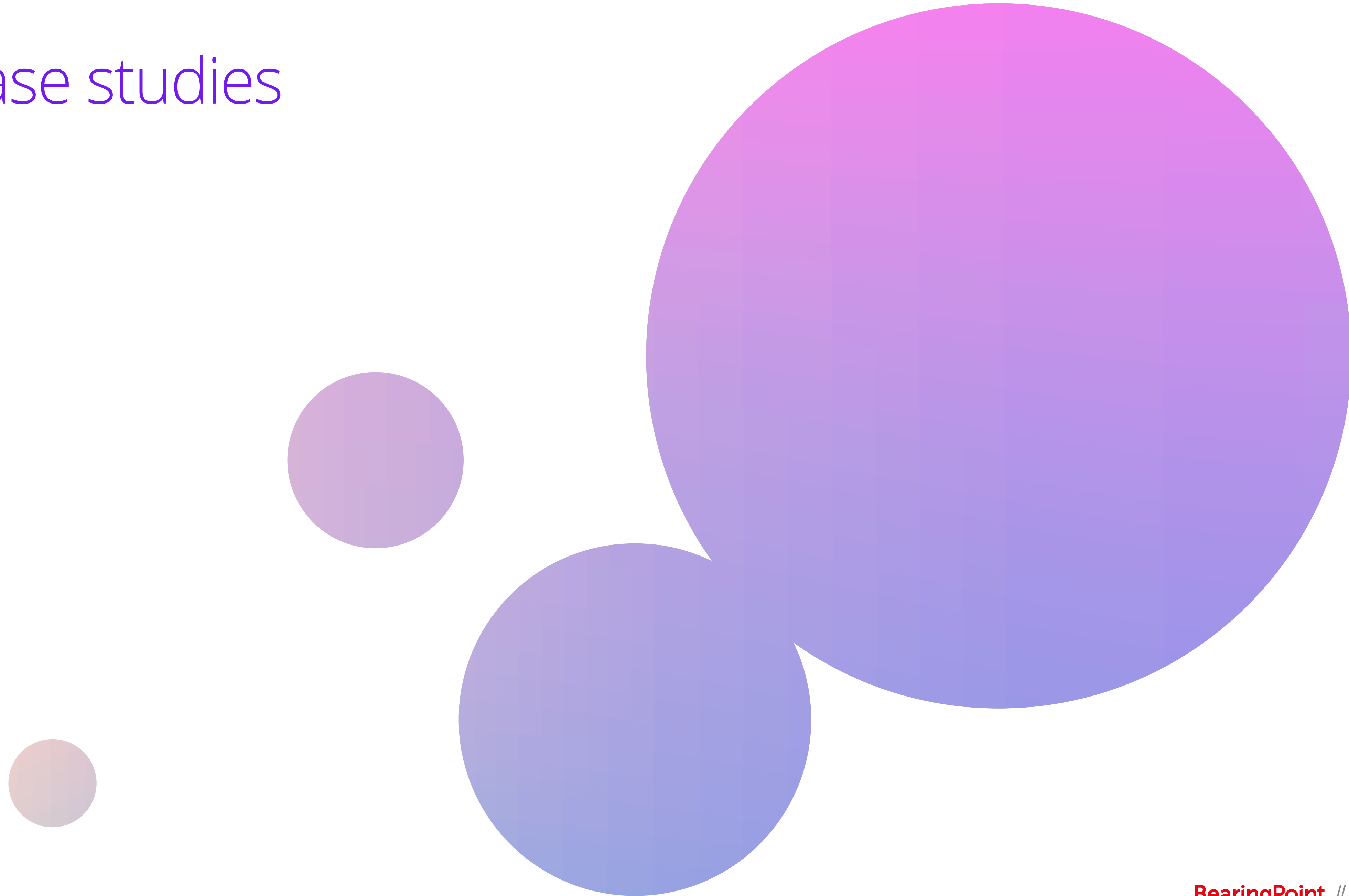
They must assess whether their ecosystem partners, such as software/equipment vendors, institutions, or business advisers, can do a better job together and remember their final goal – to achieve a better shareholder return.

SMEs' ecosystem



SOURCE: OMDIA

Case studies



Three UK seeks non-traditional channel partnerships to grow B2B revenue



Three UK aims to sweeten the switch to 5G with generous offers on productivity tools from a range of partners, including:

WeWork: Six months' free subscription and two monthly credits to book space at global WeWork sites.

WiX.com: Six months' free on website build and host package.

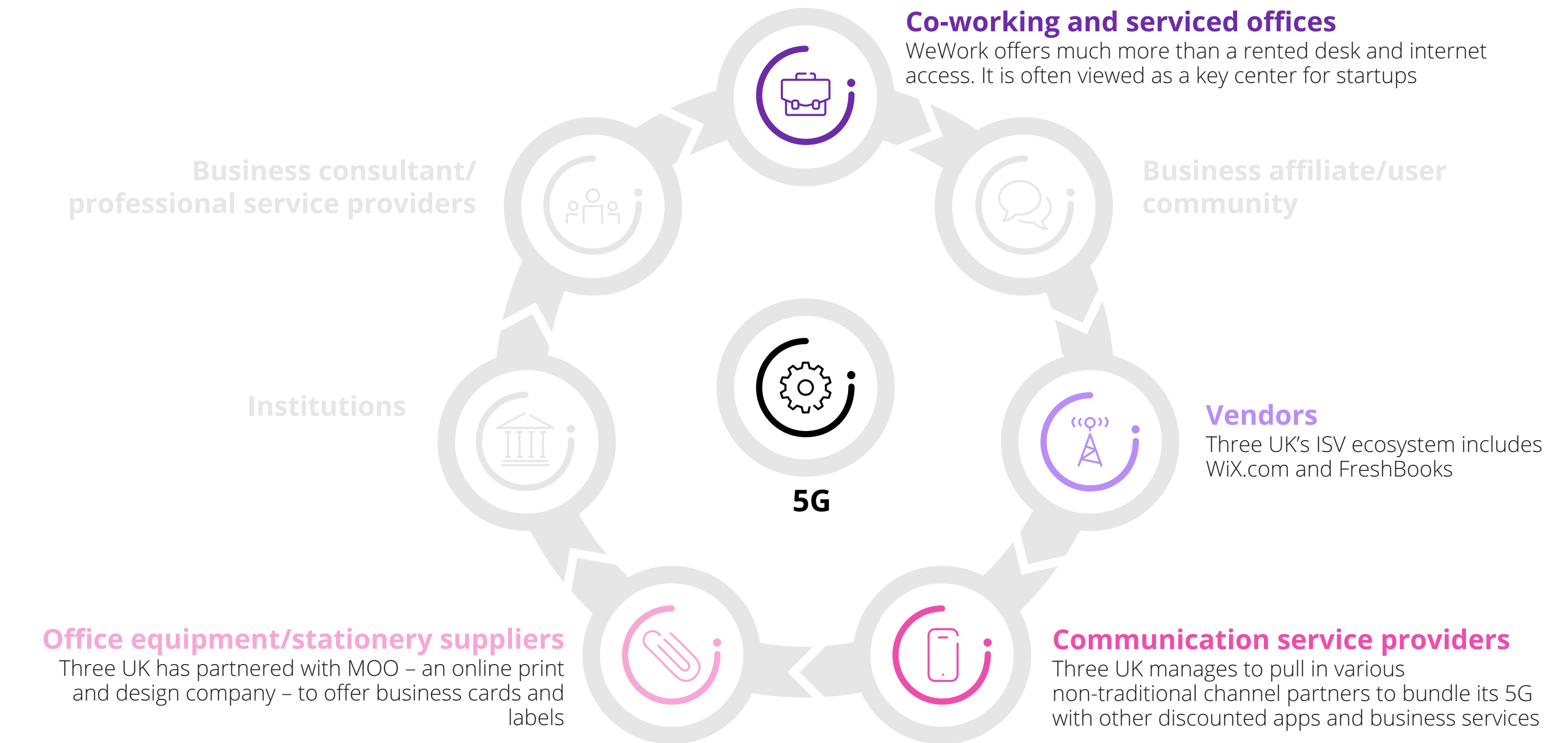
FreshBooks: Six months' free subscription on the cloud accounting software to help SMEs spend less time on invoicing and other admin tasks.

Moo: Loyalty discounts on business stationery and travel upgrades.

This is an Accelerator value proposition. It offers a cluster of technology and business services, usually discounted to help startups and micro-enterprises (the lower tier of SMEs) get off the ground and grow.

Offering discounted solutions with partners helps Three UK appeal to digitally dependent, fast-growth firms early and keep them.

SMEs' ecosystem



SOURCE: OMDIA

Vodafone Spain offers an all-inclusive bundle with 5G office productivity



Vodafone’s Oficina Connectada is an All-Inclusive value proposition that offers SMEs compelling mobile-first productivity tools. It comes with:

Fixed and mobile: 5G mobile with unlimited calls and data, together with 600MB fiber

One Net switchboard: Virtual switchboard combines the fixed and mobile voice of a company on any device

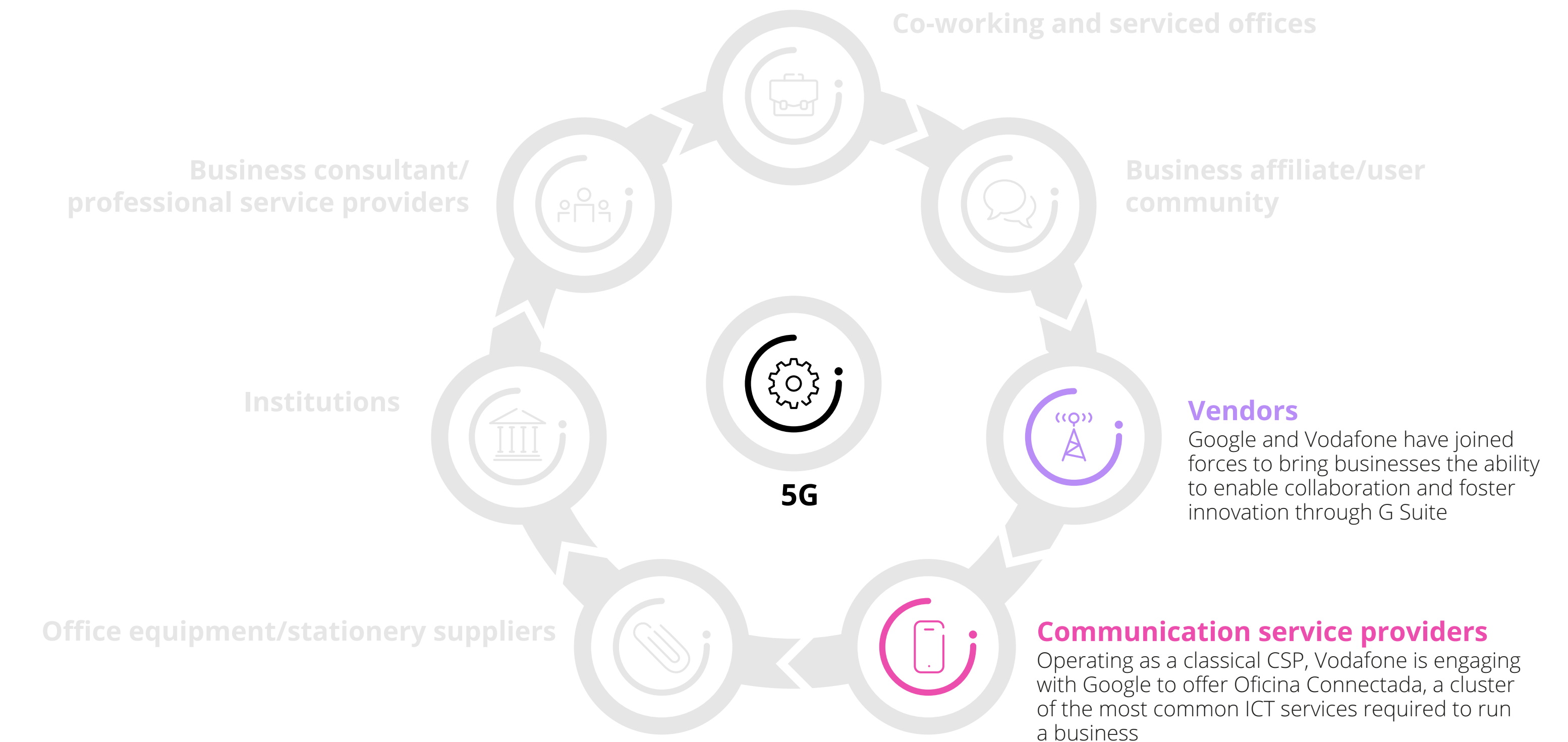
G Suite Business: A single license includes corporate email address, video & voice calls, unlimited storage, Office automation package as well as corporate intranets

Digital security: Antivirus and anti-ransomware software, data recovery backup, and vulnerability analysis

The bundle also comes with a professional and specialized 24x7 Technical Assistance Service. Besides this, its B2B website provides a tool that allows SMEs to personalize the package based on their business needs and self-serve what they want.

Offering guidance and support is a powerful element in value propositions to SMEs because of many lack fluent digital skills.

SMEs’ ecosystem



SOURCE: OMDIA

SK Telecom makes a smart factory play



With this Transformer value proposition, SK Telekom (SKT) is partnering with the Korea Smart Factory Data Association and software developer, BISTel, to offer a 5G-based big data analysis service to manufacturing SMEs.

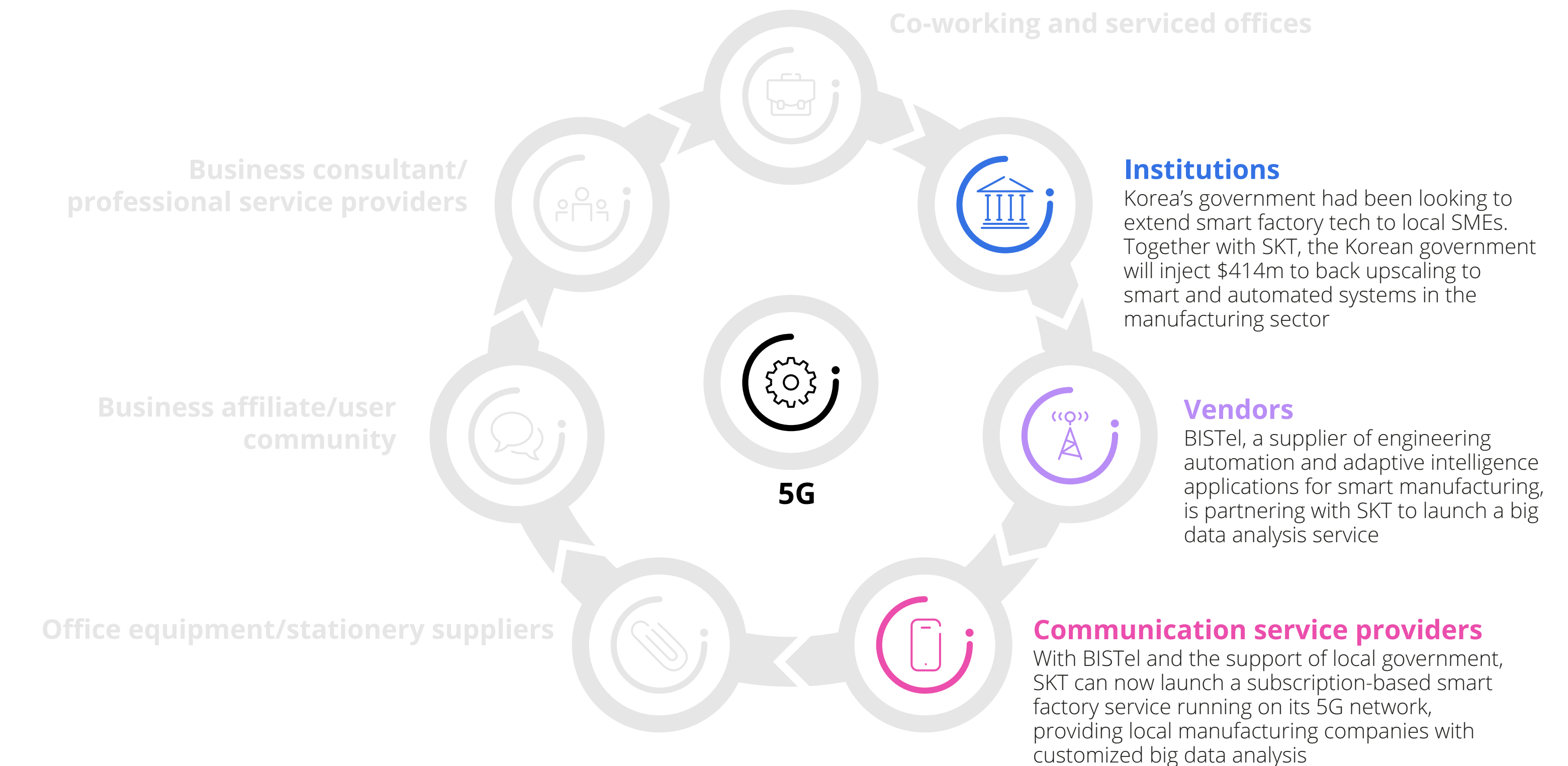
The Korea Smart Factory Data Association, a subsidiary of a government SME agency, will give qualified SMEs up to 50% credit (up to \$80,000) to install a 5G-based smart factory system.

The solution, Metatron Grandview, is the joint product of SKT and US developer, BISTel, and uses SKT's IoT platform Metatron. The solution offers equipment monitoring and maintenance.

On offer is a potential 15% reduction in costs by improving manufacturing productivity. Using adaptive intelligence-based predictive maintenance, they also expect a 20% longer lifespan for equipment and industrial components.

This collaborative approach shows how CSPs can marry their 5G and other assets with other ecosystem players to deliver profound value to SMEs.

SMEs' ecosystem



SOURCE: OMDIA

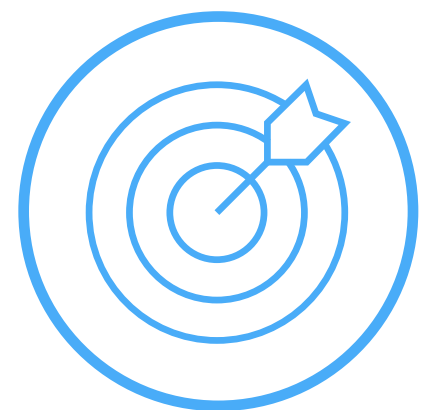
Conclusion



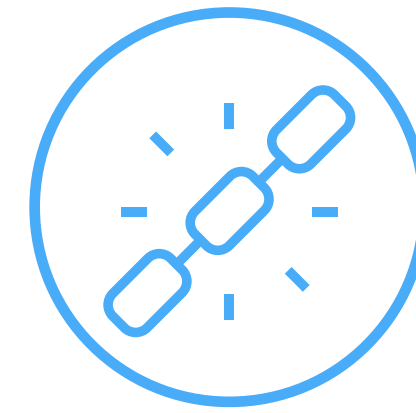
Targeting 99% of the world's businesses. CSPs' branding already has substantial value with SMEs, and they also believe in CSPs' 5G value generation. This is what CSPs lack when targeting large businesses.



Outcomes matter more. 5G will significantly underpin other technological advancements, but it needs to triage SMEs' business needs and work with partners to craft an outcome-based value proposition. CSPs should remember that value generation is more important than direct account ownership, especially they will struggle to serve all B2B segments well in addressing all SMEs' priorities.



Rethinking the 5G value that resonates with SME's digital transformation initiatives. All-inclusive, mass vertical, and transformer propositions represent real 5G value. They often target the upper tier of SMEs (medium-sized enterprises or Mittelstand) and are a prime lever for digital transformation. Rethinking 5G value requires CSPs to stop being product-centric and become truly customer-centric.



Be proactive in SME's 5G strategy. Some CSPs have effectively addressed 5G targeting SMEs with their ecosystem partners. Others should not squander this opportunity to help SMEs reinvent their business models and grow at scale, as the threat of COVID-19 could be deeply transformational.



Invest in the digital marketplace to monetize 5G offerings at scale and achieve fast and simple integration with ecosystem partners. CSPs should start embracing digital business platforms that enable them to co-create 5G solutions with ecosystem partners, increase operational agility, simplify the customer experience, and reach out to SMEs more quickly and easily.

About

BearingPoint//Beyond

BearingPoint//Beyond is a rapidly growing SaaS-based BSS and digital platform solution provider helping organizations to reinvent their business model and grow revenue by utilizing digital platforms and partner ecosystems.

Our digital platform solutions are designed to help businesses experiment, launch and monetize new offerings at speed, with minimum risk and cost; building connections between technologies and partners, enabling them to collaborate, co-innovate and expand reach with an ecosystem of partners while taking advantage of new technologies such as cloud, IoT AI, 5G and more. This brings organizations closer to their customers, helping drive higher efficiency and automation, to become more agile in the face of competition.


We serve customers across Asia-Pacific, Europe, Middle East, Africa and the Americas, spanning industries from telecommunications, media and entertainment, to tech and IT, financial, and automotive.

BearingPoint//Beyond is owned by BearingPoint, an independent management and technology consultancy with European roots and a global reach. A worldwide consulting network with more than 10,000 people, BearingPoint supports the world's leading companies and organizations in over 75 countries, engaging them to achieve measurable and sustainable success.

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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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