Episode 20
The paradox of the public cloud
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Speaker 0 00:00:00 Hola, Barcelona. I just got off the GSMA keynote stage in Spain at MWC. Dragons! Seriously!

I'm Danielle Royston and this is Telco in 20. It's, Tuesday, June 29th, nd I just delivered my keynote address. And when I walked out on the ginormous stage just now, my heart was racing. This is the industry's biggest stage, just to put it in perspective. The video wall behind me with the coolest graphics ever was 72 feet wide by 20 feet high, which is pretty much the length of a tennis court. And in my keynote, I talk about the good and bad of public cloud. How the opportunities for telcos far outweigh any risks. And if telcos embrace the public cloud, the benefits are massive. I've been working on my speech for months, and now, if I'm being honest, I'm super glad it's over. Right? When I wrapped, I couldn't wait to get back to CLOUD CITY to celebrate with my tribe, the entire staff and everyone at CLOUD CITY greeted me with a clapping tunnel. I was totally overwhelmed. It brought tears to my eyes and I may have had a few glasses of champagne. So it's going to be super, extra fun today. We're basically killing it at MWC 21. It's totally awesome. People from all over the world are taking part in CLOUD CITY and CLOUD CITY is the epicenter of public cloud innovation at MWC. I mean, did you see our booth? It's amazing and thousands of people are checking out the virtual platform. Events will never be the same.

And even better Totogi has launched and it's rocking MWC. So I hope you tuned in live to my keynote, but in case you missed it, you can still catch it. You can find it on the CLOUD CITY live webpage. And the link is in our show notes. And you guess it, we're also sharing the whole talk right here on our podcast. So put on your headphones, lean back into the chair and take a listen. It's go time. Let's do it. It's time to take telco to the public cloud.

Speaker 1 00:02:17 Hola, Barcelona! And hello to everyone joining us virtually from around the world. I am super pumped to be here today. My name is Daniel Royston, but you can call me DR. I'm the Elon Musk of telco. He set out an exciting vision for his mission to Mars, and like him, I have a vision for telco. I believe everything in telco will move to the public cloud. Elon thinks in five years we'll be on Mars. And so I like to ask telco execs a question – which one do you think will happen first, will telco get to the public cloud before Elon Musk puts people on Mars? There's one of these I think is easy, and one of these things that I think is hard. And every exec that I ask answers, Mars. I think, I think I just compare myself to Elon Musk, but that's not the only tech Titan that I'm going to compare myself to – next up, Steve Jobs.

Speaker 1 00:03:25 Let's start by talking about June 29th, 2007. Fourteen years ago today, Steve Jobs changed everything when he launched the first iPhone. The iPhone changed the world forever. The iPhone also changed telco. It reshuffled the winners and the losers, and it sparked heated debates. That kind that always happens when mega technological change

comes to an industry. In the case of the iPhone, they were massively controversial – debates like, is Apple trying to become a carrier? Should you sign an exclusive deal with Apple? Should you give Apple whatever they want? And are the tradeoff worth it? The iPhone was totally a double edged sword, both good and bad. That debate was not unlike the debate surrounding the move to the latest massive change that's come to our end industry. You guessed it. The public cloud. Some people have been saying that the public cloud is still a ways off.

Speaker 1 00:04:38 Your own people may be telling you that. I know vendors are telling you that. But the public cloud is here. Now. That means you as leaders of our industry need to figure out what you're going to do about it today. The public cloud is both a massive threat and a massive win for telco. You have to balance both of these things in your head. You can't just listen to one side. For example, the DISH deal with AWS announced to the telco world that the public cloud is not some theoretical decision you need to make years from now. It's something you need to think about today. You know, the debate around “should we, or shouldn't we” about the public cloud is a lot like the iPhone debate. Are the hyperscalers trying to be carriers? What's the risk of tying yourself to a public cloud vendor? Should you let hyperscalers do whatever they want? And are the trade-offs of lower CapEx really worth it?

Speaker 1 00:05:43 So how should you make this decision? Even as the queen of the public cloud, I have to acknowledge there could be some downsides. But if you embrace the public cloud, there are some really huge upsides. And most importantly, if you do nothing, you are screwed. Just as there's two sides of the same coin, there are two sides to the public cloud. Let's look at three examples of how the public cloud is coming to telco. The first is the enterprise. The second is the network. And the third is your relationship with your subscribers.

First, let's talk about the enterprise. How has work been impacted in the last year by the public cloud? We've all been told going back hundreds of years that the best way to work is by going to an office. Before the pandemic, a billion people trudged to the office every day. The big winner in this approach has been the $10 trillion commercial real estate industry. But then COVID hit. Offices were shut down and people were sent home to work and somehow business continued, but the pandemic made everyone realize, “Hey, we kind of don't need offices anymore.” We need cloud-based work environments that provide easily accessible tools and platforms that enable good ideas, and force strong relationships. The public cloud has made all of that easier and more flexible. With the public cloud you don't need fancy buildings and we can say adios to all that steel and concrete.

Speaker 1 00:07:27 So what would work be like if skyscrapers weren't the center of things anymore? You could visit people around the world, taking meetings and closing deals from any location you like. Hawaii, anyone? You could virtually tour your outposts and meet with your frontline workers. The experience could be just as rich and meaningful as if you were there in person. You can gather the best problem solvers around the same table, even though none of them are on the same continent, and fix an issue before it turns into a crisis. I'm not talking about a better communication platform. I'm talking about a mixed-reality environment where workers feel that they are in the same room with you, even though they never leave their house.

For that vision to be real, you need the public cloud, and the public cloud needs one thing – your network.

Speaker 1 00:08:24 Hello! Workers need big pipes to handle a household of video calls, large file transfers and AR/VR in their homes to turn them into collaborative, productive work environments. Over the next decade, the network will become the center of work and a $10 trillion investment will transfer from real estate into broadband. All possible because of the public cloud. Bad for real estate. Great for telco. Two sides.

I know what you guys are thinking. DR, that one's too easy. Okay. Then let's talk about the network. There are two ends to this stick as well. Open RAN is another massive technological shift that's come to our industry, but don't tell that to Huawei, Nokia or my buddies over at Ericsson. Those guys love me. They're busy trying to convince you that it won't work and it's not ready, but it is ready. And it's here today. If Rakuten is right, using Open RAN will cost 50% less in CapEx and have 40% less OpEx to run the network.

Speaker 1 00:09:31 This month, Vodafone announced they're building the world's largest Open RAN network. And this year in the United States DISH will have cities going live with Open RAN. Better yet, DISH is taking a step further and deploying it on AWS. Ooh, they're building their 5G network on the public cloud for $10 billion. Imagine if you had to deal with this kind of competitor in your market. What DISH will be able to do with their Open RAN network with AWS WaveLight is offer a better product to their subscribers and they can do it dramatically cheaper. Let me give you two examples of the competitive advantage DISH will have by using AWS. First, with the enterprise, where cloud computing is taking over IT departments, DISH will be able to offer their enterprise customers the ability to build 5G enterprise applications on AWS is tech stack.

Speaker 1 00:10:38 Telcos that try to ignore the public cloud or build their own private cloud will shut out enterprise IT who've been clear they're moving to the hyperscalers. And second, you guys know better than me, that every consumer wants more bandwidth at a cheaper price. Subscribers don't want to pay more for your new network when you don't have those huge depreciation charges. Because you built your network for less than $10 billion, you can offer your product for a cheaper price and have higher margins. The debate continues. I mean, we still have people asking, should we let dragons into the castle? Dragons? Seriously? Are people still worried about the downsides of using the hyperscalers? We should be riding the dragons. So is the public cloud good, or is the public cloud bad while you're thinking about that? Let me tell you, without rain, there are no rainbows. You're going to have to take on some challenges in order to reap the full benefits of the public cloud.

Speaker 1 00:11:43 Let's take software. My favorite. The software of the telco industry is to be completely rewritten for the public cloud. When designed purely for the public cloud, this kind of software comes with enormous cost benefits. As much as 80% lower TCO. When designed right, feature velocity in cloud applications explodes. You don't have to worry about capacity planning or disaster recovery ever again. But even better, when you remove the burden from

your organization of managing the entire stack, it opens up the possibility for you to focus on your business. It allows you to finally focus on the thing that matters and can differentiate you from your competitors, your relationship with your subscribers. Today, you live in a network-centric world, focused on monetizing every network interaction, instead of working on a relationship with your customers to build loyalty. If you were customer-centric, you could focus on delivering the best possible experience to your customers.

Speaker 1 00:12:50 One that keeps them coming back again and again. For example, let's take digital identity. It's part of running a mobile telco. You're required to collect identity information in order to issue a SIM. Today in your organization, you view this KYC step as the cost of doing business. It's seen as compliance with regulations or a fraud prevention tool. And I totally understand why. But instead, I want you to think about how you can turn this chore into a strategic advantage. Realize while you're collecting all of that data, for a brief moment in time, you have everything you need to own a subscriber's identity. I want you to flip this into the opportunity that it is to own the subscriber's digital identity, just like Apple is trying to do. There is no one better positioned to own it than telco. It is the key to owning the relationship with the subscriber and building your super app.

Speaker 1 00:13:56 In a customer centric world, digital identity is everything. You can use digital identity coupled with network interaction data, to provide enormous value to subscribers and own the customer experience. Take it back from the OTT players. And all of this is possible because of the public cloud. Of course, you can look the other way. You can shun the public cloud because you're afraid that by using the public cloud, you're going to trap yourself with a vendor. I know some people advise that you should design applications for a quick and easy movement to another cloud, or worse, back on premise, which completely defeats the purpose of moving to the public cloud in the first place. But what should you do? You'll definitely have the Amdocs, Ericsson, and IBM dinosaurs talking your ear off about how it won't work. With their excuses of security, privacy, latency, lock-in, blah, blah, blah. But not me.

Speaker 1 00:14:53 I say, go all in. Use a public cloud the right way. Use this amazing technology that will allow you to wow your customers and double your ARPU without massive CapEx expenditure. Go find the end of the rainbow. See, the public cloud can either be something that is inflicted on you, keeping you on your back foot causing you problems, or you can lean into it and use it as an opportunity to revitalize your telco. If you ignore the public cloud, you're going to get the short end of the stick. If you take advantage of the public cloud, you can get the pot of gold. Make the switch from being network centric to customer centric. And you'll both increase customer loyalty and double your ARPU. The public cloud is coming to telco. We just talked about the enterprise and network and your subscribers. You have a big opportunity to sell enterprises broadband and new cloud-based applications for their employees.

Speaker 1 00:15:53 With Open RAN and the public cloud, you can offer your subscribers more bandwidth at a cheaper price and increase your margins. If you embrace the public cloud and make digital identity a cornerstone of your super app, you can unlock a trillion dollars in new revenue. 12 zeros. Think about that for a moment. And when you add up all the opportunities

that I've been talking about with the public cloud, that $1 trillion becomes many trillions of dollars.

The more you embrace a public cloud, the bigger the benefits there are for you. The potential is massive. There are two sides to the public cloud, but one side is clearly better. The public cloud is awesome. I know what I would do if I were you – I'd run to the public cloud. Now, it's your turn to decide. There really is only one choice. It's go time. Let's do it. Thank you.