

DR: [00:00] I'm Danielle Royston, and this is Telco in 20.

[00:14] Pretty much everyone agrees that telcos are on the way to the public cloud. It's no longer a question of if they'll move, but how to get it done. A recent report from Accenture found that 85% of telco CTOs think that being able to scale and innovate on the public cloud is key to a modern network. But the industry is still shackled by all kinds of old school thinking and technology. Of course, the legacy vendors are more than happy to fuel telco FUD about the public cloud.

[00:41] They want telcos to stay tethered to their outdated solutions and want to block the switch to the other vendors that are cloud-ready now, like Totogi. Today, I'm talking to Andrew Walker, the Global Communications and Media Industry Lead at Accenture, who has a front-row seat to telco's public cloud journey. We're going to break down why telcos struggle with the move, how GenAI can help them drive transformative change, and what they can do to attract the talent they need for a cloud-first future. So let's take 20.

[01:12] Andrew Walker is the Global Communications and Media Industry Lead at Accenture. Hi Andy. Welcome to Telco in 20.

Andrew: [01:20] Hi, DR. Thank you for having me.

DR: [01:21] You know I've been seeing the reports and LinkedIn posts that you've been putting out, and so I think this is going to be a great conversation. You're the Global Communications and Media Industry lead at Accenture, and you guys always have your finger on the pulse of what's really happening in telco. Accenture recently released two reports that focus on what CSPs need to do to drive future growth and expansion, and you guys found that 94% of telco leaders talk about their future plans and how it'll probably involve moving to the public cloud, which I totally love. So what do you think is holding them back and why is this move so hard?

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Released October 31, 2023

Andrew:

[01:56] Well, I think first it's important to recognize that the telcos are all on this journey. So it's not a question of if, it's a question of "How do we get this done?". And if you think about what's holding them back, and this is pretty universal - we work with telcos all over the world and we're really trying to help them make this vision a reality. It's that they're not monoliths. There are multiple networks within telcos going back to the old copper networks and their fiber networks and their wireless networks.

[02:23] They're often running multiple Gs at one time, and then they've got the IT that is supporting each one of those also running in parallel. So if you think about a move to the cloud, you have to start to lift and shift the applications out of the legacy data centers to the cloud for each one of those. So you're dealing with old application stacks that are still supporting copper in a lot of cases. You're dealing with old application stacks that are supporting old enterprise customers. And the first rule of telecommunications is that you don't want to disrupt your customers because if you do that, someone may not be able to make a 911 call.

[02:53] These are critical services that they provide to their customers, their clients, to the economy. So it's not an easy lift and shift. It's complex and they have to unwind the spaghetti a little bit to be able to move it over.

DR:

[03:04] Yeah, and there's different approaches to that lift and shift. I've talked to telcos that are doing it in place and then moving it, and then others, like you just suggested, lifting and shifting. And what I like about lift and shift is it forces your team to work with the new tools in the new world. Whereas if you transform on-premise first, first of all, you don't get to start to work with the new tools and start to learn them and that gravity of being in place is so heavy that cultural transformation that needs to happen within the organization just keeps getting delayed.

[03:40] I realize this is spaghetti. It's a rat's nest. Once you start pulling on a cord, it never ends. But do you guys have some suggestions on which approach to take with respect to moving to the public cloud?

Andrew: [03:52] DR, it's a great question, and we do. We advise our clients to start with the business problem. And the business problem in most cases is first of all, how do I delight my customers? How do I create a great customer experience? How do I create an environment in which I can develop and launch new products and services? How can I work with my ecosystem partners to develop and launch new products and services? So all of those are business problems. And then if I step back from those business problems, what needs to be true from a systems and process perspective to enable those?

[04:22] And so, if the North Star is better customer service, cool new products and offers, then we can say, all right, what are the applications and processes and systems and applications that I need to move over to support that? And that becomes the driving force as opposed to trying to do some, "Hey, we're just going to move it all", or picking some set of systems at random.

DR: [04:46] Yeah. Well, I love the business approach. I love the customer first, the business impact, and the business case, and all that stuff. But, so many people I talk to look at it from a technology perspective and so the business case always seems to get lost with telco.

Andrew: [05:00] It can just because of the sheer amount of complexity. And if you think about a telco CIO, this is a person who's under a ton of pressure. They've got to deliver a new functionality and capabilities to the business. At the same time, their budget is probably being cut, so they're being told to do more with less. And oh, by the way, you've got to get these rollouts in place so we can launch a new product, like FWA or something like that. So it's a really rough job.

DR: [05:20] And do you think they see the value of the public cloud being more the infrastructure in the data center aspect of the public cloud or do you think they're starting to realize that there's actually enabling technology - databases, chips, AI capability - that they can add to their enterprise applications and other workloads, and they're

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starting to see it's a platform to develop on and not just another data center that's run by Amazon or Microsoft? Do they see that distinction?

Andrew:

[05:50] Another great question. I think that the visionary telcos and the visionary CIOs see this as a platform. A platform that enables what we would call data-led transformation where if you move your applications over here, if you break down the walls, if you are better able to access the data that's trapped in your systems, you can really transform the business and do cool things.

DR:

[06:10] Oh my God, I could go on and on about the data and where it needs to be and I really believe the data needs to be in the public cloud so you can do all these wonderful things with it, but they're trapped in silos. And that's my next question, which is - legacy vendors are not exactly equipped to move to the public cloud, maybe were caught a little flat footed. I certainly, as an evangelist, have gotten a lot of resistance that this will never happen in telco. They'll never move to the public cloud. The network is too important and now we see this change happening.

[06:40] Like you said, it's not a matter of if, but when and how. I mean, I certainly have my opinions on why legacy vendors are sowing the seeds of doubt. Why do you think they do it?

Andrew:

[06:49] Because they have a fiduciary responsibility to their shareholders to maintain their revenues, and this is a threat.

DR:

[06:55] Absolutely.

Andrew:

[06:56] There's plenty of software and hardware vendors out there that they're part of the technical debt in the industry, and you'd like to say, "Hey, telecommunications is way too important for parochial interests", but this is capitalism and there are companies that have software that's sitting in the legacy IT stacks, and they need that license revenue and so they're not part of the solution.

DR:

[07:17] Yeah. As someone who's a vendor...right, I'm a new vendor. I have my startup, Totogi, and we're going up

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against these incumbents, especially in the charging space - Ericsson, Amdocs, Nokia, Huawei. And the FUD, the fear, uncertainty, and doubt, that they spread to the telco execs about security, latency, vendor locking with the hyperscalers, blah, blah, blah... And I'm like, "I know what you guys are doing. Your back office is busy copying our software, coming up with a public cloud message, sometimes just literally copying our marketing copy to buy yourselves time so that you can release something and then be like, Oh, you don't need to move to Totogi.

[07:58] We have it here ready for you." That's what they do. They play this playbook over and over again, and it's irritating, and new startups coming in and really pushing those guys is the change that telco really needs, so it's crazy.

Andrew:

[08:11] No, you're absolutely right. And the amount of fear, uncertainty, and doubt that exists in the telco environment, in the ecosystem, in the IT world, managers and directors and VPs that are working for telcos, they don't want to screw things up. And when they have trusted vendors coming in and sowing the seeds of doubt...

DR:

[08:27] They trust them.

Andrew:

[08:28] Yeah. It creates a huge impediment to change.

DR:

[08:30] Yeah, and we have so much change going on. We have the whole Open RAN movement going on, certainly the public cloud, AI, which we'll talk about in a little bit. All of these things coming in at once. It's just so much change happening in this industry that's running workloads kind of like the way we used to run them in other industries in the late '90s. And so that's my next question - banks, government, stock exchanges even around the world have been able to figure out how to run critical workloads with sensitive information that governments and bad actors want to get access to, and they figured out how to get it to the public cloud.

[09:03] And so, how do you guys advise telcos to get over their concerns with the public cloud?

Andrew: [09:08] Actually, we do bring up examples from banks and financial services industries.

DR: [09:12] Me too.

Andrew: [09:12] So we can point out companies like USAA that doesn't have physical branches, but has created a really delightful online experience for their users and users love it. And you can start to lay out those examples of, "Hey, look what you can do here. Look at another industry." And you start to see leading telcos taking a look at this and saying, "You know what, we can engage with our customers digitally, but in order to do that, we've got to break our thinking and approach IT, approach our data center strategy, approach AI in a different way", and it's really pretty powerful.

DR: [09:43] Yeah. I mean, the hyperscalers are providing, like we were just talking about, a platform giving a telco IT group and team capabilities that they would not be able to build themselves, and it would be also very difficult to buy it and put it on-premise. And so we run into telcos who are wary about Amazon because of their retail side or the Amazon Studios with their content streaming stuff. And so I think, again, friend or foe, in terms of the hyperscalers, I think at this point you have to assume they're a friend because the capabilities they're giving to that telco, just advance them so much faster than they can do on their own.

Andrew: [10:24] I think that's right. I think there's a concept that exists in Silicon Valley and on the West Coast of frenemies, where you're friends in some areas, you're competing in others, and it's an important concept because it can't be binary. You can't say, "Hey, we're not going to work with the hyperscalers because we see them investing in global data networks." Well, no, there's things that you can leverage from them that are going to enable you to run faster, better, cheaper, and develop new capabilities. And then, there are areas where you have to be careful, but you kind of pick and choose how you're going to engage.

DR: [10:52] And what's the alternative? Not use the public cloud at all?

Andrew: [10:55] Exactly right.

DR: [10:56] Your competitor down the street starts to use it and they are advancing and getting the agility and business benefits. It forces your hand and you have to.

Andrew: [11:05] There really is no choice. You're right.

DR: [11:06] No. I mean, you're kind of effed. So anyways, you've talked about how CSPs can use generative AI to innovate and improve many areas of their business. I think everyone's favorite example is in a call center or customer support area. And so, where are you guys seeing GenAI take hold within telcos, and what are you seeing happening across the industry with respect to AI?

Andrew: [11:30] It's a great question, and I think AI and generative AI is probably the most disruptive technology to the telecommunications industry that we've seen in the last 20 years. And it is because there's a ton of trapped data within the telco systems and processes. And if you can train the generative AI to go get that data, you can enable the people that work at the telco with a new set of tools that help them do their jobs faster, better. So what we're seeing is really the democratization of it within the telco business.

[12:01] And so, we can talk about care, where there's some cases, where it used to be when a care rep would wrap up a call with you, they'd have to sit and spend the next three to five minutes taking notes on what they discussed. Well, now they can go write voice-to-texts. The generative AI can take all the notes and they can move right to the next call. So, you think about the efficiency there. Think about in the product side where they're developing new products. Well, the coding can now be assisted with generative AI.

[12:26] Think about in the network space where every time you're deploying fiber, you've got to go get permits from the local authorities. Well, the generative AI can fill out the permitting form. Does a human still need to go over it and make sure it's accurate? Absolutely. But these are powerful tools in the hands of the people at telcos that enable them to do their jobs faster and better.

DR:

[12:43] Yeah. The humans are now AI-assisted. It may not be perfect, but it shrunk down what took 30 minutes down to 10 seconds, and then now you can spend maybe half the time, 15 minutes double-checking the work. We're putting it in our products. We focus in charging, and we help marketers design plans that they put out to the broad market. Well, we're using generative AI for natural language processing where you can type the plan you want to do. It can meet margin requirements. It can target a specific demographic.

[13:14] It spits out the logic on why it's designing a plan that way, all the way through to generating the marketing materials that go with that plan - the banner ad, the website copy, the email, the call center scripts. All the things you need to pitch and promote that plan and it's all at a touch of a button. So it's huge.

Andrew:

[13:35] I love that example because when you close the door and talk with telco execs or when you look at what our teams are doing, they're doing exactly those sorts of things right now with our clients.

DR:

[13:43] Yeah. All the different examples. Five years ago, I was working with a customer in Japan that was getting ready for the Tokyo Olympics and they were designing the plans for the 2020 Olympics in 2017. Three years... because that's how long it takes in the old systems. And now I'm like, we could literally respond to something like, let's say Naomi Osaka did really, really well, and she's a national hero and you want to do a special promotion. You don't know what's going to happen in the Olympics. You can't anticipate that and maybe want to put out a plan with 30 minutes notice.

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[14:14] We're trying to really shrink those timelines. And again, back to, I think it's one of the biggest problems in the industry, which is how are we monetizing our biggest asset - the network? And we need to come up with new ways and new ideas and I think AI is really going to be a Pandora's box of awesome ideas, and who knows where it's going to end up. It's going to be great.

Andrew:

[14:34] I totally agree. We don't know where it's going to end up. All you can say right now is that across the business, looking in at telcos, they're trying it everywhere. And then if you look out beyond telcos, you see it popping up everywhere in the economy.

DR:

[14:47] I mean, you should see my Twitter feed. I mean, it's just example after example. It's overwhelming. I'm 53 and I feel old because I'm like, I can't keep up with it. It's exhausting and overwhelming for me, and I'm crazy.

Andrew:

[15:00] I hear you. Thank God for teenagers. I can look at our kids -

DR:

[15:02] Exactly.

Andrew:

[15:02] ...and I can see what they're using it for.

DR:

[15:04] Exactly. Now let's talk about the talent and how we handle all this change. And so at MWC 23 in Barcelona, you talked about how telcos need to swoop up some software and cloud talent. But I'm an ex-compensation HR professional. Comp packages that you see in tech and cloud companies are easily 2 to 3 times that of telco. They're heavy equity, the equity is growing, they're higher on the cash component that they're giving those awesome engineers. How can telcos compete for that high-demand, highly-paid talent? Do you see them changing their compensation structures to attract an engineer that's comparing it to an offer from AWS?

Andrew:

[15:44] I think we're seeing that telcos are being very strategic about this and they're thinking about it differently. So, I led a panel at Mobile World Congress this last year where the chief operating officer of Telia was on - Rainer Deutschmann. And Rainer talked about the fact that one of

the crown jewels of his company is a development center they built in Lithuania. So, Telia has got the Nordics, but Lithuania - lower cost but really highly educated workforce. And so he's hired a bunch of development engineers and he's building product development capabilities there. So is he thinking about going to Silicon Valley or Stockholm and fighting over the talent there? No.

DR: [16:22] Yeah. No. No one does that.

Andrew: [16:22] Absolutely. But he's found a source of talent and he's investing in it, and the fact that he called it a crown jewel, I think, is telling because this is really critical to their strategy. And I think of them as a very forward-leaning telco, but if you're in this business and you say, "boy, we're going to need this talent." Starting to think about where you can get the talent and how you can build it, you're right. The answer is not go to Silicon Valley and compete with Amazon or Google.

DR: [16:46] It's impossible. I mean, the money adds zeros, and you're just like, I don't want to add zeros. But, I think now with remote work, even inside of Telco, remote work became a real idea that they had to try because of the pandemic. And so, what we try to do is think about a globally remote talent pool where you're not really putting them all in one office and setting up an entity and buying office space and all this overhead, but instead, embrace 100% remote and hire that talent wherever it resides around the world and you don't get caught up in all the wage increases when other people come into that country and start to steal your great talent.

Andrew: [17:27] Absolutely right. What I love about what you just said is really the rethink. You're being creative and you're thinking about how to find and engage talent in new ways.

DR: [17:34] Wherever it is.

Andrew: [17:35] That's ultimately the answer to the question.

DR: [17:37] Yeah, totally agree. And so one place that I am not thinking in creative and new ways is skiing. So, I hear that

you love to ski. What's your favorite place to ski? And tell me what you really think about snowboarders.

Andrew: [17:52] Wow. Well, so we do not have any snowboarders in our family, so I've successfully kept both kids away from it.

DR: [17:57] Yeah. On two sticks. Yeah.

Andrew: [17:59] That pretty much sums it up. My favorite place to ski. I love skiing Snowbird.

DR: [18:03] Snowbird in Utah.

Andrew: [18:03] In Utah.

DR: [18:05] Yeah.

Andrew: [18:05] I also love Snowmass in Colorado.

DR: [18:07] Yeah.

Andrew: [18:08] We go to Snowmass every year for Christmas, and it is a delight.

DR: [18:11] Yeah. My favorite place to ski is also in Utah. It's in Deer Valley.

Andrew: [18:15] Oh, nice.

DR: [18:16] It's a very luxurious place to ski. No snowboarders is one of the reasons I like skiing there. But I think fall has finally hit, and I'm looking forward to skiing. And so Andy, this was a wonderful conversation. I had a great time talking to you about public cloud, telcos, AI, everything... It was so great. Thanks so much for coming onto the podcast.

Andrew: [18:37] DR, thank you for having me on.

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DR:

[18:38] Yay. Stick around because we're ending each podcast with a Telco in 20 Takeaway. I have 20 seconds to tell you something you need to know.

[18:50] It may be Halloween, but there's nothing scary about moving to the public cloud. Listen to Andy's advice. Visionary telcos see the public cloud as a software platform, not another data center. To use the public cloud as a platform, you have to get over your spooky hyperscaler lock-in fears, and use their software and hardware to the max. I'm talking radical adoption. Like if you're a Google Cloud customer, swap Oracle databases for Google Cloud SQL databases. If you're over in AWS land, port your applications from Intel chips to use Amazon's awesome Graviton chips.

[19:27] And if you're buddies with Azure, then open up those APIs so you can easily integrate with Microsoft's OpenAI copilot and start to use GenAI everywhere. No tricks here. This is the only way to get all the benefits from the public cloud - cost savings, agility, and scale. You have to go all in. Want more treats? Tune into more Telco in 20 episodes. Don't forget to like and follow, share them with your colleagues, and leave us a 5 star review. When you're done, connect with me on LinkedIn and on X @TelcoDR. Sign up for my awesome sauce email newsletter on Telcodr.com, and visit our rockstar YouTube channel, and remember to smash that subscribe button. Later, nerds.