



BIG DATA

The majority of industry respondents believe it is more important for operators to harness the power of Big Data to drive new revenues streams externally than to drive efficiencies internally.

By 2016, almost every operator to which Big Data is relevant should have embarked upon their strategy with a view to bringing greater advantages in customer retention, segmentation and targeting as well as network planning and optimisation.

Key takeaways:

- 80 per cent of operators will have a Big Data strategy in place by 2016.
- 60 per cent of operators see customer retention as a key application for Big Data.
- The greatest challenge to bringing Big Data projects to fruition is poor inter-departmental communication.



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Big challenges for Big Data

Moving on from last year's questions about the Cloud, we were keen to learn how operators intend to make use of Big Data to boost their revenues and capabilities.

In last year's industry survey over 80 per cent of respondents said they expected operators to own their own cloud infrastructure by 2015, with over 90 per cent expecting operators to be selling cloud services within the same time frame. Over the past year there has been a great deal of activity in this area—and not a little hype—indicating that these expectations were on the money. This year we chose to make our cloud focus more granular and cast a searching eye over Big Data initiatives in the telecoms sector.

From the responses we found that around 60 per cent of operators—and a similar proportion of the industry at large—believe that it is more important for telcos to har-

ness the power of Big Data to drive new revenue streams externally than it is to turn it to the advantage of their own internal operations. Yet when questioned in more depth about their Big Data strategy, the spread of responses suggested a real ambiguity in the purpose of such an initiative.

Almost a quarter of operators said that their organisation has Big Data initiatives in place for addressing both internal and external opportunities. Twelve per cent of respondents said there was an internally focused Big Data strategy in place and ten per cent an initiative focused on external revenue streams.

Among those operators that do not currently have Big Data

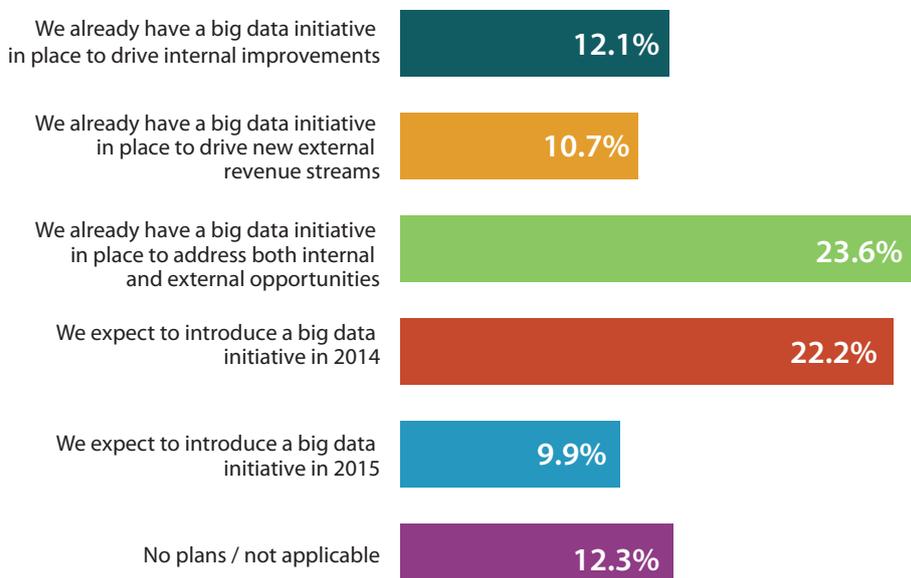
strategies in place it is clearly on the agenda; 22.2 per cent of operators said introduction of such an initiative was planned for this year and ten per cent said one was planned for 2015. Just over nine per cent of operator respondents said there were no plans in place at all.

So by 2016, if our respondents are right, around 80 per cent of operators and two thirds of the industry will have a Big Data strategy in place. However, this means 20 per cent of operators either don't plan to introduce a Big Data initiative or don't see it as applicable to their business.

This figure dovetails nicely with the findings from the section of last year's survey focused on the cloud, so it might be that, with Big Data and cloud initiatives often going hand in hand, there is a ten to 20 per cent chunk of the operator sector to which these technologies are still not thought to be relevant.

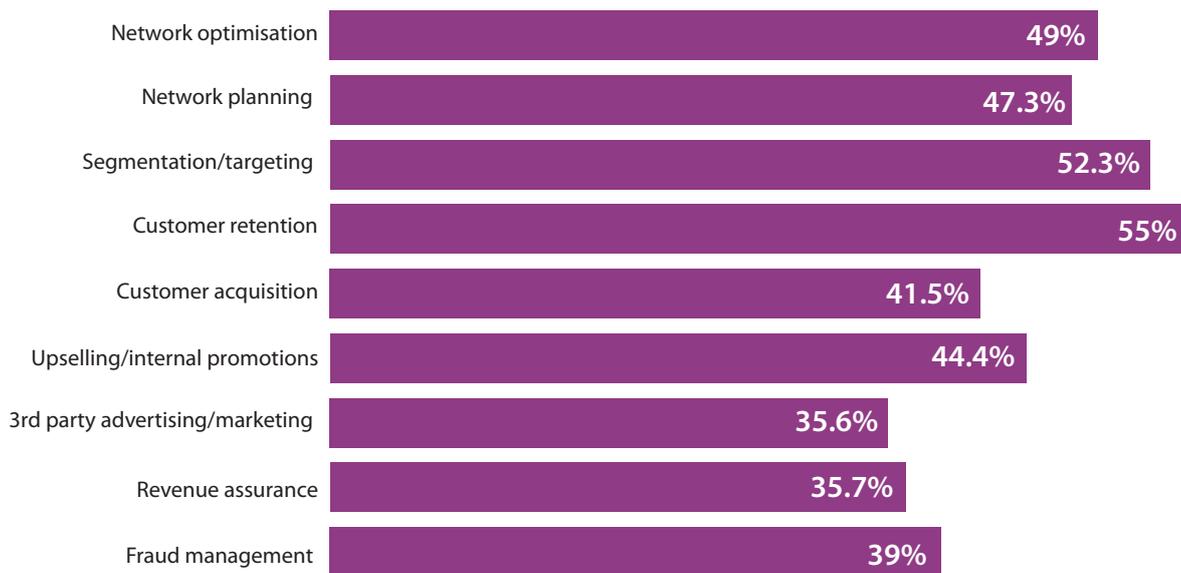
In terms of the benefits Big Data could bring to operators, respondents identified customer retention and segmentation/targeting as the clear leaders. Respondents were asked to rank a number of potential benefits on a scale of one to seven where seven represented very high potential benefit. Almost 60 per cent of operators and 55 per cent of respondents overall ranked customer retention as six or seven on this scale, with segmentation/targeting draw-

Which of the following statements reflects your company's big data strategy? (operators only)





↓ Proportion of respondents who rated the following applications of Big Data six or seven out of seven for potential benefit to operators



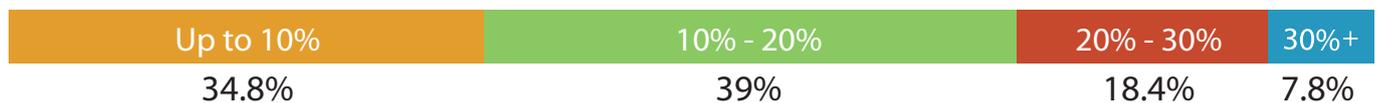
ing the same response from 52.3 per cent of respondents. Upselling and internal promotions were seen as the third most beneficial application of Big Data by operator respondents, with 47.3 per cent giving this a high rating.

third party advertising and marketing were seen as having the least potential out of all the options in this section. Just 31.2 per cent of operator respondents gave this a high rating for potential. This is perhaps a reflection on the more

cent of operators. This echoes discussions that we had with industry pundits over 2013, in which some players suggested that network complexity rather than bandwidth might fast be becoming the barrier to network growth.

wider industry, was software development, which as can be seen from the chart overleaf was broken out into three sub-categories. The areas where they were most highly rated were data warehousing, data collection and IT project management/integration.

↓ What percentage of an operator's IT budget should be dictated by big data in 2014?



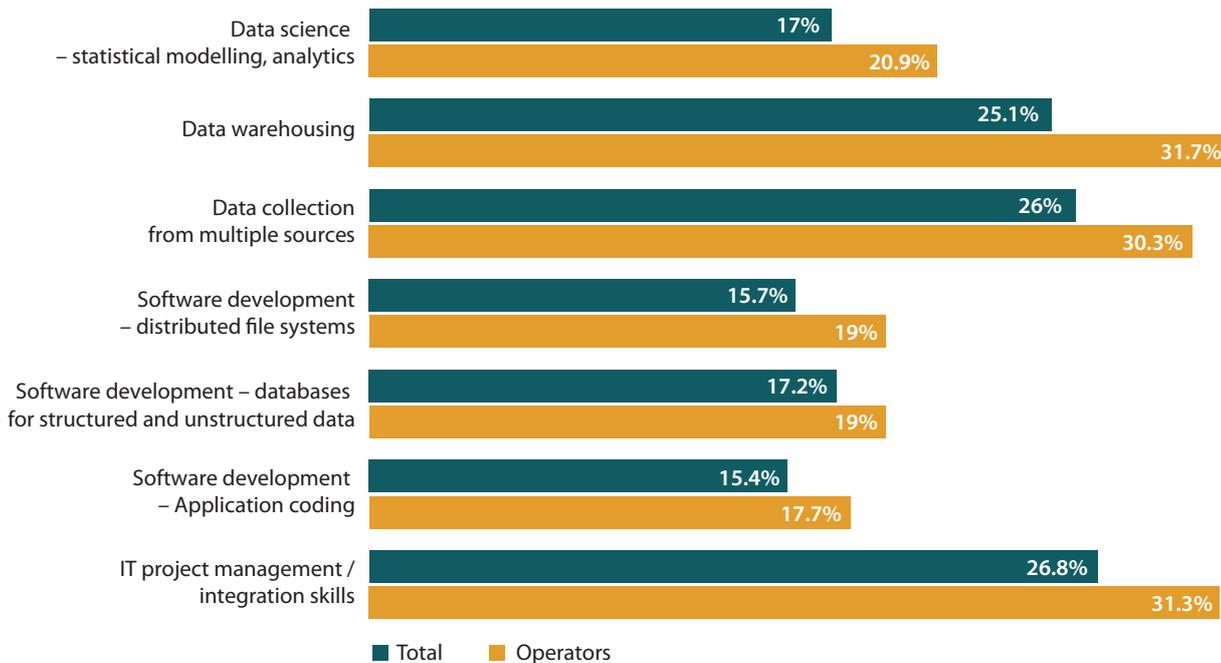
By using big data to optimise their own processes and improve quality of service, operators will already be building a platform that could enable them to explore new business opportunities. But it was interesting to note that, despite more interest in Big Data as a driver of external revenues than internal improvements,

cautious attitude of the business world at large in the wake of several privacy scandals during 2013 and the effects of the NSA PRISM revelations. The application of Big Data for network planning and optimisation was also seen as a key initiative, given a high ranking by 49 per cent of respondents overall and 46.9 per

Respondents were then asked to rate operators one to seven for their expertise in certain areas of Big Data project management and operators rated themselves more favourably than the wider industry in every category. The area in which operators were seen as least skilled, by themselves as well as by the

Clearly, operators have greater faith in their capabilities than the wider industry, particularly when we bear in mind that the overall responses contain the higher than average operator responses. There was an almost even split between operator respondents with regards to the percentage of IT budget that should be dictated by Big Data activities in 2014. 36

Proportion of respondents who rated the following areas of Big Data operator expertise six or seven



per cent would allocate up to ten per cent and 37 per cent up to 20 per cent. Again the numbers fairly closely matched the wider industry responses.

There was a significant drop in users expecting to spend more than 20 per cent of the year's IT budget, with only half as many again looking to spend between 20 and 30 per cent of budget on Big Data and less than ten per cent looking to spend more than 30 per cent.

Yet there are still many challenges standing in the way of operators bringing Big Data projects to fruition and there was a small but telling difference in what is considered to be the most awkward of those challenges.

Whereas the greatest challenge as viewed by the wider industry was poor Interdepartmental communication—which 41 per cent rated six or seven on a one to seven scale of severity—among operators the biggest obstacle

was felt to be fragmentation in data sources, with 42.5 per cent of operator respondents giving it a high rating.

Lack of resource was seen as the next biggest challenge by the operator community, with almost 40 per cent of operators and the wider industry viewing it as extremely challenging, followed by a lack of senior management understanding.

In this section however, the key takeaway is that all questions received a high rating from more than 35 per cent of operators with many nudging the 40 per cent mark. Viewed from the other side, less than ten per cent of respondents in both the operator and wider industry camps saw any of these challenges as "Not at all challenging".

Clearly Big Data is high on the agenda, with almost half of operators already operating a Big Data initiative and a further 30 per cent looking to roll one out by 2016.

A multitude of key benefits have been identified but we have yet to see any killer applications for the technology. While it's roundly acknowledged that there are a lot of

challenges to be overcome if Big Data is to deliver on its promises, both the carriers and the industry at large are painfully aware of the sticking points. ■

Proportion of respondents who rated the following challenges in bringing Big Data projects to fruition six or seven out of seven

