



# The Wholesale Industry In a Data Hungry Age

## *Challenges & Opportunities*

In this data-hungry age, the wholesale industry faces major challenges in balancing capacity growth with decreasing margins. Each year, capacity needs to be upgraded by more than 50%, while revenue growth is less than 10%.

Meanwhile, content is shifting closer and closer to end users, with data providers leveraging new interconnection hubs to reach emerging markets such as Southeast Asia and Middle East.

To adapt to these new dynamics, operators need to develop new partnerships with content providers to create new revenue streams and provide a richer range of services to the customer. This trend is beginning to play out, with traditional network-centric providers evolving to become service-centric, E2E cloud providers with integrated product offerings.

## How has the Pandemic Impacted the Telecommunication Industry?

The pandemic has accelerated change throughout the industry, driving the adoption of cloud solutions and pushing telecommunication providers to adopt and launch new solutions and products. Demand is now increasing for application layer solutions, but solutions are not standardized.

Operators and regulators are collaborating with one another as they seek to navigate these changes and prepare for the advent of 5G rollout, which is expected to scale the business. Many changes in the network are taking place in anticipation of these developments.

**“Previously we only focused on the network side, but now we are transforming from network-based to service-based... Investment is shifting and content is moving closer to customers commercially and technically. We are now collaborating with CDN and content,”**

said Rashid Ali al Ali, Vice President International Sales at Etisalat UAE.



## How Will 5G Rollout Drive Transformation?

As with all technology upgrades, it is important to focus on the market and user experience in determining how to optimally deploy 5G technology. Previously, stakeholders focused more on network and infrastructure, whereas now telcos are beginning to shift network-based companies to service-based companies.

As a result, there is been a corresponding shift in investment in cloud providers, content providers, and so on as companies want to get closer to their audiences and deliver better customer experience, in a more efficient way.

The intimacy of the digital world is turning the entire world into one big cyber community. To ensure that this community is healthy and successful will need continuous collaboration between governments, regulators, OTTs, and providers. The network, too, will continue to accelerate and the speed of change will escalate as 4G moves to 5G.

With 5G, new technologies will become integrated into various daily aspects, for example in the form of IoT. We can also expect to see applications hosted on data centers and sold to market. With such specialization, it will become harder and harder to build global telco on one's own. Partnership will become increasingly key, as will specialization, with telcos focusing in winning in specific area towards building better service and providing better experience. In addition, owning one's interconnection hub becomes key.

**“Telin is transforming from providing basic service to deliver flexible bandwidth, connectivity to cloud. Secondly, we also provide [non-connectivity] advanced services e.g. security, and also digital marketplaces e.g. Neutrafix. We've had experience in balancing infrastructure monetization and user experience.**

**Balancing takes time and it isn't always easy, negotiation is key,”**

said Edi Siswanto, VP Network Performance at Telin.

## How Can Operators Prepare Themselves?

It's no longer possible to achieve hyperscale growth on one's own. Wholesalers need to work together with operators to achieve opportunities in the telco and cyber solutions market. We are seeing that operators are already starting to develop many agreements to collaborate for cloud, solutions and CDN, in order to balance rising requirements from customers with the decrease in margins. By partnering, it decreases the pressure on each standalone player and is more conducive to stability.



In this new environment, data centers have taken on an expanded role. More and more data centers are offering carrier neutral offerings, with an eye monetize from hosting and make money from hyperscale players. The top 10 traffic sources now come from companies in video and cloud gaming, among others. Data centers are exploring what their role should be, and how to best monetize and serve customers using local interconnects as traffic becomes more localized and customers want to get closer to end users. In this environment it may be necessary to separate out expectations, for example separating low latency expectation from video quality expectations.

**“We need to find a way to collaborate with the hyperscalers. Currently most of the traffic is from video, we need to anticipate new things such as cloud gaming. Talking about low latency applications, we don't want to be a dumb pipe, we want to participate around cloud services bundled with other products [for enterprise]. Wholesale is the enabler of this as traffic is getting more localized, and edge computing becomes more localized. We need to get closer to end users, need to get closer interconnects,”** observed Matthias Maurer, Head of Product Management and Sales Support at Deutsche Telekom Global Carrier.

## What Is the Prediction for the Future Demand?

The pandemic has significantly accelerated the network, resulting in revenue and income growth as customers look to find new solutions. As such, the moment is right for players to develop enhanced offerings with service-focused solutions in partnership with others.

This is especially pronounced in Indonesia, where hyperscale is taking off with major localization of traffic underway. International traffic has decreased and the network has become more stable. Europe has also seen an increase in demand but not as high as Indonesia, although demand for DDoS internet products and CDN has seen a huge increase.

Erik von Stokken, Carrier Community Global Ambassador, noted that the challenge for wholesale is finding right position in the market. It's hard to concentrate only on transit, it's also important to concentrate on core markets and user experience. For example, demand for edge data centers are increasing as one element that needed in the future for scaling and flexibility.

**“We invest in process-automation, and network-function virtualization... the future is all about traffic and availability,”** said von Stokken.

View the complete content of #7 Telin Insights: Wholesale Industry In a Data Hungry Age on this link: <http://telin.me/YouTube-TelinInsights7>



## The Experts Interview



**Erik van Stokkom**  
CC Global Ambassador



**Matthias Maurer**  
Head of Product Management and Sales Support  
at Deutsche Telekom Global Carrier



**Edi Siswanto**  
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