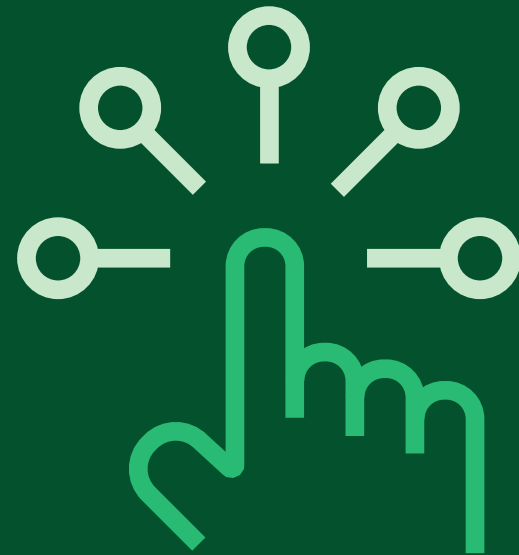


TELECOMMUNICATIONS

# The Rates of Success, Goals, and Future Priorities of Digital Transformations, by Sector



# The key findings for telcos

Only 22% of telcos have successfully delivered a digital transformation. This is below the cross-industry average and presents real risks of declining revenue growth and disruption by digital players.

Top-quartile companies have the opportunity to extend their digital capabilities and break away from the pack while driving innovation. Their main challenges involve improving agile governance and devising an integrated strategy—and they need to invest in these success factors.

Understandably, the top focus for telco digital transformation has been on the customer experience and customer journeys.

Leaders are now pivoting their agendas to emphasize innovation-based growth and the digitization of operations and support functions.

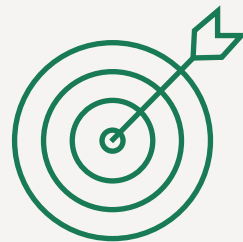
Four key priorities for the future are digital customer engagement, smart network applications, digital operations and support functions, and next-generation sales and marketing.

Telcos show an increased focus on ESG issues, especially around reduction of energy consumption, client data protection, and cyber resilience.

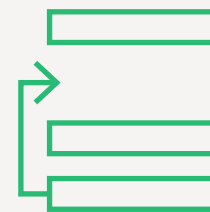
# The data in more depth



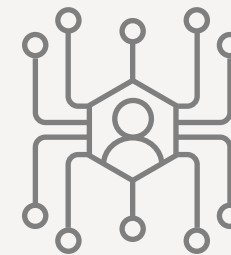
**Rates of success  
in digital  
transformation**



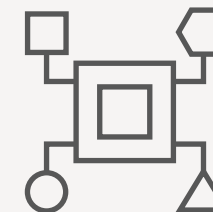
**Topics of focus  
for telcos**



**Top priorities for  
the future**



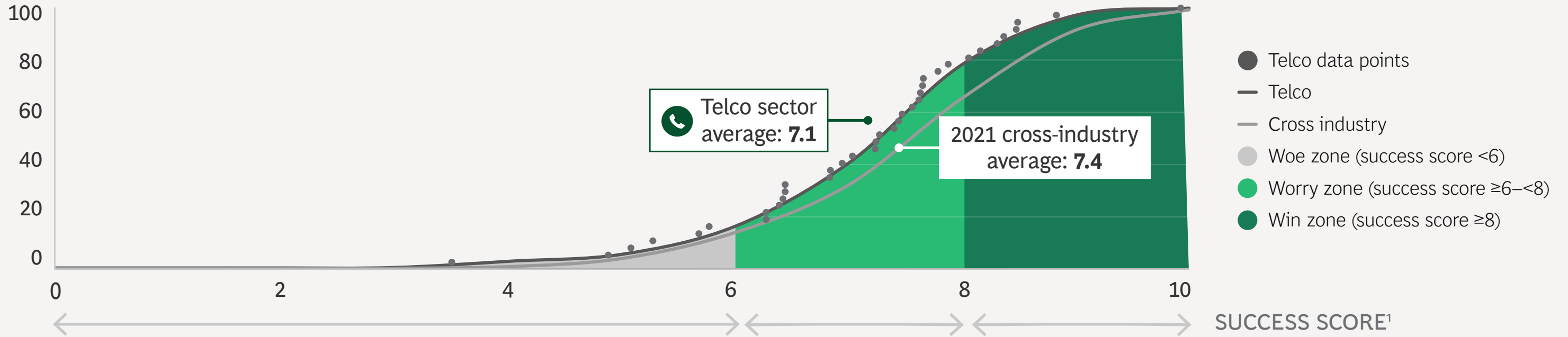
**The critical  
human and  
tech enablers**



**The role of ESG  
in digital  
transformation**

# Only 22% of telcos successfully executed a digital transformation, significantly below the cross-industry average

CASES BELOW SUCCESS SCORE (%)



**2021 BCG Global Digital Transformation Survey overall**

**13%**

**52%**

**35%**

**Telco sector**

**16%**

**62%**

**22%**

Limited value created (<50% of target); no sustainable change

Value created but total targets not met; limited long-term change

Target value met or exceeded; sustainable change created

Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10, using the guidelines in the table below.”

<sup>1</sup> Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

# Top-quartile telcos performed strongly on four of six key success factors; most companies struggle with integrated strategy and agile governance

DISTRIBUTION OF SUCCESS SCORES ON INDIVIDUAL KEY FACTORS<sup>1</sup>



Lower extreme    Telco average    Upper or lower quartile    Upper extreme



● Woe zone (success score <6)    ● Worry zone (success score ≥6–<8)    ● Win zone (success score ≥8)

Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: “Across the following dimensions, please rate your organization’s digital transformation experience to date on a scale of 1 to 10 using the guidelines in the table below.”

<sup>1</sup> Success score is calculated from respondents’ answers on six dimensions of transformation: strategy; leadership; talent; agility; monitoring; and tech and data.

# The top transformation priority for telcos has been customer experience and journeys

## Strategic objectives

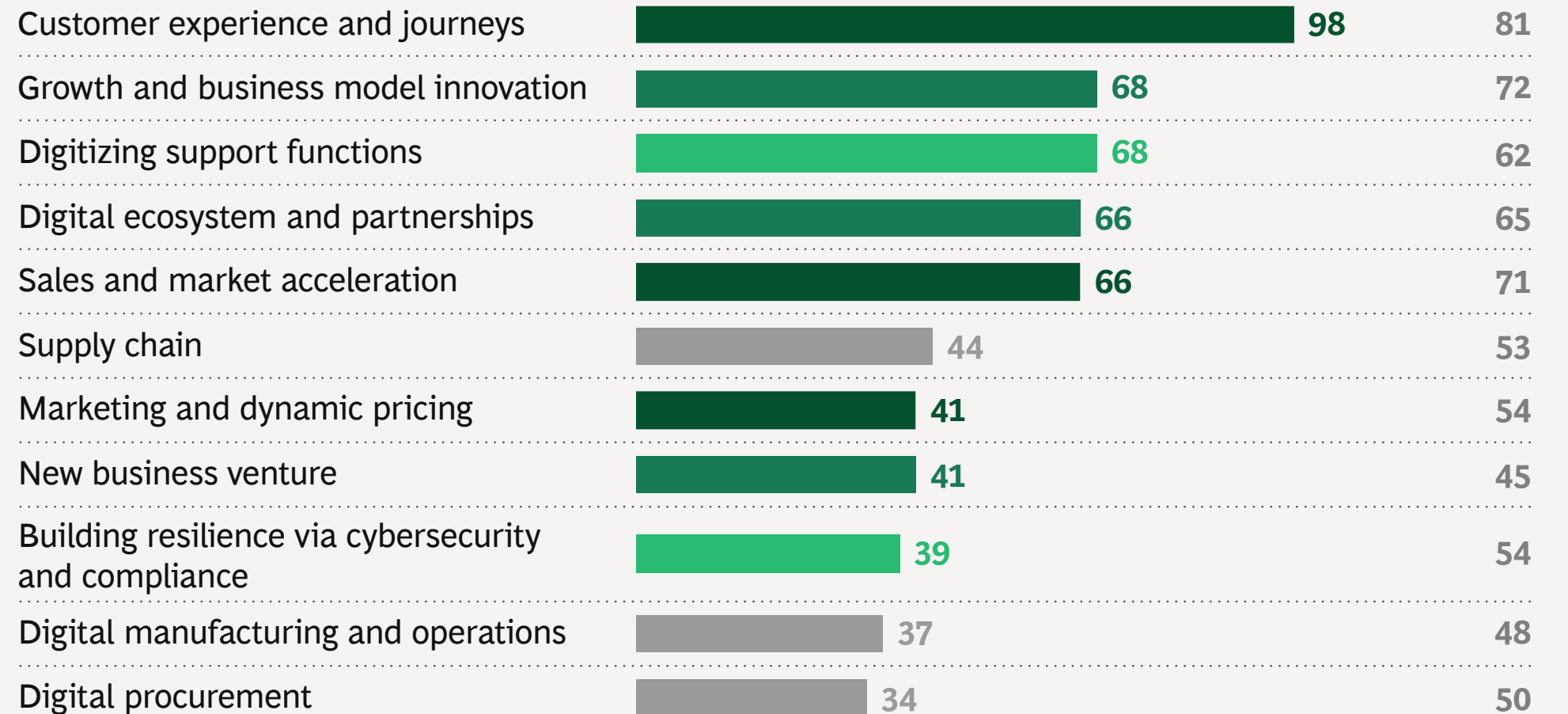
SHARE OF RESPONDENTS (%)



## Scope of digital transformation<sup>1</sup>

SHARE OF RESPONDENTS (%)

CROSS-INDUSTRY AVERAGE (%)



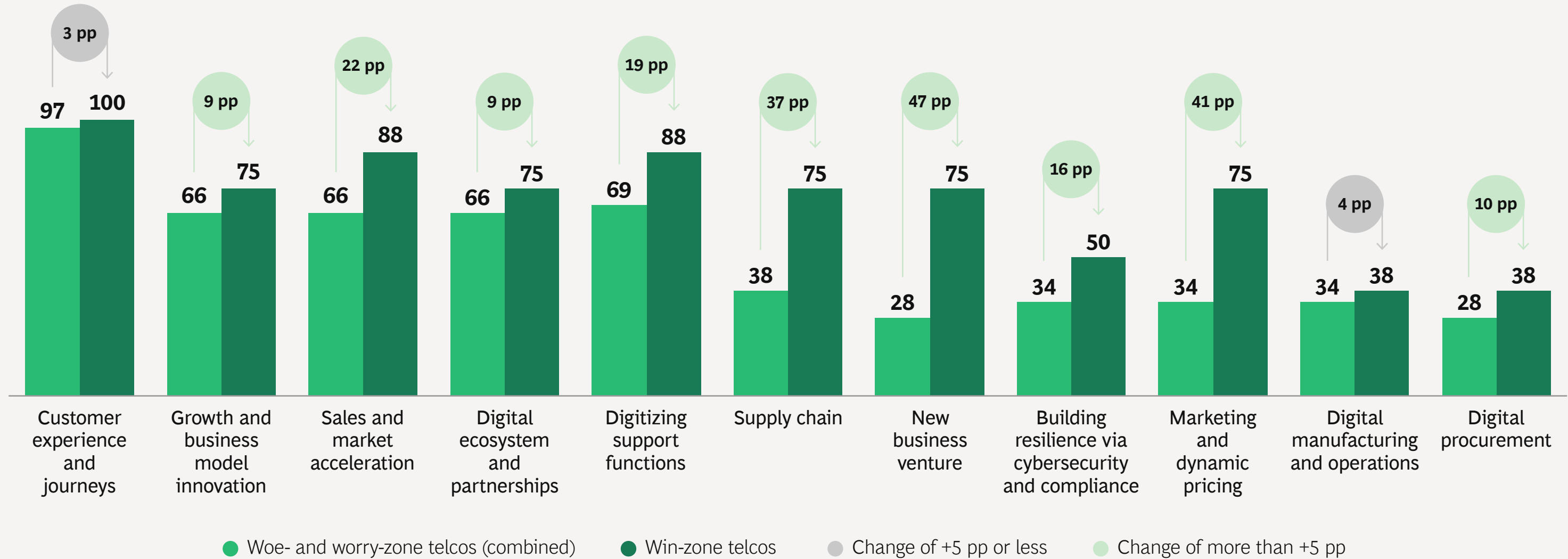
Source: 2021 BCG Global Digital Transformation Survey.

<sup>1</sup> Respondents were asked to select all priorities that applied.

# Win-zone telcos have greater breadth of transformation focus

## Scope of digital transformation

SHARE OF RESPONDENTS (%)

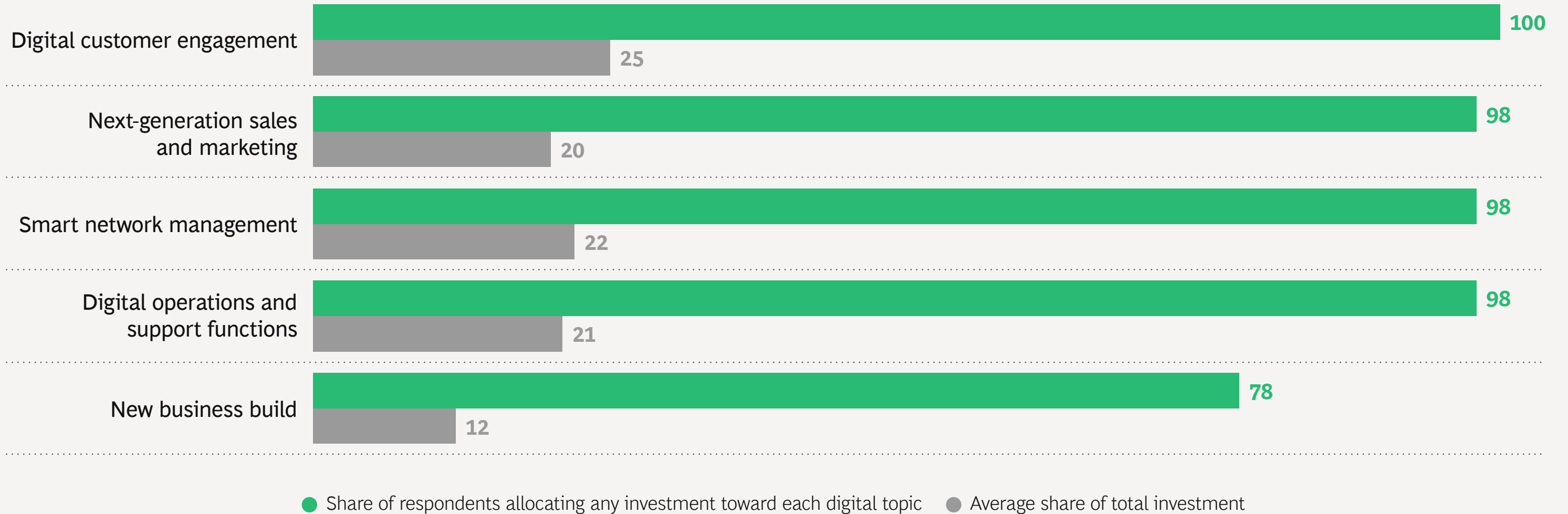


Source: 2021 BCG Global Digital Transformation Survey.

Note: Survey question: "From the list of most common digital outcome areas and enablers in digital transformation, please help us identify the scope of your digital transformation (select all that apply)."

# Nearly all telcos intend to invest in four key digital topics

PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)<sup>1</sup>



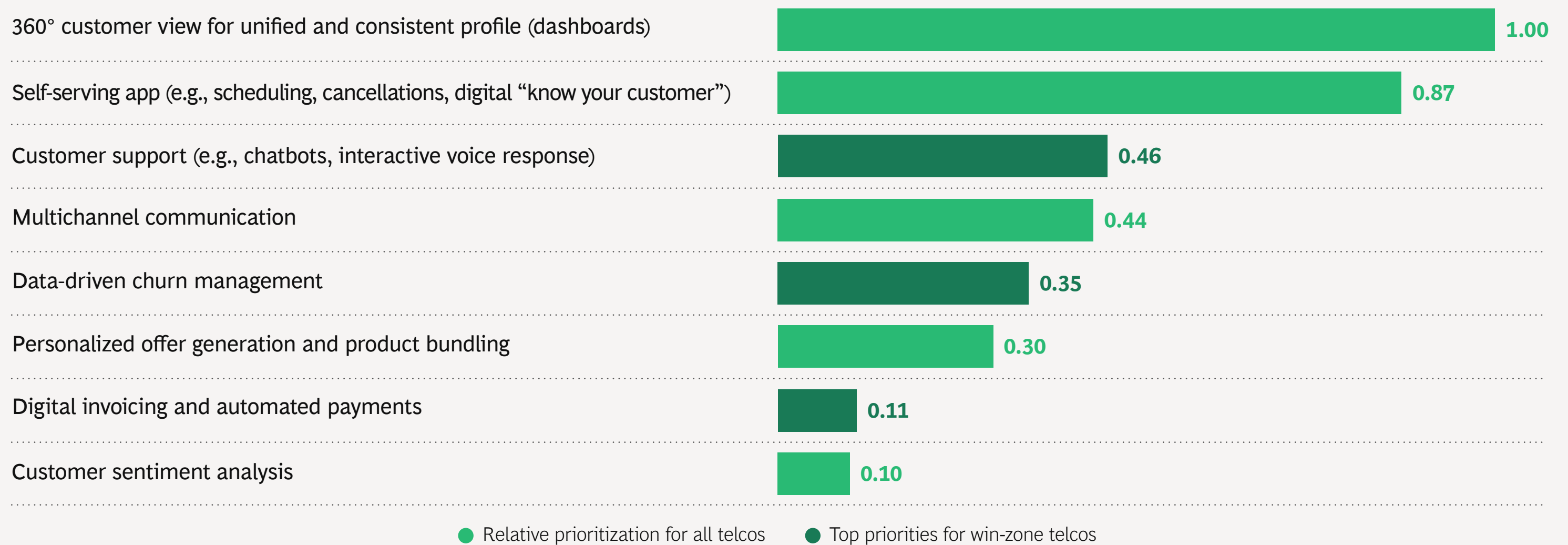
Source: 2021 BCG Global Digital Transformation Survey.

<sup>1</sup> For example, the uppermost pair of bars can be read as “100% of telco respondents plan to invest in digital customer engagement, allocating an average of 25% of their total digital investment.”



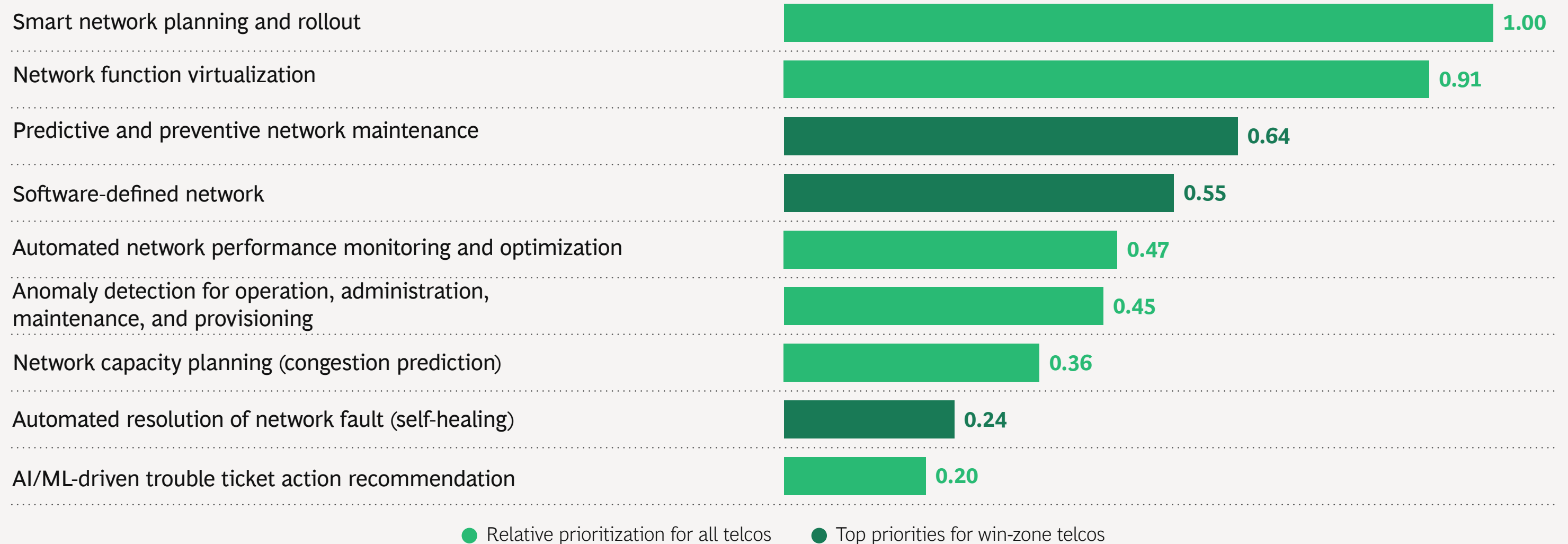
# Telcos' digital priorities: Digital customer engagement

## Digital initiatives (bars indicate relative prioritization of initiatives)



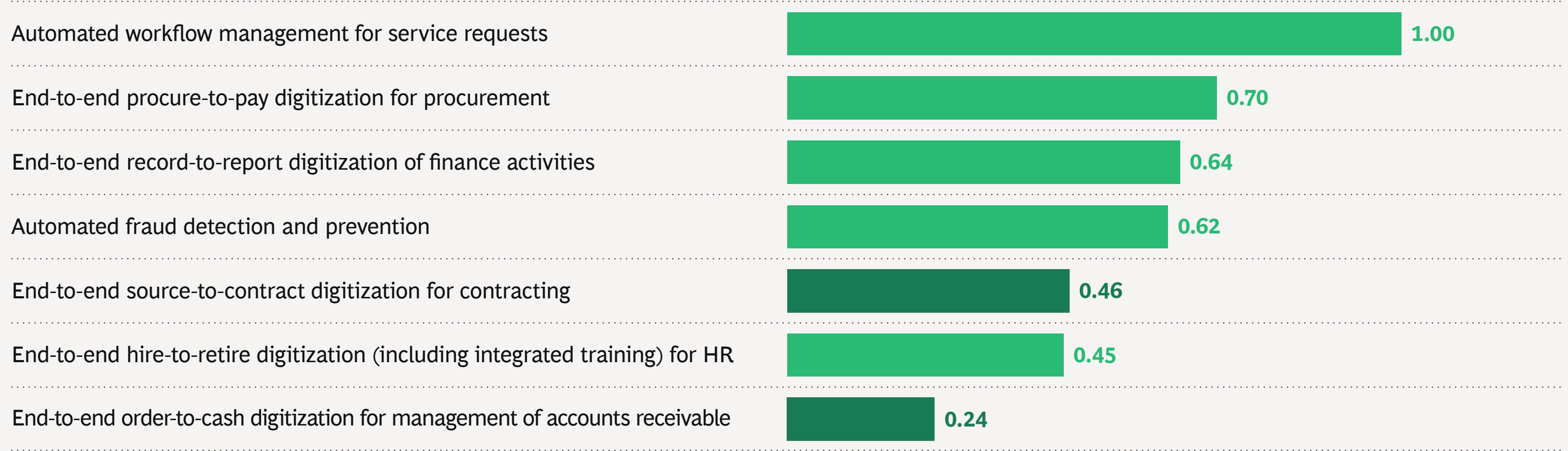
# Telcos' digital priorities: Smart network management

## Digital initiatives (bars illustrate relative prioritization of initiatives)



# Telcos' digital priorities: Digital operations and support functions

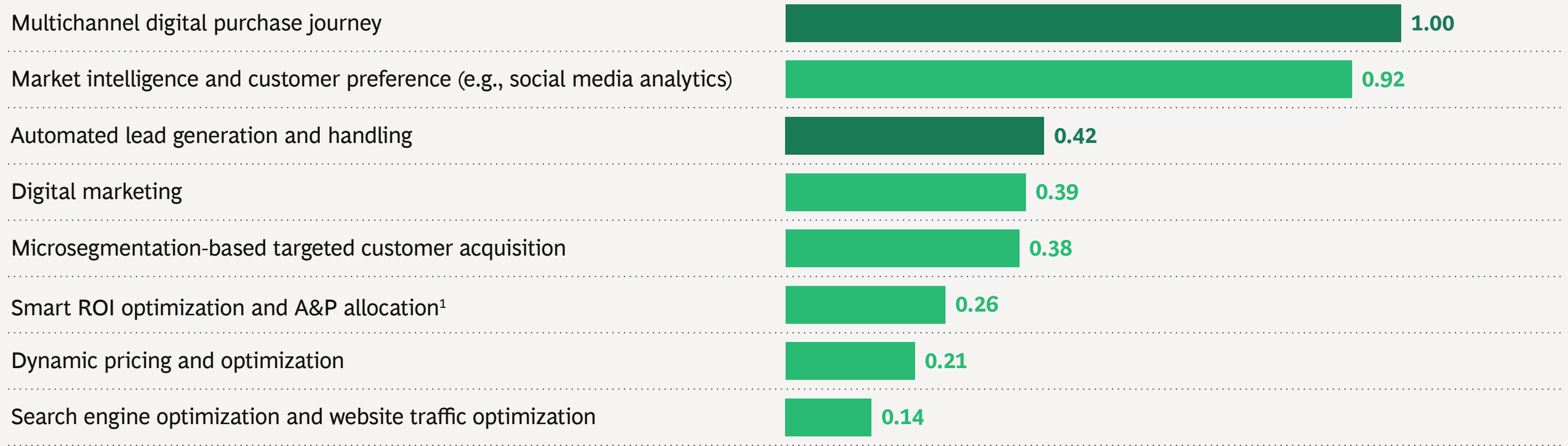
## Digital initiatives (bars illustrate relative prioritization of initiatives)



● Relative prioritization for all telcos ● Top priorities for win-zone telcos

# Telcos' digital priorities: Next-generation sales and marketing

Digital initiatives (bars illustrate relative prioritization of initiatives)



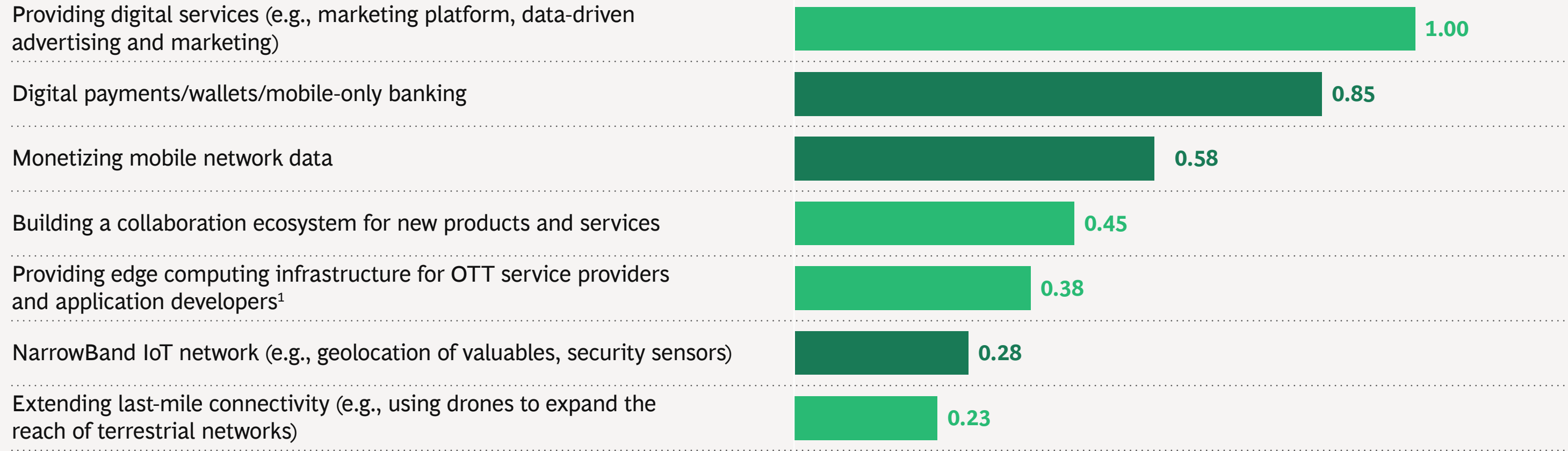
● Relative prioritization for all telcos    ● Top priorities for win-zone telcos

Source: 2021 BCG Global Digital Transformation Survey, n = 41.

<sup>1</sup> A&P = advertising and promotion.

# Telcos' digital priorities: New business ventures

## Digital initiatives (bars illustrate relative prioritization of initiatives)



● Relative prioritization for all telcos    ● Top priorities for win-zone telcos

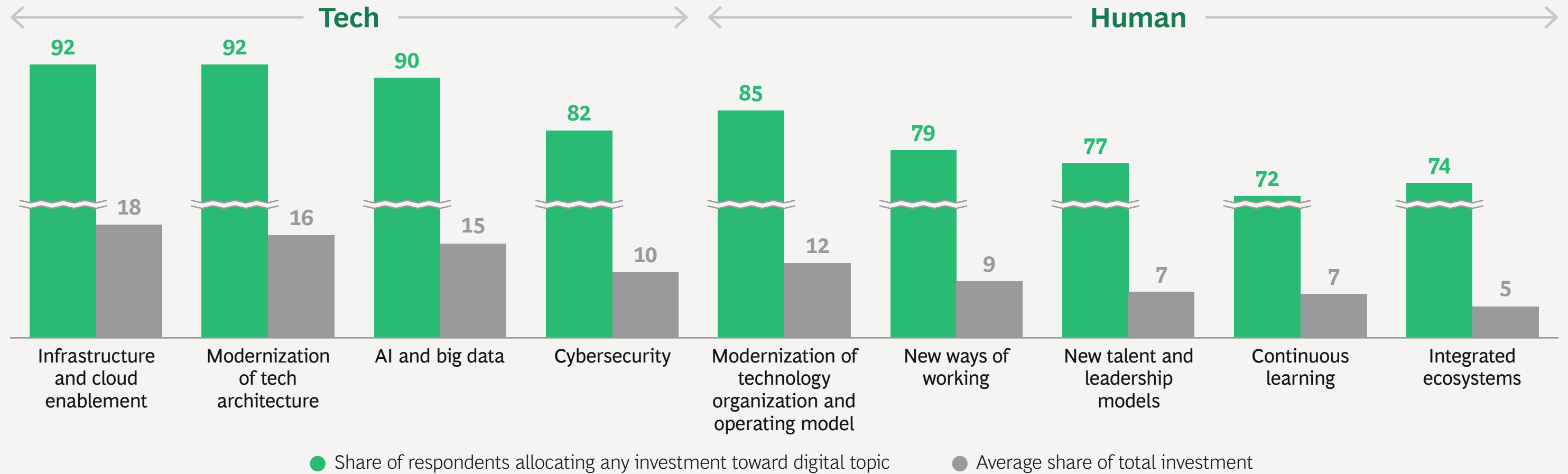
Source: 2021 BCG Global Digital Transformation Survey, n = 41.

<sup>1</sup> OTT = over the top.

# Telcos intend to invest across broad range of tech and human enablers

Nine out of ten telcos plan to invest in infrastructure and cloud enablement, AI and big data, and modernization of tech architecture, allocating on average about 50% of their total digital enabler spending to these areas

PLANNED SHARE OF WALLET SPENDING ALLOCATED ACROSS ENABLER DIGITAL TOPICS IN THE NEXT TWO TO THREE YEARS (%)<sup>1</sup>

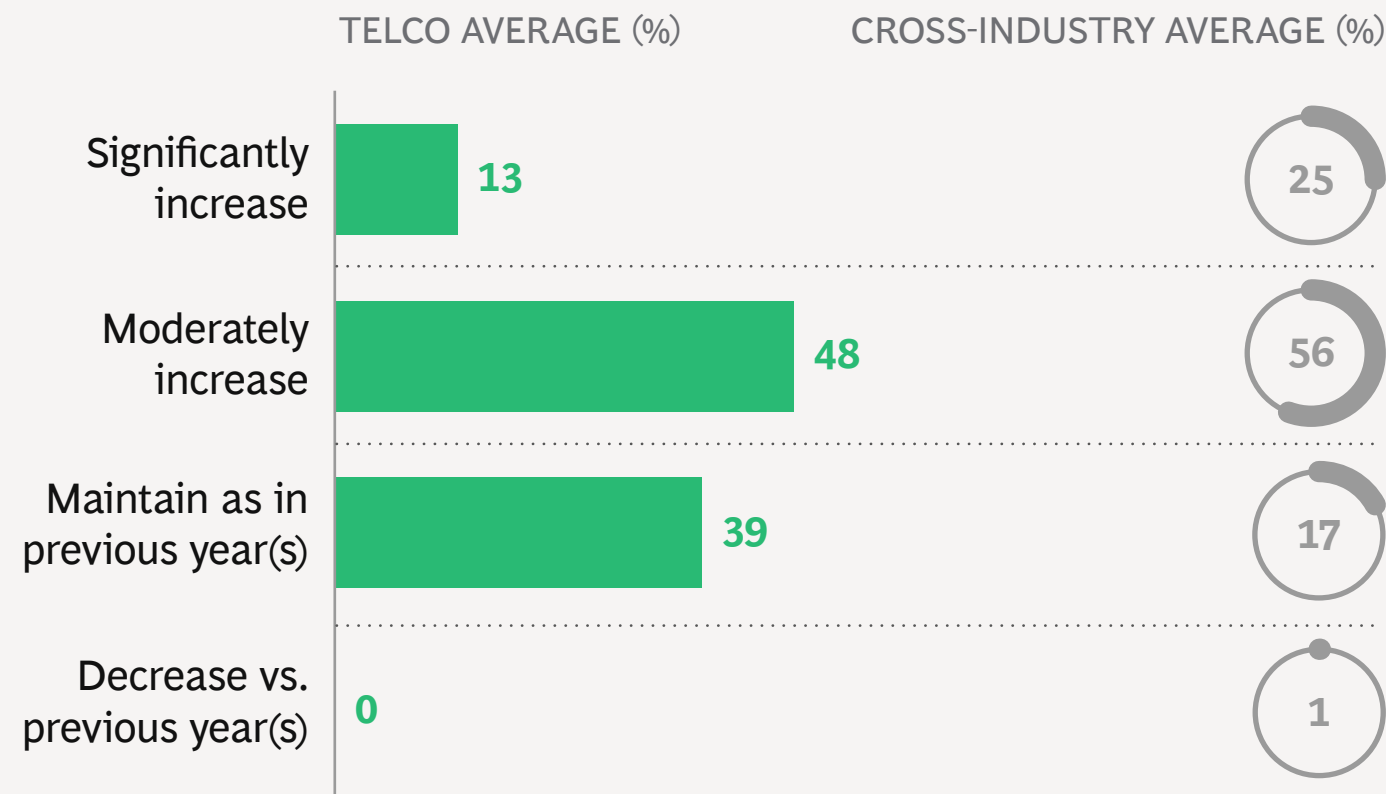


Source: 2021 BCG Global Digital Transformation Survey, n = 41.

<sup>1</sup> For example, the leftmost pair of bars can be read as “92% of telco respondents plan to invest in Infrastructure and cloud enablement, allocating an average of 18% of their total digital enabler spending.”

# About 60% of telcos plan to increase their investment in ESG (vs. about 80% of all companies) ...

Share of respondents planning to increase/decrease/maintain investment toward ESG in coming years



Source: 2021 BCG Global Digital Transformation Survey, n = 31.

# ... with slightly greater emphasis on the E and S dimensions

Leading digital initiatives being prioritized to support E, S, and G goals



# If you would like to discuss this topic, please contact one of the authors:

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