Summary

Issue
Telecommunications providers are looking for ways to move beyond ports and pipes to deliver innovative solutions for business. At AT&T’s fifth annual Analyst Conference, held June 13-14 in Bedminster, NJ, the carrier introduced the ‘new network,’ an always-on platform to support a variety of endpoints and enable the creation and delivery of innovative mobile applications and services. Creating an open network environment and fostering the development of new mobile applications was a key message from AT&T during the conference, and the carrier is clearly focused on delivering flexible, integrated solutions that include managed services and business process applications that target specific customer needs and vertical markets. AT&T provided case studies of mobile applications developed for the government, hospitality, and transportation verticals, and healthcare occupied a prominent role in the discussion as AT&T highlighted progress on its mHealth, Healthcare Community Online (HCO), and Telehealth initiatives. AT&T described a transformation of its sales team, teaching them to ‘think horizontally’ about the problem and solution rather than focusing on point products, with overlay specialist teams in the areas of security, cloud, and mobility that can address specific customer requirements.

While there was a strong focus on mobile applications, these go hand in hand with cloud, security, and unified communications (UC) features to create a seamless end-to-end solution for customers. AT&T executives described a goal of getting to ‘effortless,’ with the new network providing the platform for the delivery of innovative solutions and a consistent customer experience.

Perspective

Current Perspective
At last year’s event, AT&T introduced the Advanced Solutions (AS) group and its three foundational services for the business market: Network Sourcing, Mobile Solutions, and As-a-Service. These are aligned by an overarching theme: the flexible delivery of integrated content, applications, and services to any device, anywhere, any time. The AS group has grown to a team of more than 1,000, including more than 650 cloud/mobile sales and sales overlay specialists. The strategy is to take AT&T’s expertise and core solutions, add third-party components, and meld them into solutions that absorb complexity for the customer. The core solution families include collaboration, business process, outsourcing managed infrastructure, and the developer community that contributes to AT&T’s application, platforms, and services. Several examples of solutions developed with this set of assets were described, including those that are improving government efficiency, transforming logistics, providing development of a healthcare exchange, and transforming CRM for retail services. AT&T’s ForHealth initiative, which includes mobile health applications, MiiM (a cloud-based imaging service), M2M solutions, the Health Information Exchange, and Telehealth solutions, was also developed within the AS group. The carrier hired a Chief Medical Information Officer in January to help evolve the strategy and solutions for the healthcare vertical.

The messaging from AS executives reiterates AT&T’s focus on innovation, solutions, and platforms, a consistent theme throughout the event. The carrier views its role as shifting from providing network services, devices, and software to providing solutions that leverage ‘the new network’ in which devices, networks, and applications blend seamlessly to serve users wherever and whenever they are needed. Moreover, the new network is adaptive and open; it is always on and knows who the user is, what they want, and where and when they want it. Ultimately, AS is about developing a portfolio of solutions (as opposed to a set of service silos) to drive positive outcomes for its customers. The role of the development community is crucial to this vision; AT&T knows that it cannot do it all, and innovation often comes from third parties. AT&T has made identifying and recruiting developers a high priority and is building out a developer ecosystem in a deliberate, systematic way.

Mobile Solutions
The strategy of AT&T’s Advanced Mobile Solutions (AMS) group continues to be the development of cross-carrier, global, fully hosted and managed solutions on a single bill and with a single point of care. The Mobility Solutions Services (MSS) professional services group, devoted to mobile solutions, is a key resource for solution architecture, integration, and delivery. AT&T also has mobile application consultants (MACs) that work closely with sales and bring both horizontal and vertical expertise, leveraging development platforms and resources to build mobile applications (using AT&T’s MEAP platform and/or HTML5). In line with AT&T’s strategy, the goal of AMS is not to resell point solutions, but to leverage best-in-breed partners to develop complete, integrated solutions. Recent examples of this are Toggle (the carrier’s innovative dual-persona solution for BYOD) and its refreshed enhanced push-to-talk portfolio, which will feature many performance and feature enhancements. AT&T is also a leading provider of M2M solutions and its partnership with Axeda for application development and delivery, coupled with its global SIM in 200 countries, is positioning the carrier well to deliver managed cloud-based M2M applications to both U.S. customers and MNCs. AT&T also sees value in offering pre-packaged mobile apps, delivered through the cloud with a consistent user interface, in areas such as asset tracking, mobile marketing and payments, workforce management, and mobile office/messaging. It is leveraging mobile software partners and platforms for these apps in verticals such as retail, transportation, healthcare, manufacturing, and utilities. The carrier’s API platform is designed to seed developer solutions from SIs, ISVs, and customers which can incorporate enablers such as location, billing, and messaging into their applications and tap into AT&T platforms to build, distribute, manage, and monetize the apps. Mobility is also strongly aligned with the carrier’s end-to-end cloud infrastructure, and AT&T is increasingly bringing mobile applications and platforms into its Synaptic hosting centers to offer fully managed, turnkey solutions. Enterprise mobility is an area of pride and accomplishment for AT&T; it cites excellent traction in the growth of MSS engagements, tablet sales, MDM deployments, the number of MEAP customers that want multiple applications, and M2M deployments.

Innovation and the Open Platform
Most business service providers talk about being solutions providers these days. That is because it is good for the bottom line. When businesses stop paying attention to what they are paying for individual products and start looking for ways to improve their business, the service provider gets out of the tough negotiations for commodity packaged services and starts getting into higher-value approaches to making their clients more efficient, saving them money. AT&T is looking to the next step and is evolving into a platform company. Instead of holding all the answers, AT&T is on a mission of making it easy for partners of all sizes to develop their own solutions on its network and cloud resources.

AT&T describes four key components to its innovation plans:

- The famous AT&T Labs, a 5,000-person organization, has been asked to refocus slightly, to encourage projects that are more commercially focused
AT&T also noted that sales of its Managed IP Telephony services, in which AT&T will work with customers to create customized solutions, have increased 80% since 2011.

Network Sourcing
AT&T Network Sourcing was launched in Q1 2012. It enables the carrier to position down-market, targeting enterprise customers with a managed services solution tailored to meet individual needs. Previously available on individual case basis to AT&T’s very large customers, Network Sourcing is the carrier’s next step in creating a continuum of managed network services that includes operating networks, ITIL functions, managing other carrier networks, and spanning to core adjacencies such as mobility and cloud computing. Growth in mobility and cloud computing is putting pressure on traditional networks of enterprises of all sizes, and companies are seeking help to stabilize, consolidate, secure, and scale networks in order to be ready for virtual/mobile applications.

As an example of an AT&T Network Sourcing engagement, the company highlighted Amtrak’s three-year project to enable mobile ticketing for its passengers. In 2009, AT&T’s Network Sourcing team took over the operation of Amtrak’s network infrastructure including MPLS and WiFi. After the network transformation, Amtrak implemented a virtualized computing infrastructure which now enables its mobile applications platform. AT&T believes enterprise customers of all sizes can also benefit from this kind of transformation continuum, not only the largest global companies, where its traditional outsourcing solutions were targeted.

Recommended Actions

Vendor Actions

- Verizon should review and potentially accelerate the pace of its developer community program. AT&T has made identifying and recruiting developers a high priority. The company is approaching innovation through a developer ecosystem in a deliberate, systematic, and powerful way. Verizon has traditionally been known for going to market with many partners, and it has all the elements in play to be an equal player to AT&T. However, it has not stepped up the pace in its program to parallel AT&T’s drive.

- Major U.S. providers either already have or are in the process of implementing IPv6. While the amount of traffic being transported over IPv6 is still negligible, they should be seeing orders for dual-stack support among enterprise-class customers go up. The trend toward dual-stack adoption may also translate into an upswing of IPv6-related consulting and network integration opportunities for providers interested in providing these services.
• AT&T and Verizon have similar messaging when it comes to their mobility strategy and services. Solutions rather than point services that are platform-based, cloud-enabled, and leverage a broad partner ecosystem were often-repeated themes from both carriers this year. The only problem with this is that differentiation at a high level is hard to decipher. In reality, customers may have quite different experiences with the two rivals; their actual services and their ability to execute in key areas is not necessarily the same, so they need to make sure that sales can readily explain to customers why to choose one over the other.

• AT&T and Verizon seem to differ when it comes to the importance (or at least the positioning) of securing M2M data. While AT&T can and does often bring in its Commercial Connectivity Services group to provide custom offers for secure APN connectivity from M2M devices, it rarely focuses on M2M security as a key issue. Verizon, on the other hand, has focused on 3G/4G access to its Private Network as a significant differentiator for M2M. It is not clear if either carrier really has a superior solution, but AT&T might consider upping its positioning of security as an important issue, as collection and transmission of M2M data has the potential to cause security breaches and expose confidential customer data. This is especially a concern in government, healthcare, and financial services deployments.

• AT&T is coming to market with a message of flexible solutions for businesses of all sizes. Larger businesses will have the IT resources to create solutions, or they can work with AT&T professional service teams. Smaller businesses may not have the IT or financial resources for these options. While AT&T envisions a platform to simplify service delivery, the carrier could highlight how it will work with these smaller enterprises, be it through channel partners or another type of engagement.