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# Powering small and medium-sized business transformation:

CSPs' path to new growth

Contributing around 70% of global GDP and about the same proportion of total employment around the world, small and medium-sized businesses (SMBs) play a substantial role in the global economy<sup>1</sup>. SMBs also offer an untapped opportunity for Communications Service Providers (CSPs) confronting increasingly saturated consumer and enterprise markets with limited growth. However, to capitalize on this opportunity and reap the rewards, CSPs must treat SMBs as a distinct market with unique needs.



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<sup>1</sup>[International Labor Organization](#)

## Getting the SMB opportunity right

As they emerge from the pandemic, SMBs have been spending more across a range of technologies. The pandemic accelerated SMBs' digital transformation, just as it did for their larger counterparts. In fact, SMB spending on IT and digital services between now and 2026 is set to increase by 7.6% CAGR to reach \$1.7Tr<sup>2</sup>. Areas of high growth include new ways to engage customers, workplace and hybrid working solutions, as well as enhanced security services. SMBs are highlighting Infrastructure as a Service (IaaS) (+16.6%), business applications (+13%), mobile security (13.6%), collaboration solutions (+12%), and digital marketing (+10%) as key tech solutions.

For CSPs this is a huge opportunity, but few are taking advantage of it. With just 5.4% of the global market for SMB IT, there's significant room for growth. To capture it, CSPs need to understand what SMBs are specifically looking for and create the offers and solutions that

meet their distinct needs. What they are not looking for are exhaustive and detailed product catalogs full of technical data, irrelevant features, and unnecessary complexity. Yet, too often, those are the available choices. SMBs in verticals like manufacturing, retail, and hospitality, for example, are expected to identify and assemble on their own the IT solutions they need to achieve their desired business outcomes. That's a daunting task when 'technology,' and how to provision it, is far from being their primary interest or skillset.

This gap between what SMBs want and what they currently get points to a wider disconnect. SMBs and enterprises have different perceptions of how effective their relationships are. As the table below shows, there's a clear gap between what SMBs and enterprises need and want, challenging CSPs to reevaluate their approach to this market.



<sup>2</sup>Analysis Mason's SMB Technology Forecaster

	Trust	Caring	Understanding	Relationship
SMB	<p><b>76%</b></p> <p>Of SMBs trust Enterprises they Work with</p>	<p><b>64%</b></p> <p>Of SMBs think Enterprises care about SMB success</p>	<p><b>72%</b></p> <p>Of SMBs think Enterprises are trying to understand their challenges</p>	<p><b>64%</b></p> <p>Of SMBs have a strong relationship with Enterprises they work with</p>
SMB-ENTERPRISE GAP	<p><b>10%</b></p> <p>SMB-Enterprise Gap</p> <p><i>Vs. 32% Gap in U.S.-based study</i></p>	<p><b>22%</b></p> <p>SMB-Enterprise Gap</p> <p><i>Vs. 33% Gap in U.S.-based study</i></p>	<p><b>13%</b></p> <p>SMB-Enterprise Gap</p> <p><i>Vs. 19% Gap in U.S.-based study</i></p>	<p><b>21%</b></p> <p>SMB-Enterprise Gap</p> <p><i>Vs. 25% Gap in U.S.-based study</i></p>
ENTERPRISES	<p><b>86%</b></p> <p>Of Enterprises believe that SMBs they work with trust them</p>	<p><b>86%</b></p> <p>Of Enterprises believe their company cares about SMB success</p>	<p><b>85%</b></p> <p>Of Enterprises believe SMBs are major focus for their company</p>	<p><b>85%</b></p> <p>Of Enterprises believe they have strong relationship with SMBs they work with</p>

\*Proportion of SMBs who do not purchase products from enterprise partners.  
 Accenture proprietary Research: SMB-Enterprise Dynamics Survey, May 2021.

## What SMBs really want

Accenture conducted a series of regional and global surveys<sup>3</sup> over a two-year period on SMB needs and expectations. Here's what we found:

- SMBs have made a decisive leap to digital but need the support and tools to make this switch as successful as possible. These include cloud-based services, support for secure remote working and digital customer engagement. **(42% of SMBs made their first purchase of collaboration tools in just the past 12 months)**
- They want local support with the ability to get problems fixed quickly with accountable providers who can provide continuous post-sales support. **(Being able to speak to a real person is SMBs' first choice for better customer support)**
- Despite most SMBs buying IT and digital services from two or more vendors, they ideally want a single provider who can meet their needs in full. **(50% of SMBs would like to reduce the number of ICT providers they use)**
- SMBs are looking for pre-bundled solutions that will meet their business needs. They want a personalized shopping experience that guides and supports them every step of the way and makes it simple for even the least tech-savvy to achieve their desired business goals. **(Customized products are among SMBs' most important needs after affordability and better customer support)**
- Finally, even while not ranking as the most 'tech savvy', SMBs are increasing their use of advanced cloud and security solutions and will continue to augment and improve the solutions they use over time to complement their needs with as-a-service business applications. **(77% of SMBs reevaluate their cloud and productivity solutions at least once a year)**

<sup>3</sup> Accenture proprietary Research: SMB-Enterprise Dynamics Survey, May 2021

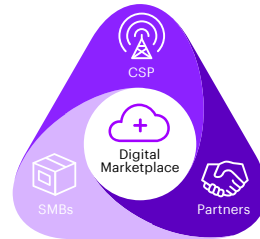
# Rebuilding the model

To meet SMBs needs, including their growing appreciation of new tech, the desire for a single vendor, access to the right customer support, as well as to pre-bundled solutions, CSPs need to shift from their traditional, linear sales models. Instead, they need to build and orchestrate an ecosystem business model that gathers relevant partners and SMBs together. SMBs' needs are diverse — from online reservation systems for a restaurant, to billing software for a law firm — and no single provider can meet them all. But there is a clear opportunity for CSPs to assemble and market the relevant hardware, software, and service providers in a platform-based model. Combined, this will enable CSPs to better explore untapped use cases and growth areas in the SMB segment. If telcos can do that, they will increase value for themselves — and for every participant joining the ecosystem. In other words, connecting all stakeholders in a digital platform ecosystem — that they host — will generate value and establish connections that extend beyond one-off transactions. CSPs will be at the heart of a thriving, collaborative, and interactive community.

## Traditional linear business model



## Digital marketplace Ecosystem business model



CSPs already enjoy a high degree of trust from SMBs, with 45% reporting increased trust in their communications service provider compared with the pre-Covid 19 era<sup>4</sup>. Trust in CSPs got a boost during the pandemic as they continued to provide the connectivity services vital to keeping the SMB segment up and running. That trust is a major differentiator for CSPs versus the hyperscalers, in the new age of digital services.

<sup>4</sup> Accenture Proprietary Research: COVID-19 SMB survey



## Exploring the digital marketplace ecosystem model

While the marketplace concept is not new to CSPs, most attempts to put it into practice to date have fallen short. The main reasons? The low value they have generated from current marketplaces as well as the difficulty of scaling and creating synergies:

- An abundance of listed solutions and offerings makes navigating to the right answer complex
- Models based primarily on resale commissions offer low profitability and a limited ability to scale
- Manual (rather than automated) supplier onboarding makes it more difficult and time-consuming to extend offerings
- Lack of integrated vertical offerings that meet organizations' specific needs
- Lack of post-sale services that create greater loyalty and enable up-selling
- Poor integration between the digital marketplace channel and intermediary agencies may mean a poor customer experience, tarnish a CSP's brand, and cause loss of value as the CSP does not have a direct relationship with its customers.





**To succeed, a digital marketplace platform needs to provide several additional key components, and they're quite different from what we've seen in the past:**

- 1. Curated vertical bundles.** These do the heavy lifting for SMBs by packaging what they need to achieve for a given business goal — with simple and clear pricing. These bundles need to be supported by the next important element...
- 2. Guided journey.** SMBs expect support that understands what they are trying to achieve along with recommendations for the right path to get there.
- 3. Seamless integration.** Implementing a bundled solution needs to be as seamless as possible. And it also has to adapt to each SMB's degree of technological maturity and savviness. Provisioning cloud-based solutions, services, and support, could make it easier for SMBs to stand up new solutions and continue successfully with their digital transformation.
- 4. Business analytics.** A marketplace can do more than simply provide a better way for SMBs to procure the technology they need. It can create higher levels of engagement and longer-term commitment post-sale by offering SMBs a range of valuable tools to do more with their business. These might include, for example, data analysis that enables SMBs to track key performance indicators and progress toward business objectives. As the marketplace orchestrators, CSPs would have access to a unique combination of data from across the ecosystem. This allows CSPs to create engagement in the marketplace and monetize their platform investments via value added services and new business models.

- 5. Thriving community.** Done right, a marketplace-driven model can establish a vibrant community that brings together SMBs, partners and vendors to create new opportunities for monetization for all participants. SMBs trust their peers and are keen to learn from others' relevant experience. This community gives SMBs and other participants such as Independent Software Vendors (ISVs) a reason to adopt and engage within the marketplace, thus driving opportunities for new transactions and incremental capture of data (e.g., market insights, SMB preferences, and pain points/challenges).
- 6. Marketplace approach.** Traditionally, we have seen CSPs build up digital storefronts as their "marketplace", through which they would sell bundled telco and ISV solutions to SMBs. However, achieving sustainable growth is predicated on adopting a multi-sided marketplace model. A multi-sided platform model brings together as many suppliers and customers as possible in a single platform. This approach entails that any participant to the marketplace can engage with, or sell their services and/or products, to the other. In other words, not only CSPs or ISVs can sell to SMBs, but SMBs can sell to other SMBs and even act as ISVs. In this model, the CSP generates profit by orchestrating the high volumes of transactions between all the participants.

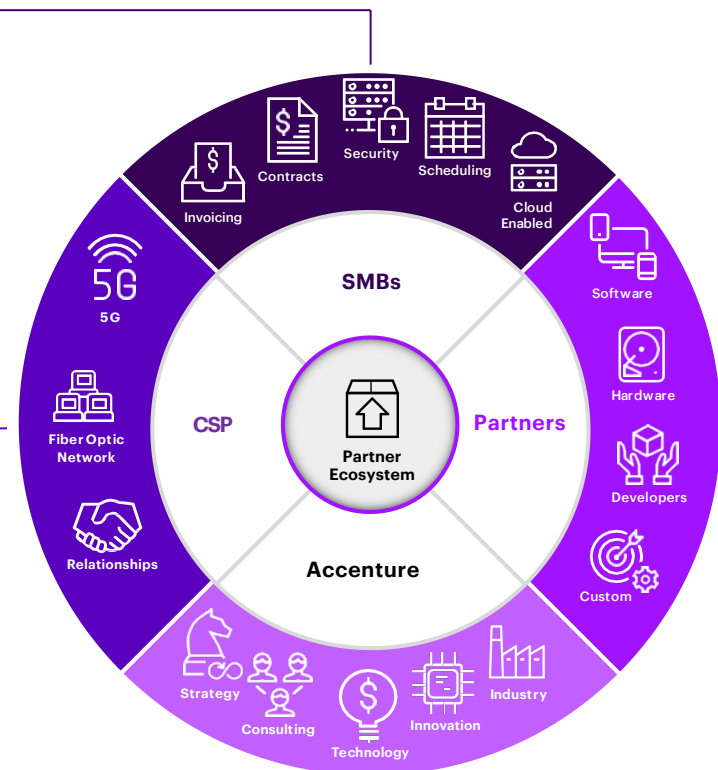
# The multi-sided marketplace ecosystem model

## SMB benefits:

- Easy navigation for fast product/service discoverability
- 360° view dashboard (analytics, recommendations etc.)
- Assisted sales support and post-sale self-care portal
- Customized experience and digital identity management
- Simplifying business complexities

## CSP benefits:

- New business models (XaaS)
- Automated contract agreements and quotations
- Accelerate intent to purchase
- More digital payments and increased flexibility
- New partnership and partner journeys with real-time settlements
- Own and expand the enterprise customer journeys
- Technology and platform advances (open, cloud-native, disaggregated)



## Partner benefits:

- Dedicated focus on partner offerings
- 360° view dashboard (analytics, recommendations etc.)
- Built-in content management and product/service approvals processes for bundling, pricing and discounting
- Differentiated experience

## How can Accenture help?

### Shape CSP vision for SMB market

We support CSPs to evolve their business model and vision to capture the growing SMB opportunity

### Build the SMB ecosystem journey

We help define the new roles and personas relevant for SMBs, along with shaping the new end-to-end (E2E) experiences and journey design.

### Design a one-stop-shop catalog

We help create new products and portfolios for SMBs that go beyond connectivity, along with the redesign of the offering catalog, its implementation, E2E integration and lifecycle management.

### Set up the SMB digital marketplace

Support CSPs to become the provider of comprehensive platform services to SMB customers, realize the end-to-end SMB architecture and its integration among all providers.

### Achieve SMB operational excellence

Support front-end customer service and manage executing service operations.



# Routes to deploying a marketplace-driven business model

Consumers' extensive use of ecommerce platforms like Amazon or Alibaba leaves them very familiar with digital marketplaces and how they work. SMBs, on the other hand, can find these platforms hard to navigate — leaving them even more confused about the options that best suit their needs.

To address this, CSPs can approach how they build a marketplace-driven business model by building the foundation first and scaling next. This approach comes with its own advantages and challenges, but it makes it as easy and efficiently as possible for SMBs to search for and buy the services and solutions they need, and ultimately adopt and participate in the marketplace.

The first step is to build a foundation of scalable modules and capabilities — for example security, cloud, enhanced connectivity, analytics and so on. Next, industry-specific solutions or add-ons (e.g.: for law firms, restaurants, or dental practices) can then be developed and implemented on top of the foundation. This approach enables CSPs to quickly expand into different verticals as the foundation layer remains the same for each one. However, creating that foundation in the first place will require a significant commitment of time and investment.

This approach may also serve as a roadmap for the CSPs for future product, service, and solution portfolios. What does this mean? As the orchestrators of the platform, CSPs will have access to valuable data from both ISVs and SMBs, in addition to the core telco data they already own. CSPs can leverage this data to create horizontal services such as business insights dashboards (e.g.: service quality assurance for product or IT troubleshooting, insights into what peers are buying, community chat and feedback gathering features and so on). Leveraging all these insights, CSPs can launch, either independently or in partnership with other marketplace ecosystem players, new products, solutions, and services for the existent verticals or expand into new ones.

Marketplaces may also be developed by other ecosystem players, where CSPs will only play a contributor role. Take for example TM Forum's award-winning "5G digital business marketplace" Catalyst, to which Accenture has contributed alongside major global telco players and ISVs. The 5G digital business marketplace brings together a host of participants that must work more closely than ever before and deepen the integration between them. In marketplaces like these, without central control, the success of the business model comes from each player's contribution, such as cross-industry services (edge/cloud hosting, AI, service quality assurance, including contracts and SLAs, and analytics just to name a few), as well the provisioning of the appropriate 5G network slices<sup>5</sup>.

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<sup>5</sup> [Digital business marketplace - Phase V - TM Forum](#)



## Marketplace fundamentals

Each CSP will need to consider their local context and market before deciding on their go-to-market strategy. But all telcos will eventually need to bear in mind a few essential requirements for a successful marketplace strategy:

- **the ecosystem partners**
- **the marketplace catalog**
- **the functional architecture that will allow its deployment**

## The right partner ecosystem

Assembling the right set of ecosystem partners is critical. Combined, they must provide the services and support that SMBs value, as well as the trusted recommendations that will help SMBs achieve their business goals, simply and effectively. Ecosystem partners also need to be able to integrate effectively with the CSP, and with each other. That means working with the billing and technical stack, the ability to scale as needed, and helping to grow the ecosystem plus the value it generates. Many CSPs have strong relationships with different ecosystem players already. A marketplace model will provide yet another opportunity for them to strengthen and monetize these relationships.

Achieving this will require CSPs to make changes to their infrastructure and rethink their software choices. They will likely have to transition their Operation Support/Business Support legacy systems to Open Digital Architectures (ODAs) that can support multi-tenancy and scalability, especially if a CSP has a

global strategy<sup>6</sup>. The adoption of ODAs will enable CSPs to become both industry orchestrators — powering the next wave of innovation across industries — and marketplace creators for 5G and network-related software and services.

Moreover, to create the right, sustainable SMB partner ecosystem CSPs will need to start collaborating with their industry peers. A CSP consortium sets standards throughout the industry and benefits all participants. This has been explored in the past, but with very limited success. However, in today's business landscape, powered by standardized ODA, an open business model that includes other CSPs as partners will maximize marketplace development ROI on a global, industry-widescale (versus limited value generation to their respective markets).





## The marketplace catalog

SMBs rate simplicity and transparency as key buyer values. They want to know what they're getting, how much it will cost and have access to post-sale support. A catalog must meet these needs across the board, from product or service bundling to pricing and promotion.

Today, SMBs are juggling point-solutions from multiple vendors to establish and maintain their businesses. But our research shows that 50% of SMBs want to reduce the number of vendors. So, how can CSPs streamline the marketplace experience for their SMB customers?

One crucial element will be the intelligence layer that sits on top of the marketplace (regardless of the underlying technology), providing a data-driven approach to optimizing the respective bundles for each SMB: an AI-powered decisioning logic tailored around SMB needs, CSP capabilities, and partner prioritization. By enabling SMBs to easily bundle the solutions that suit their needs, CSPs who put in place an intelligent decisioning engine will enjoy a distinct competitive advantage.

## Pricing strategy

Determining the right pricing strategy is critical to any business, including the SMB marketplace. CSPs need to determine what to charge for, who to charge (SMBs, ISVs, other stakeholders, or all marketplace participants), what to discount or offer for free (subsidize), and who to benefit from these promotions. The chosen pricing strategy will not only need to work in the early days of the marketplace deployment, but it also must be sustainable in the long run.

The pricing strategy is critical to driving marketplace adoption amongst SMBs and ISVs. Given that SMBs are generally very price sensitive, CSPs will need to focus on pricing and promotional tactics to encourage them to join the marketplace. Understanding the relative digital maturity of SMBs is important to determine the type of promotion that will work best for them. That could mean offering services on a free trial for SMBs new to the

marketplace, delayed fees, waived upgrade fees or discounts. ISVs on the other hand, are not as price sensitive as they typically have high margins to encourage adoption and participation in the marketplace. CSPs should leverage this by granting access to a large base of SMBs, as part of their partner acquisition campaign.

As the marketplace grows bigger, pricing, and promotional tactics will have to continuously focus on encouraging users to be active, driving engagement, retention and ultimately growth via transaction volumes. Examples of this would include “freemium models”, where standard access to features and value-added services (e.g.: community, content, dashboard) is free when certain products, solutions or services are purchased, while other premium features must be paid for.





## The functional architecture

CSPs need to create a platform that can bring together all participants in the marketplace ecosystem. This should offer omni-channel services to meet the present and evolving needs of all partners, along with the intelligence and data to enable partners to make the most of their participation. Automation and AI can help provide personalized services and recommendations, taking self-service to a new level that seamlessly connects SMBs with the partners who can deliver the services they need.

For the ecosystem platform to work, CSPs will need to re-evaluate how they collaborate not only with partners, but industry peers as well. That means developing new cross-functional roles along with new tools and processes. At the same time, they also need to change how the organization works, with Agile strategy, design-thinking, and DevOps key elements of a new approach.

## The way forward

As CSPs consider how to expand their SMB business with new pathways for growth and diversification, a marketplace-driven business model can help. CSPs can tap into a ready and waiting market of SMBs looking not only for their connectivity services, but for curated bundles to digitally transform and grow their businesses. A marketplace can drive significant revenue and create a launch pad for broader plays into new customer segments, new geographies, and new business models for data monetization. It's a sizable opportunity, but CSPs are not the only ones pursuing it. Big tech players and point-solution Independent Software Vendors (ISVs) are building offerings to address this market. So, if CSPs don't act soon, they risk losing market share, or even being cut out altogether.

The success of a marketplace-driven business model depends on providing the right framework and architecture, as well as related consulting services. It also means allowing SMBs to pick essential components from a suite of tools and services that work alongside their existing stack, systematic upgrades, as well as relevant customer service.



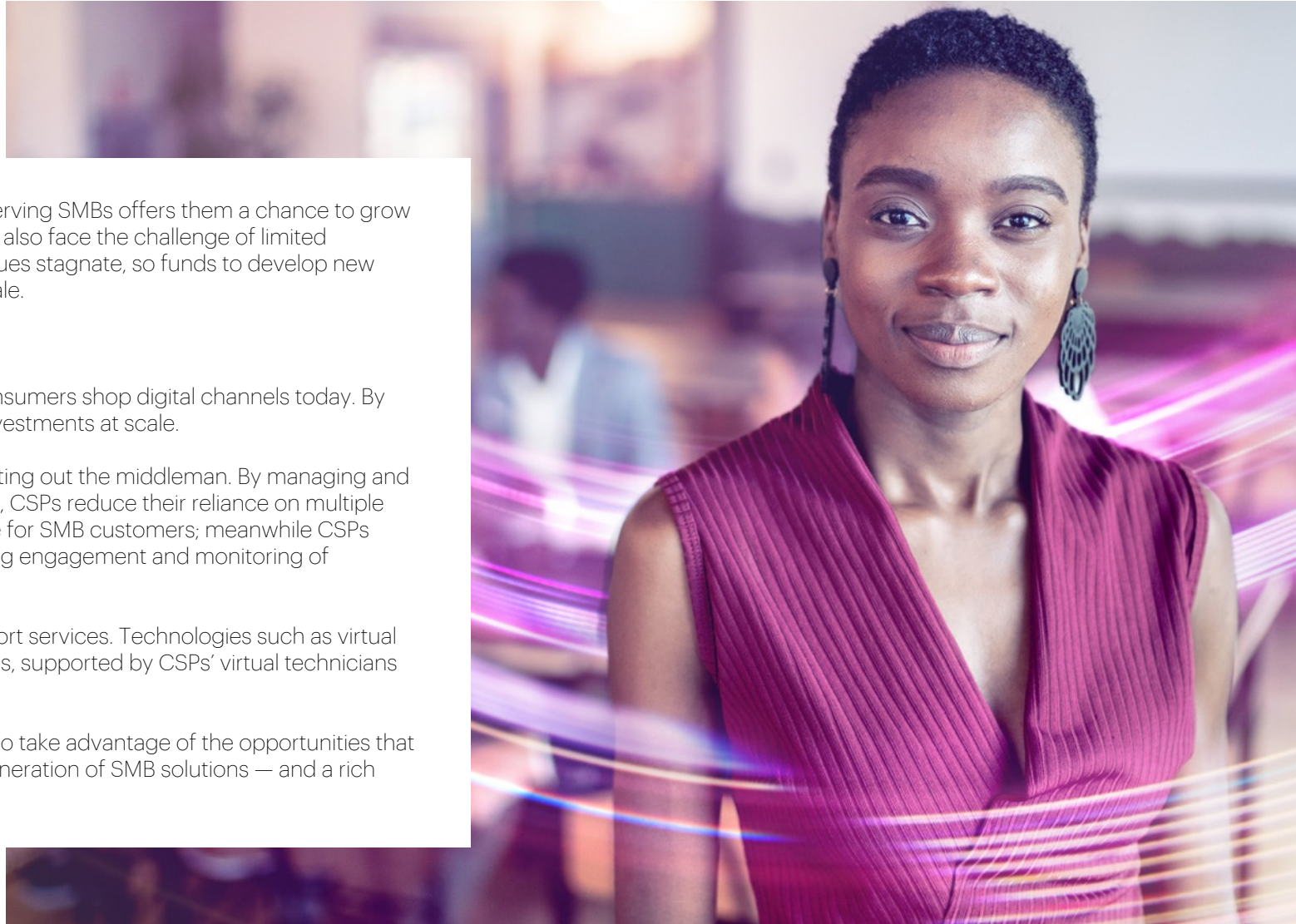
## Overcoming barriers on the SMB-led path to growth

Our client conversations reveal that while many CSPs understand that serving SMBs offers them a chance to grow — and a CSP-run marketplace offering is an ideal platform for this— they also face the challenge of limited investment capacity. Mandatory network costs continue to rise as revenues stagnate, so funds to develop new opportunities are limited, and there is a hesitancy to move forward at scale.

In response, we believe there are three steps that CSPs need to take:

1. Create a fully digital sales experience for SMBs that matches how consumers shop digital channels today. By selling online, CSPs can generate returns on their transformational investments at scale.
2. Re-acquire direct ownership of the SMB customer relationship by cutting out the middleman. By managing and controlling the customer experience themselves, from acquisition-on, CSPs reduce their reliance on multiple third-party agents. The direct relationship creates a better experience for SMB customers; meanwhile CSPs gain information and upselling/cross-selling access, as well as ongoing engagement and monitoring of performance and customer satisfaction.
3. Support SMB customers with intelligent servicing and post-sale support services. Technologies such as virtual reality could enable SMBs to self-serve even complex solution bundles, supported by CSPs' virtual technicians and agents.

If they can successfully address these three areas, CSPs should be able to take advantage of the opportunities that SMBs offer and create the new marketplaces that will deliver the next generation of SMB solutions — and a rich seam of profitable growth.





# An ecommerce leap for South Africa's small businesses

One-stop-shop digital marketplace<sup>6</sup>



## Call for change

Telkom SMB, a division of a large South Africa-based telecommunications provider that, among other things, publishes the Yellow Pages, teamed up with Accenture to launch a user-friendly ecommerce site.

The goal: Make it easy for small and medium enterprises (SMEs) to buy Telkom SMB's connectivity products and plans; software, hardware and devices; and marketing solutions. But because many of South Africa's SME entrepreneurs don't have the time or acumen to stand up their own ecommerce sites, Accenture envisioned a digital marketplace where Telkom SMB's customers could easily buy and sell their own products and services, as well as tap into advice to help build their businesses.



## When tech meets human ingenuity

Accenture worked with and surveyed SMEs to design and build a digital experience that makes it simple to create a mini-storefront, upload a company logo and contact details, and communicate and transact with customers.

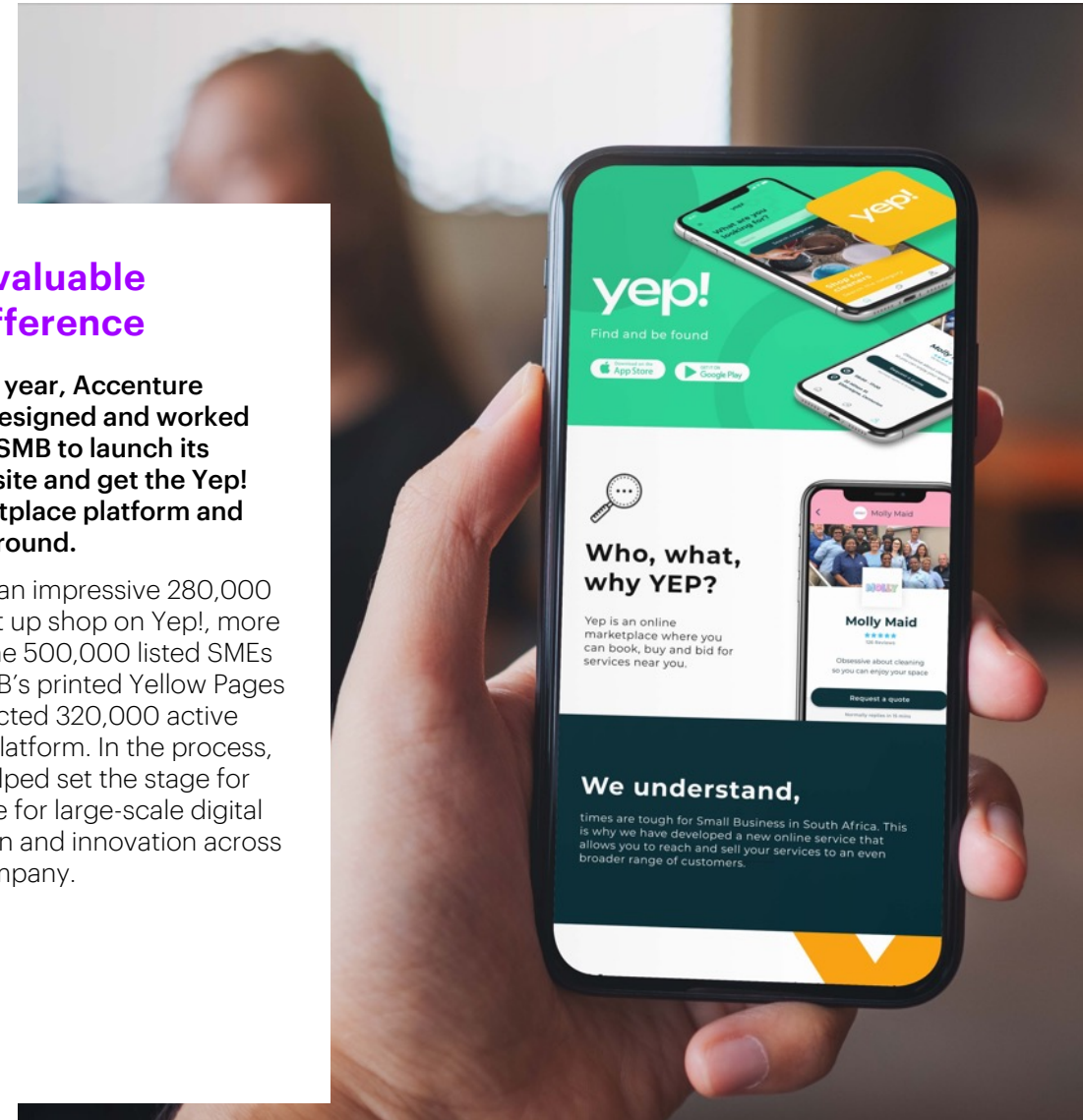
The online marketplace, Yep!, is named after the popular South African phrase "yep" and a shortening of the Yellow Pages name. Yep! incorporated UX from familiar apps like WhatsApp to make it easy for merchants to manage and schedule appointments, while customers can find vendors, ask for quotes and chat with merchants inside the app.



## A valuable difference

In less than a year, Accenture conceived, designed and worked with Telkom SMB to launch its ecommerce site and get the Yep! online marketplace platform and app off the ground.

By May 2021, an impressive 280,000 stores had set up shop on Yep!, more than half of the 500,000 listed SMEs in Telkom SMB's printed Yellow Pages and had attracted 320,000 active users to the platform. In the process, Accenture helped set the stage for Telkom's drive for large-scale digital transformation and innovation across the entire company.



<sup>6</sup>[One-stop digital marketplace](#)

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