

# How telcos can win with SMBs: Strategies for success



For more information, read the full report [here](#) or get in touch via [contact@stlpartners.com](mailto:contact@stlpartners.com)

## SMBs offer telcos a ripe revenue opportunity, so what's been holding telcos back?



**70% telcos quoted variation of SMBs**



Even SMB customers of the same size have very different technological knowledge and requirements – *Western European group converged operator*



**50% telcos quoted volume of SMBs**



For SMBs, this is where we have the biggest challenge: we have about six to seven thousand SMB customers, this is difficult to manage – *APAC group converged operator*



**40% telcos quoted SMB buying power**



The SMB market has the needs and expectations of large corporations, even if they don't have that same buying power – *European group converged operator*

## SMBs' reputation is for price sensitivity, but they actually value performance higher

### Why did SMBs choose their current broadband provider?

**43%**

selected their provider for the **best performance**

**32%**

Selected their provider because they had the **best price**

**31%**

selected their provider because of **previous experience**

**27%**

selected their provider due to their **customer service**

## Where should telcos focus their efforts to successfully address SMB customers?



**Channel** – Provide a **high-touch** experience

#### Operators should:

- In the short term, continue to leverage traditional GTM strategies
- Partner with MSP/SIs
- Develop digital channels and self-service portals



**Product** – Drive **simplicity and choice** for customers

#### Operators should:

- Create a holistic portfolio (e.g. via M&A or resale partnerships)
- Tick key "product criteria" (e.g. XaaS, plug in and play, sticky)
- "Converge" their offering



**Capabilities** – Become more **software orientated**

#### Operators should:

- Think cloud native (e.g. remote configuration, cloud platforms)
- Leverage new technologies (e.g. AI for better, more cost effective, customer engagement)

## Security offers telcos a tactical opportunity to win with SMBs



Address a **universal need** in an otherwise diverse market

- **72% of all SMBs** are aware they have **vulnerabilities** in their security systems
- **Security was identified by 32%** of the SMBs who gave open, **unprompted responses** when asked what service they would buy from their broadband provider



**Tick the boxes** of the key product criteria

- Telcos have a **right to play** (42% of SMBs purchase security based on their **IT provider's recommendation**)
- Cloud-based security can be installed, run, and **configured remotely**
- **Credit card option** to buy and pay per use or "XaaS"



Extend **beyond connectivity** for new revenue growth

- Connectivity ARPU's are facing declining growth due to **increasing commoditisation** of the service
- Cloud-based security (CBS) offers a **tactical upsell** opportunity for telcos
- CBS is a monetizable **value-add** proposition for new revenue growth