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The post pandemic global telco environment  
It was the best of scenarios, it was the worst  
of scenarios

We [previously published an overview](#) of four possible scenarios for global telcos 24 months from now. In this article we describe in detail the best and worst case scenarios (called Thrive and Survive, respectively), why they might occur and what strategic responses operators should make, with the next article describing the two middle scenarios, which we called Cash Cow and Bitpipe. These are summaries only, and for those interested in more, please contact the authors to arrange what we call a Thrive Lab, a series of three virtual three hour labs with ultra-specific scenarios and response strategies for operators.

Deloitte's Center for the Long View (CLV) used a proprietary mix of AI-driven research analysis and interviews with 32 internal telco experts, to develop these scenarios. These are not predictions—they are possibilities. Readers should not try to figure out which one is most probable or focus on the one they most want to happen. Instead, they should use these as a guide to the possibilities, and future-proof their companies against all possible options!

## Survive scenario

### In our worst case scenario:



The pandemic is severe and long lasting, as is the economic damage, leading to a lengthy and deep recession. Customers are unwilling or unable to pay for premium services, with many unable even to pay their bills, and operators are under significant financial pressure.



Telcos have little ability to invest: little or no R&D, IoT, Industry 4.0, or 5G development.



Strict labor policies reduce ability to lay off workers. They are unable to differentiate, and governments force collaboration/network sharing among operators, or operators may decide themselves to merge.



Telco services are a utility, prices are strictly regulated, and operators may even be renationalized.

## How to survive in this scenario

### It's all about cost minimization.



Growing market share drives economies of scale, and focus needs to be on urban mobile and fixed markets, with minimal potential for value-added services.



Operators need to have simple, standardized offerings (lots of bundles for retention) with low customer touch points and outsource whatever they can.



Capabilities required include lean processes and tight budgeting, being able to work with both governments and competitors, and focusing on high cost efficiency across all customer channels. Winning is surviving.

## Thrive scenario

### In our best case scenario:



Governments have been able to slow the spread of COVID-19 and to manage its impact on the economy.



Everybody (consumers and enterprises alike) loves everything digital and is willing to pay for higher bandwidth and superior network quality.



Telco players can charge higher prices and invest heavily in network expansion, and digital customer interfaces, being able to close physical stores and achieve sustainably higher margins.



Operators become platform businesses and derive significant revenues and margins from new businesses such as cloud, security, payments and insurance.



Telcos become trusted partners and enablers of digital transformation.

## How to thrive in this scenario

### It's all about differentiation.



Operators need to invest in each of R&D, M&A, and network infrastructure to capitalize on the tail winds.



They also need to play everywhere: B2C and B2B and IoT, urban and rural, fiber and 5G.



Being good enough at infrastructure isn't good enough: winners need to be the fastest and with the best coverage, indoors and out.



Winners need to digitally transform themselves, and also use the power of real-time AI to optimize the customer journey.



Minimizing physical retail isn't a bug, it's a feature.

We've done a couple of dozen Thrive Labs so far, and overwhelmingly operators don't expect either of the two scenarios above to occur, concentrating more on the two middle scenarios...which will be the topic of our next article!

## Authors



**Alexander Mogg**  
Partner, Deloitte Consulting GmbH  
+4989290367939  
[amogg@deloitte.de](mailto:amogg@deloitte.de)



**Kevin Westcott**  
Global Telecommunications, Media &  
Entertainment Leader  
+1 213 553 1714  
[kewestcott@deloitte.com](mailto:kewestcott@deloitte.com)



**Tim Bottke**  
Partner, Deloitte Consulting GmbH  
+4989290368964  
[tbottke@deloitte.de](mailto:tbottke@deloitte.de)



**Duncan Stewart**  
Research Director, Deloitte Canada  
+1 416 874 3536  
[dunstewart@deloitte.ca](mailto:dunstewart@deloitte.ca)

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