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The post pandemic global telco environment  
Bitpipe and Cash Cow scenarios

We [previously published an overview](#) of four possible scenarios for global telcos 24 months from now. [In another article](#) we described in detail the best and worst case scenarios, but we now will discuss the two middle scenarios: Bitpipe and Cash Cow. 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.

## Bitpipe Scenario

- Repeated COVID waves cause a global recession, with manufacturing hit harder than services, delaying 5G, Industry 4.0, and IoT initiatives.
- Shopping, communicating, and entertainment is mainly online, and work from anywhere is the next normal.
- Individuals, businesses, and governments all agree that the services that telcos provide are critical...but they won't pay a lot for them.
- Connectivity is commoditized, and margins are low. Governments create incentives for telcos to share networks.
- Although operators lack money to invest in 5G, they do invest in automation, especially around customer care, as they shutter physical retail.

## How to be the best Bitpipe possible

**It's all about service differentiation and cost efficiency.**

- Telcos need to play in the B2B and B2C mass market, carry commodity bits over fixed and wireless networks and prioritize urban coverage.
- Providing value added services will be niche at best, and only when little investment is needed.
- Winning operators will offer inexpensive and reliable service, built around standardized product offerings.
- Innovation is still needed: customer service will be automated.
- Capabilities needed by telcos start with in-house automation expertise for the functions just mentioned, but also include cooperating with other telcos, lobbying governments for subsidies, and making their workforce as digital as possible, with recruiting or retraining as needed.

## Cash Cow Scenario

- The global economy comes out of a steep-but-brief recession.
- Companies push ahead on 5G, automation, AI, and Industry 4.0—but there's a backlash to the period of physical distancing during the pandemic.
- Consumers and businesses who missed “the human touch” seek out and prefer in person interactions at times: it's now an omnichannel experience.
- Telcos can raise prices slightly as customers are willing to pay for premium speeds, service, and network quality leading to high margins.
- Telcos retain direct access to consumer customers and also have a strong B2B push around technology-based and value-added services through personal account management.

## How to be the best Cash Cow possible

### It's all about the networks.

- Winning operators need to invest in the best wireline and wireless networks (urban and rural), but also the best human networks for customer service, both B2C and mass B2B.
- Unlike in the Bitpipe scenario, telcos will want to have modular or even customized product offerings, especially in B2B.
- It's not just offerings: the winning players will have active key account management, frequent customer contact to upsell or cross-sell services, and deep understanding of both mass and niche customer segments.
- Telcos won't be able to go it alone and will want to collaborate with tech and industrial players to offer value added services.

In the more than two dozen labs we've done so far, about half the operators believe Bitpipe is most likely, with the other half opting for Cash Cow—and no one expects our best or worst-case options (Thrive or Survive) to occur. That's not a surprising split, but we caution readers that the point of scenario planning is to prepare for all possibilities, not just what seems the most likely partway through the pandemic.

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