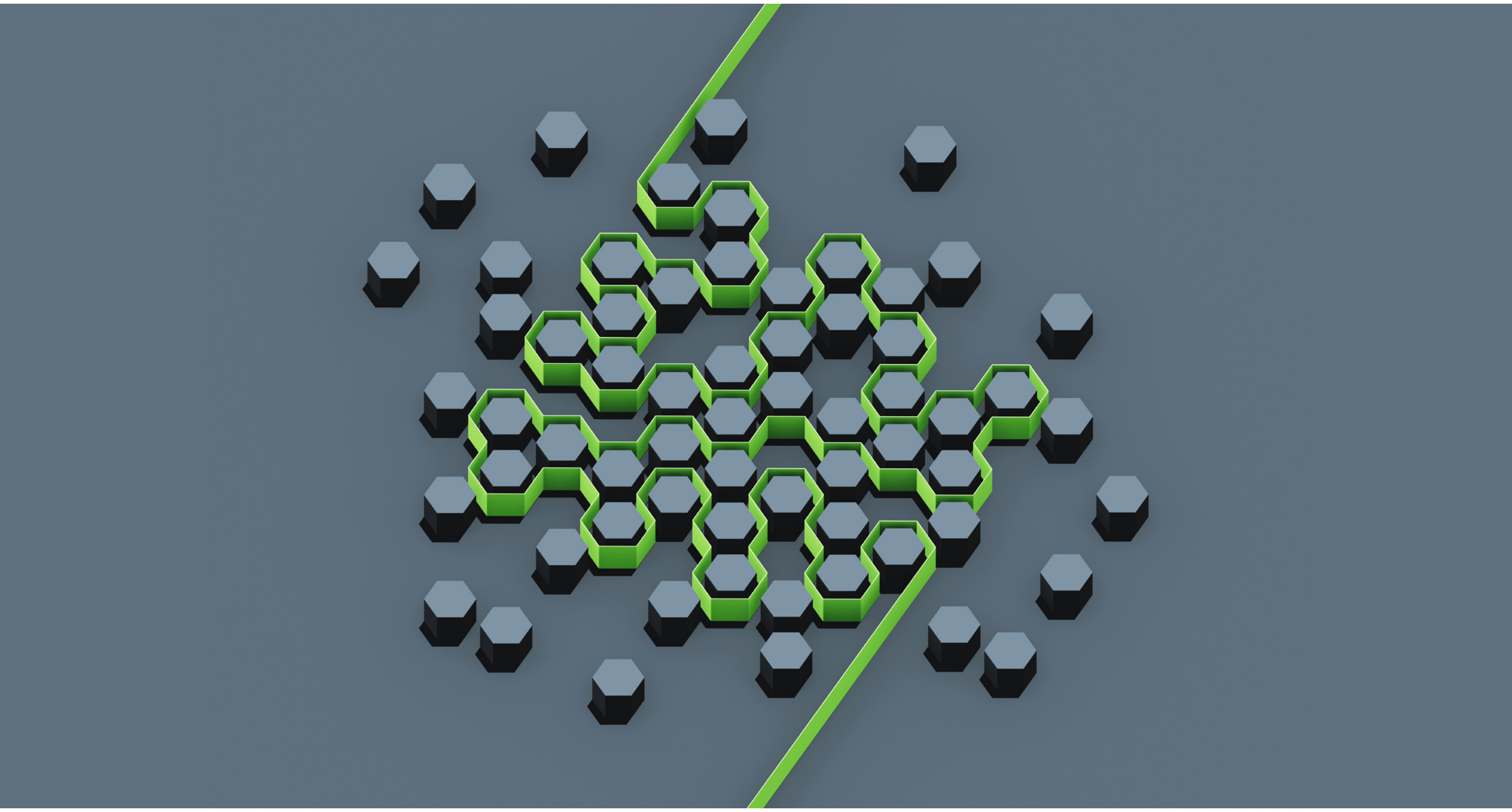
Technology, Media & Telecommunications Practice

A blueprint for telecom's critical reinvention

The next generation of telcos will be defined by leaders who act now, risking short-term advantages to seize untapped growth with a holistic approach to transformation.

by Zakir Gaibi, Gareth Jones, Pierre Pont, and Mihir Vaidya



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Each generation of business leaders tends to believe that the challenges they face are more profound than those endured by previous generations. For the current generation of telecom leaders, this is stark reality, not merely perception.

Over the past decade, telcos have been under continuous pressure as their traditional value pools have gradually eroded and new growth horizons have proven elusive, driving return on investment capital (ROIC) ever closer to weighted average cost of capital (WACC). While telcos rose to the challenge of 2020—connecting people to work, school, family, and healthcare—the pandemic accelerated and amplified trends that were already redefining the basis for success.

Our prior research has demonstrated that organizations that move early to restructure and change during times of crisis come out ahead in the subsequent decade. Therefore, we believe that 2021 will be a critical year for operators: a unique opportunity to fundamentally reimagine their business or, alternatively, risk another decade of decline.

The next generation of telcos will be defined by leaders who act now, risking short-term incumbency advantages to seize untapped growth. The current moment demands a holistic, future-back approach to transformation, in which leaders deliver on four or five bold, integrated changes to reset their organization's DNA.

Decision time for telcos

By the time the pandemic hit, the telecom industry had been managing over a decade of disruptions, driving deteriorating economics (Exhibit 1). There has been *customer-back disruption,* in which digital-native companies like Uber and Netflix have set a new standard for seamless online experiences, forcing incumbents to redefine their interaction models. There has been *business-model disruption,* with technologies like AI, big data, and the Internet of Things redefining service-delivery and value-capture models. There has been *new-entrant disruption,* with increased competition among traditional players as well as nontraditional players, which have shifted value toward technology-focused parts of the value chain (for example, software-defined networking in a wide area network [SD-WAN], software as a service [SaaS], and over the top [OTT]).

Most operators responded to these daunting challenges with a mix of efficiency measures, digitization efforts, structural changes (such as network sharing), and productivity improvements. In parallel, many expanded into new industries, such as TV and information and communications technology (ICT), to increase revenue streams. As demonstrated by pre-COVID-19 performance, though, that formula has been running out of steam.

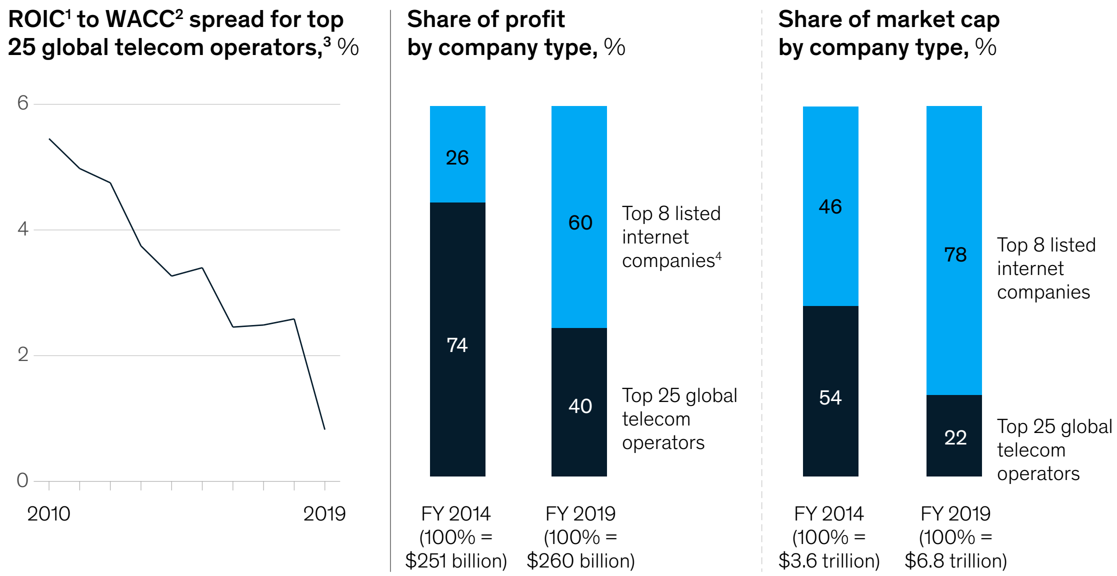
The pandemic amplified the urgency of profound, accelerated reinvention. It provided a blueprint for a faster, leaner new operating model, made possible by rapidly shifting behaviors. And it put telcos front and center, as almost every aspect of human interaction moved online amid lockdowns and physical-distancing measures.

Faced with an unprecedented crisis, operators innovated quickly, adopting rapid decision-making and response processes across the board—from assurance to credit decision making to pricing—with an absolute focus on customer support. Throughout the pandemic, they were remarkably responsive to customers' rapidly changing habits and surging connectivity needs. Operators kept people connected to vital public-health and safety information, supported enterprises and their employees in work-from-home arrangements, and helped to maintain the (virtual) fabric of families and communities worldwide. In many cases, they took it upon themselves to make remote learning and online business possible in underserved communities. And for an entire ecosystem of suppliers, distributors, and partners, they acted as an anchor.

At the same time, the industry was experiencing seismic, irrevocable shifts. Customer behaviors leap-frogged five to ten years ahead. The importance of digital-enabled sales interactions

Exhibit 1

In recent years, telcos' financial fortunes have suffered as economic value has increasingly shifted to technology titans.



[1]Return on invested capital, including goodwill.
[2]Weighted average cost of capital.
[3]Top 25 global operators by revenue, excluding private companies.
[4]Top 8 internet companies by revenue, excluding private companies.
Source: Analysys Mason; Omdia; Corporate Performance Analytics by McKinsey

doubled, with consumers moving online and increasingly embracing self-service customer care. One Asia–Pacific (APAC) operator, for example, was able to transition its entire B2B customer base to its digital portal in less than six months, rather than the original three-year plan.

Bandwidth-heavy activities like remote learning, gaming, and videoconferencing grew dramatically, a change that is expected to be permanent. More than half of companies expect to see increasing migration of assets to the cloud, creating demand across both operator and adjacent value pools.[1] And consumers are paying more attention to how companies do business, with issues like sustainability or values increasingly factoring into their buying decisions.[2]

On the flip side, while tech companies (including digital natives like Tencent and Amazon and large, tech-centric businesses like Samsung, Sony, and Qualcomm) increased their investments by more than 30 percent in 2020, supporting long-term changes and new growth vectors, operators reduced their capital-expenditure investments by around 2 percent, on average.[3] This response made sense while navigating 2020's challenges, including supply-chain shortages and call-center closures. Nonetheless, 2021 demands a wholly different approach: a doubling down to emerge stronger.

Companies that emerged from the 2008 global financial crisis in sound shape succeeded by leading with a through-cycle mindset, pulling back in some areas but ramping up in others while protecting

[1]"How COVID-19 has pushed companies over the technology tipping point—and transformed business forever: McKinsey Global Survey results," October 5, 2020, McKinsey.com.
[2]"Survey: European consumer sentiment during the coronavirus crisis," March 31, 2021, McKinsey.com.
[3]S&P Global; Corporate Performance Analytics by McKinsey.

innovation and sales capabilities. They were able to grow during the downturn and early recovery stages because they made big moves—including three times more cost reduction, five percentage points more deleveraging, and 20 percent more acquisitions—and they made them early (Exhibit 2). Significantly, their outperformance persisted for ten years.

In 2021, telcos find themselves at a crossroads: they can either tinker around the edges to achieve incremental gains or make a bold choice to reinvent their value-creation formula and bravely, firmly commit to that choice—seizing the opportunity to create a permanent new role for themselves in a world reshaped by a pandemic that put them at the center.

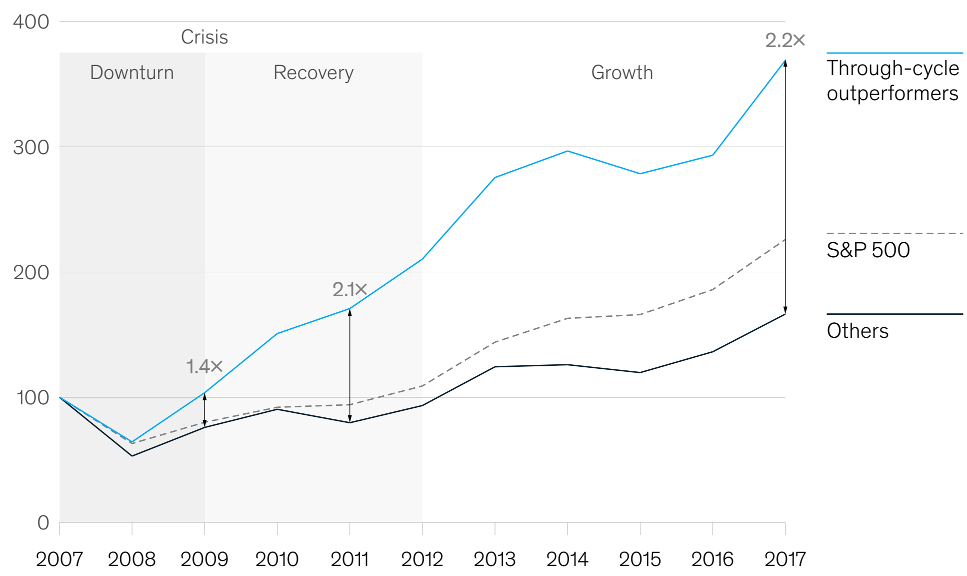
Reimagining and reverse engineering the telco future

To design a new, value-creating role for themselves in a post-COVID-19 world, operators must first define a detailed vision of what the reimagined telco will look like. From there, leaders have to take a future-back approach, reverse engineering their vision by making three to four bold moves that fundamentally change the DNA of their organization. These carefully orchestrated moves, undertaken simultaneously, build on one another—shifting performance, yielding new service models rooted in new capabilities and success factors, and delivering growth as well as cost and capital efficiencies.

Exhibit 2

A company's trajectory emerging from a challenging period, such as the global financial crisis, determines its performance over the next decade.

Median TRS performance,[1] index (2007 = 100)



[1]TRS = total returns to shareholders. Median TRS performance calculated as average of subsector median performance per category. Sample includes 2,098 companies across industries, excluding financial companies. Calculated as median TRS performance per category.
Source: Corporate Performance Analytics by McKinsey; McKinsey analysis

Given the extraordinary pressures the industry is facing, we recommend an almost “greenfield” approach, with minimal regard for the starting point. Often, this will require a new mindset on the part of the leadership, which may be more accustomed to resetting the business “today forward” rather than fully reimagining it future back. This involves painting a clear, vivid picture of how you will reimagine across five critical axes:

1. *Your core business, including value pool and service model.* As hybrid networks, edge computing, and full cloud migration change the definition of enterprise-grade connectivity, operators will need to change how they monetize their assets. They’ll need to move away from selling network services and toward selling outcomes, as measured by cloud performance, security, and resilience.

2. *Your approach to customer engagement.* As digital natives set a new benchmark for customer experience across industries, operators can capitalize on recent behavioral shifts to rethink their approach to serving, satisfying, and delighting customers.

3. *Your network, IT, and data.* Telcos’ success will hinge on their ability to leverage data and deploy advanced analytics, AI, and automation at scale to drive new sources of growth and change the broader economics of the business.

4. *Your approach to talent.* Unlike tech companies, most telcos are relatively hierarchical. During the pandemic, however, they began cutting through established decision-making frameworks to enable change to happen much more quickly and pervasively. Shifts like these will be critical to future success.

5. *Your relationships with stakeholders and society.* Operators have played a crucial role in society throughout the pandemic, not only connecting people to work and family, but also helping create features like contagion heat maps and virtual clinics. Going forward, there’s an opportunity to cement this critical societal role by engaging stakeholders and advancing public health, education, and connectivity across communities.

The following three archetypes are examples of potential end states to design around. Each archetype demands different responses in the areas outlined above. While this list is not exhaustive, these archetypes illustrate some of the possible pathways toward sustained competitive advantage for operators.

— *Operational and infrastructure-led excellence.* This archetype is defined as a classic, integrated provider of telecom services that captures the value of data and, in parallel, optimizes network total cost of ownership (TCO) and physical footprint to provide high-quality, reliable connectivity services. This archetype can be successful with either a commodity-driven approach, prioritizing efficiency and low costs, or a true network-leadership approach, which will likely require sizeable investments in 5G, broadband, and other capabilities to achieve structural advantages. Iliad, now the sixth-largest mobile provider in Europe, has embraced the commodity-driven approach to this archetype. In France, for example, Iliad disrupted the market by offering customers significantly lower rates and only three simple products. (For an example of the network-leadership approach, see sidebar, “Example: How an APAC telco reinvented itself.”)

— *Service-centric operator.* This archetype is defined as an agile, digital-first provider of telecom services (and more) that meets the expectations of digital natives through fully digital experiences, including customer care. Incumbent operators pursuing this archetype must make fundamental business, service-delivery, and operating-model changes that can be difficult to deliver. To succeed, they might emphasize premium, customized product leadership; create an unparalleled customer experience; or target a focused segment of the market in a unique way. After undergoing a full review of its user interface, a European operator invested in a "digital factory" to fully reset its journey, then adapted its offering around a set of household and family experiences. Similarly, a North American company differentiated itself through premium content and strength in the connected home ecosystem.

— *Ecosystem provider and adjacencies.* This is a digital-first ecosystem player that's integral to customers' daily interactions by providing access to a portfolio of diverse digital products and services. This option requires an agile operating model and extensive partnerships in industries such as financial services, professional services, and energy. The ecosystem archetype may appeal to traditional operators eager to lean into self-disruption because of the great revenue pressures they face. But the broad, international competitor set that exists in many markets is a meaningful obstacle. In one example, a global operator doubled down on managed services, particularly around hybrid cloud and security. It launched a series of acquisitions (up to 50 percent of its size), transformed its go-to-market strategy, and reset its approach to software and delivery, prioritizing standardization and zero-touch delivery.

Each of these archetypes, and the many other permutations that exist, has the potential to deliver market-beating returns on investment. The decision to pursue one over the other will depend on your starting point, market specificities, and appetite for change. In all cases, leaders will need to discard the industry's familiar transformation formula of sequential projects and incremental changes in favor of an ambitious future-back approach. This will depend on pulling a subset of instrumental levers to fundamentally and irrevocably upend their organization's entire makeup.

Nine key levers for holistic transformation

While most CEOs might be looking at the right areas—simplification, digital, agile, managed services—few are moving as quickly or deeply as the current environment requires.

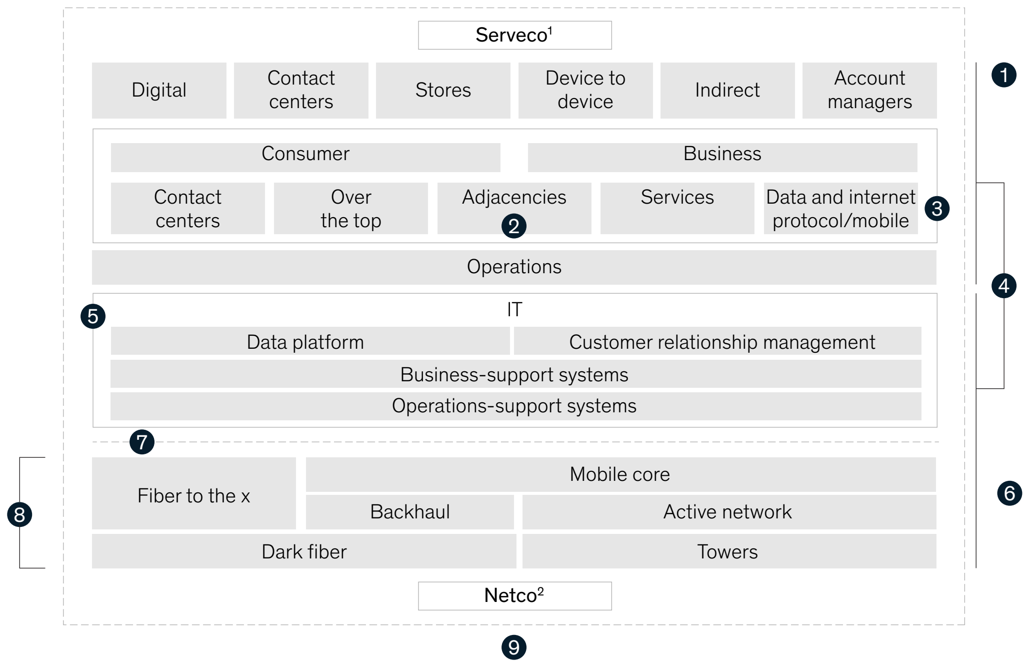
We believe there are nine structural levers (Exhibit 3) with the potential to radically transform both business and operating models, catapulting telcos into their chosen future. Each represents a turning on its head of all that is familiar. In

The decision to pursue one archetype over the other will depend on your starting point, market specificities, and appetite for change.

Exhibit 3

To achieve sustained outperformance, operators should make several bold moves (covering the top line, the bottom line, and capital) in parallel.

Business-model impact levers



1 Create a digital-native, scaled customer experience

2 Build new business at scale

3 Go to market with radically simplified product offer

4 Deliver a zero-touch service model

5 Decouple and deploy greenfield IT stack

6 Manage capital expenditures through analytics

7 Structurally separate and introduce external capital

8 Deploy an asset-light network (share or ORAN)

9 Deploy an enterprise-agile operating model

[1]The noninfrastructure part of the business.
[2]The infrastructure-related part of the business.

general, we advise that companies pull at least four to five of these levers simultaneously, beginning now and continuing over the following two to three years.

Levers fall into three main categories outlined below.

Customer engagement

To *create and scale digital-native customer experience, or CX* (as Sprint, for example, has done), operators would move away from digitizing existing interactions. Instead, they would focus on designing entirely new interactions by focusing on a digital-back approach to create distinctive digital experiences robust enough to be customers' first port of call. By pulling this lever, a Southeast Asian operator boosted its Net Promoter Score (NPS) by 40 points, increased unsupported interactions by more than 70 percent, and reduced cost to activate and cost to serve by 30 to 50 percent.

To adopt a *zero-touch service model*, operators would move aggressively toward simplified product- and service-agreement portfolios, supported by fully automated, AI-enabled, cloud-based processes (Exhibit 4). This digital-first strategy departs from the familiar approach of incrementally making manual work more efficient through piecemeal offshoring and outsourcing. Operators such as BT and MASMOVIL have embraced a radical, future-back redesign of their service operations, enabling them and others to drive down costs (up to 35 percent in one case) while improving cycle times, improving accuracy, reducing call volume (up to 50 percent in another case), and increasing NPS by 20 points.

Other options for reimagining customer engagement are to *build new businesses at scale* or *go to market with a radically simplified product offer.* Today, operators generate an average of 10 to 15 percent of their revenues outside of core connectivity. There are a few exceptions, notably in the United States and Japan, following large M&As; generally, though, these ventures remain subscale and at challenging profitability levels. Going forward, operators will need to couple big bets with a clear reallocation of resources and management bandwidth while reinventing themselves across all parts of the business (for example, sales moving toward solution selling, operating model transitioning to a more digital-native agile model, emphasis on new capabilities with data and software developers at a premium). The focus will likely move more toward B2B, with edge computing, managed services, and broader ecosystem plays. By doubling down (both in terms of investment and operational change) on three such new businesses, a Southern European operator grew revenues by more than 20 percent.

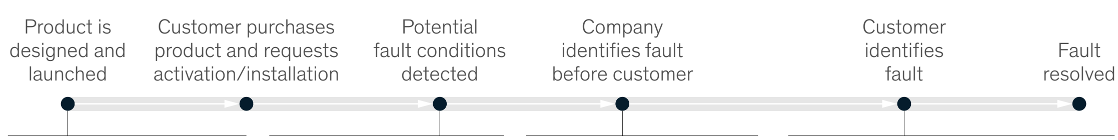
Network and IT

Transforming a legacy stack cobbled together over decades of business evolution and M&A is extremely costly and slow, so many operators are choosing to *decouple and deploy a greenfield IT stack* that is fully cloud native and leverages open-source technologies. With evolutions in open source and cloud, a reimagined stack is affordable, easy to maintain, and can accommodate quick changes. This approach has enabled an APAC operator to reduce capital expenditure by 80 percent and a European operator to increase IT velocity—the time it takes to go from feature definition to release—by up to ten times.

Exhibit 4

A new vision for digital and analytics-enabled service operations can help telcos achieve their full potential and increase customer satisfaction in the process.

Illustrative analytics-driven customer-service journey



Simplicity in design
Designing out complexity in products, services, and service-level agreements (completely eliminate the need for the interaction)

Analytics-enabled prevention
Predict and resolve faults before they occur, based on enhanced knowledge of the customer and service

Proactive support
Once an issue has been noted, contact customers with the most efficient solution before they even notice the problem and inquire about it

Responsive, white-glove service
Equip agents with the best capabilities and tools for the job, to increase first-contact resolution, cut average hold times, and reduce in-person interactions (branch or store) and field visits

By moving to *deploy an asset-light network,* an East Asian mobile operator reduced network total cost of ownership by more than 20 percent. The operator used a shared network, differentiating itself through customer experience and product differentiation. Beyond network sharing, new technologies like open radio access network (RAN) (Rakuten is a leader in this approach) are fundamentally resetting economics and traditional constraints. In so doing, they are not only reducing traditional barriers to entry for new operators, increasing competition, but also offering new opportunities for incumbents as they deploy 5G.

Telcos are also focusing on *driving capital efficiency, notably through analytics,* to avoid the familiar frustrations of capital projects, like competing demands on scarce capital, limited visibility into projects' performance, and budget overruns. Using advanced analytics, operators can run thousands of simulations to prioritize capital spend across a portfolio of projects, allowing for greater transparency and quicker decision making. Applying these principles to a 5G rollout, an Asian telco accelerated deployment timelines by a full year.

Structure and talent

By pursuing structural separation and introducing new external capital, an Eastern European operator increased ROIC by over 50 percent and doubled available funds. Separate entities allowed the network to attract cheaper capital, grow revenue, and gain regulatory relief while avoiding the difficult trade-offs inherent in a closely integrated structure. Moreover, this forced the noninfrastructure part of the business (the "serveco") to confront a new set of economics and determine how to differentiate itself going forward: Would it win on customer experience? Price? Personalization? This questioning sharpened the focus on the basis of competition and a broader capability set.

Finally, by moving to a radically simpler operating model, operators are resetting their internal systems, processes, and capabilities to compete effectively against digital natives, increasing speed to market and continuously improving customer experience. Spark NZ and TDC are among a group of operators that have started down this journey, driving changes over an 18- to 24-month period that include significantly increasing speed to market, employee engagement, and productivity. In creating a flatter organization made up of cross-functional teams, each with clear links to business value and the resources to deliver on their missions autonomously, these operators are able to fluidly reallocate talent, considering employees' skills and interests and prioritizing "doers" over managers.[4]

To illustrate how each lever works, consider our archetypes. A telco taking a commodity-driven

Using advanced analytics, operators can run thousands of simulations to prioritize capital spend across a portfolio of projects, allowing for greater transparency and quicker decision making.

[4] Bo Krag Esbensen, Klemens Hjartar, David Pralong, and Olli Salo, "A tale of two agile paths: How a pair of operators set up their organizational transformations," February 4, 2019, McKinsey.com; Tom Fleming, Jason Inacio, and David Pralong, "All in: From recovery to agility at Spark New Zealand," *McKinsey Quarterly,* June 11, 2019, McKinsey.com.

Example: How an APAC telco reinvented itself

With increased competition, deregulation, and changing customer behavior threatening more than a third of earnings before interest, taxes, depreciation, and amortization (EBITDA), a leading Asia–Pacific (APAC) operator faced a defining fork in the road: manage a slow decline with a mix of cost cuts and new capabilities or discard the old playbook in favor of a broad, bold reinvention.

The telco was no stranger to change, having just finished an ambitious three-year cost-out transformation that involved reducing operating expenses by more than 25 percent while investing in a new business-support-system (BSS) stack. But the landscape had shifted, with most opportunities requiring a full reset of the business and its underlying economic model, as well as speedier innovation.

The leadership team chose to seize the opportunity for reinvention. Over two months, a small group sketched out a vision for the company using a future-back approach. They went through the difficult process of questioning long-held beliefs about network differentiation, customer stickiness, and brand power. Ultimately, they chose to pursue a "premium network" play, based on their existing premium positioning and ability to expand their network advantage in a 5G world.

To deliver on this promise, the team recognized, the reimagined telco would need three core capabilities: first, digital-first, simplified usage; second, a disruptive go-to-market strategy through a revamped, streamlined product set with full contractual flexibility reemphasizing network and value-added-service leadership to limit churn; and third, a revamped operating model that would support shorter cycle time and customer-first thinking, while taking out another 20 percent of cost. These measures would fund the change and reinforce the much-needed emphasis on simplification.

This led to a three-year transformation across six major streams. Each program worked in close collaboration with the others, ensuring that parallel changes were self-reinforcing. The new organization, for example, enabled the creation of a leaner, more innovative set of functions, which in turn supported simplifying the customer experience and removing 95 percent plus of products.

Each element was centrally planned to drive the end-state blueprint and associated guardrails, then designed and delivered with a mix of local and top-level orchestration. Critically, the blueprint was continuously refined as the market evolved and the plans took root.

Eighteen months into the transformation, the telco's share price had climbed 40 percent. The organization was already 20 percent smaller and halfway toward its goal of removing more than 90 percent of its products. The agile elements in place positioned the telco to better monetize assets and deliver on customer experience as it moved to complete the ambitious transformation.

approach to achieve operational and infrastructure-led excellence may go to market with a radically simplified product offer, deliver a zero-touch service model, manage capital expenditure through analytics, and deploy an enterprise-agile operating model. While producing 95 percent fewer products, this operator could reduce the cost to serve by 30 percent, increase productivity by 30 to 50 percent, increase NPS by 30 points, and improve ROIC 2 to 4 percent. (For an example of a telco taking a network-leadership approach to achieve operational and infrastructure-led excellence, see the sidebar, "Example: How an APAC telco reinvented itself.")

Alternatively, a telco that chooses the ecosystem-provider and adjacencies archetype might create digital-native scaled CX, build new businesses at scale, decouple and deploy a greenfield IT stack, and deploy an enterprise-agile operating model. This approach could boost growth by two to three percentage points,

Leaders will need to develop the talent, governance mechanisms, processes, and mindsets essential to drive and sustain dramatic cultural change.

NPS by 40 points, and employee engagement by 30 points. It could, based on our experience, increase speed to market tenfold and IT velocity by more than 50 percent.

While pulling these levers, it is critical that leaders closely track key performance indicators, adjusting course where necessary. They will also need to develop the talent, governance mechanisms, processes, and mindsets essential to drive and sustain dramatic cultural change.

A dynamic roadmap for a pivotal year

Business transformation is notoriously difficult; in fact, 70 percent of all transformation efforts fail. Because telcos' future success depends on their ability to drive not one but three to four large-scale transformations simultaneously, the risks rise exponentially.

Because of both the scale and pace of change, as well as the complexity of making it happen, CEOs cannot rely on the historic transformation formula of sequential, largely siloed programs, with a central team driving reporting and tracking. The transformation playbook must shift across two dimensions: scale and change management.

First, operators need to revisit their ambition and deliver not one or two bold changes but four or five. These changes must be delivered in an integrated manner, over two to three years (rather than four to five). Moves conducted in parallel must build off of, enhance, and inform one another. For example, a "flip" to agile may be effectively combined with the required model and capabilities to support a greenfield IT stack or new business—resulting in the accelerated launch of new business ventures or zero-touch service models.

Most journeys start with the clear articulation of a bold, structurally transformative end-state vision of the operator and its value-creation formula. Once this direction is set, and the required shifts identified, leaders must develop a blueprint detailing each move and how they fit together into a coherent model. The blueprint should lay out the roadmap from the end state back (versus from today forward), highlighting cross-functional and cross-program interdependencies, critical value drivers, and associated operational changes (for example, reduced truck rolls, changes in billing, and new fulfillment rules).

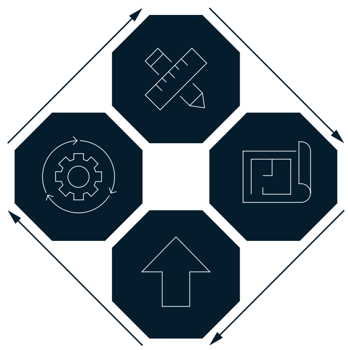
By its very nature, the blueprint will need to be constantly revisited to reflect the reality of delivery, with programs paused while upstream dependencies are resolved, ensuring resources are free to flow to the areas of highest impact.

Second, leaders must pursue a multilevel orchestration, with change, culture, and capability at its core. Teams will need to work across silos, with traditionally "back office" parts of the business embedded in frontline teams and digitalization work leveraged across business-unit lines. Facilitating this typically requires some changes to incentive

Exhibit 5

Because of the scale, pace, and complexity of the change required, telecom operators cannot rely on the historic transformation formula.

Making these big moves requires a new type of transformation …



Design the future end state: Work back from the end-state vision to define the portfolio of bold moves needed

Create the blueprint: Create an integrated roadmap to coordinate multiple transformative moves in parallel, including 4–5 detailed and synced programs

Plan bottom up: Develop a transformation plan (initiatives/financials) that is fully owned by line leaders

Implement: Launch a full-scale effort to drive value to the bottom line

… and multilevel orchestration

Overall program blueprint and execution
Holds the future-back view

Continuously iterates the end-state design and roadmap

Drives resource allocation and trade-offs

Bold-move design and execution
Designs individual "bold moves" (strategy, end state, requirements, detailed initiatives)

Details out impact, money path, and where it lands

Orchestrates and supports cross-functional delivery

Functional delivery
Designs business-unit (BU) plan that integrates both BU-only work and cross-functional moves

Ensures at-pace delivery through the line and details out money path at the line level

models and considerable effort deployed around middle management.

In general, we would see a three-level orchestration approach (Exhibit 5), with the central team acting as an orchestrator, challenger, and enabler to the rest of the organization—ensuring pace, driving interdependency, and continually updating the blueprint. Because a multilevel transformation is simply too big to be delivered exclusively from the center, teams must genuinely be empowered to work with one another, clearing bottlenecks and adjusting sequencing when necessary. Some operators have gone so far as to recast their "accountability framework" as an "empowerment framework."

To gain buy-in for this enormous change-management challenge, leaders must translate their blueprint into a clear, coherent narrative for employees, investors, and other stakeholders. The narrative should articulate how each piece of the work contributes to the organization's larger strategic goals.

Finally, CEOs will need to be aggressive in setting a course and forging ahead. This is especially critical when the change requires the leader to bridge differences in stakeholders' views and expected time horizons and when the leadership team needs to work together at greater speed and effectiveness than most are used to. We see five critical moves:

- *Bridge the needs of different stakeholders,* including investors, working with the board to balance current momentum and results with long-term sustainable value creation and social license to operate.

- *Resist the tyranny of short-termism,* focusing on long-term value-creation logic and levers and, where necessary, resetting in-year forecasts and expectations.

- *Reframe the approach to risk,* focusing on upside as well as downside, laying out and assessing clear trade-offs, and allowing the company to set an aspiration that redefines it.

- *Be the catalyst, not the expert,* leading through uncertainty, setting the direction, and empowering those with the greatest expertise to lead the way.

- *Shock and unfreeze* the organization by driving significant change in the first 12 months and using "moments of truth" to signal that business as usual is over.

Transformation is nothing new to the telco industry. Operators have been reshaping themselves over the past several decades to drive down costs, introduce new digital channels, and deploy new technologies. Along the way, the most effective leaders have demonstrated qualities that remain relevant for any transformation: the imagination to envisage how things can be different going forward, the courage to pursue that vision, and the commitment to inspire others to join the journey.

The next wave of change for operators is more fundamental in nature. The telco landscape of the next decade will be shaped by the extent to which today's leaders can recognize the magnitude of change that is already under way—and act with speed and conviction to truly reimagine how their organizations can thrive, front and center, in this new reality.

Zakir Gaibi is a senior partner in McKinsey's New Jersey office; **Gareth Jones** is an associate partner in the Sydney office, where **Pierre Pont** is a partner; and **Mihir Vaidya** is a partner in the Toronto office.

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