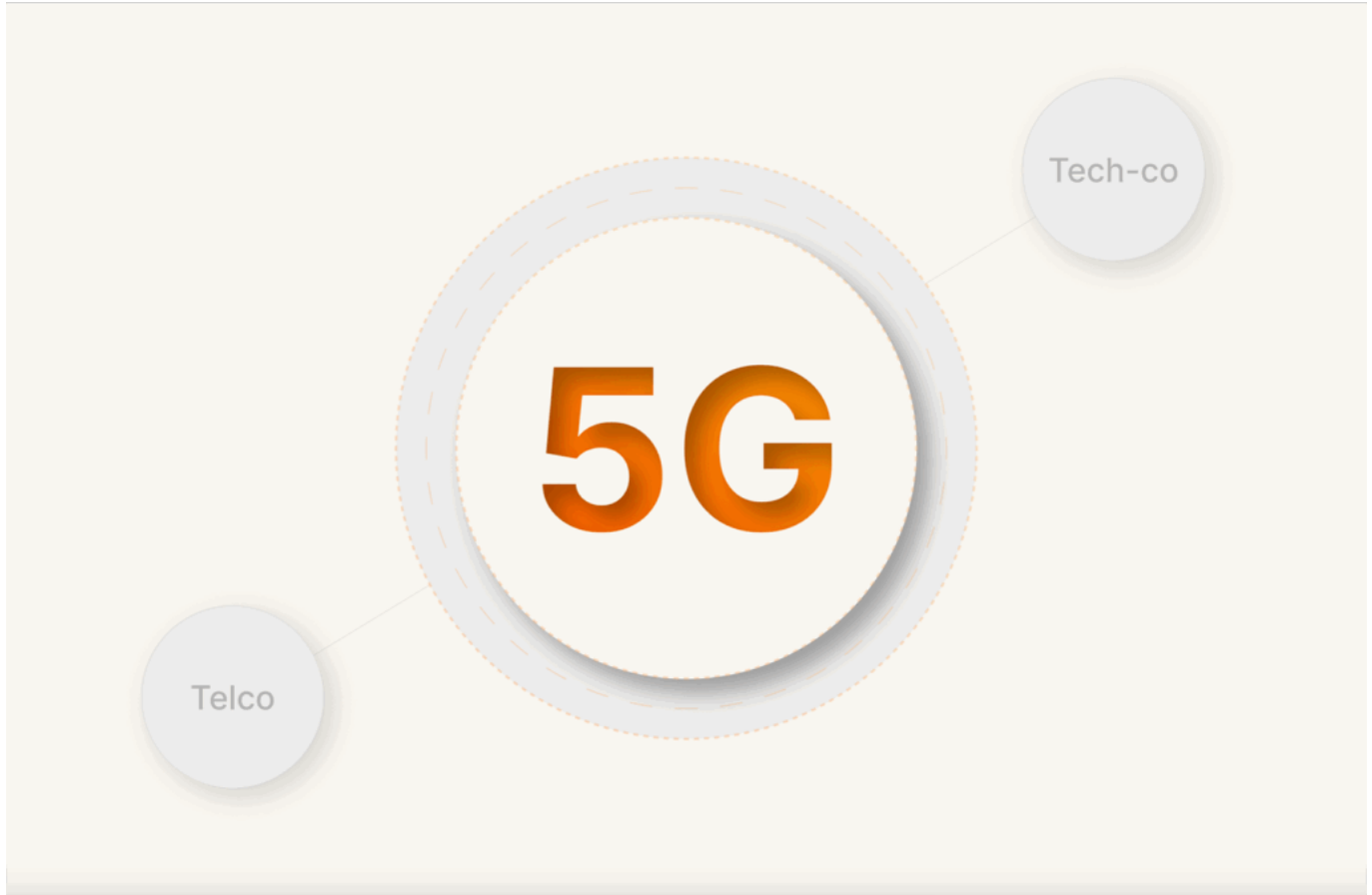


From Telco to Tech-co: A Telecom Discussion



I recently had the pleasure of hosting a [web discussion](#) with three of the top telco minds at Pure Storage, who collectively represent decades of deep telecom experience across multiple areas of the globe. It was an easy job for me, as all I had to do was ask questions and sit back and listen to some great insights.

To start, let's discuss our title, "from telcos to tech-cos." [As KPMG describes](#) it, a tech-co is "a relatively new buzzword that has emerged to describe the transformation of traditional telecommunications companies (telcos) into more technology-focused and innovative businesses." Tech-cos will be increasingly client-centric, automated (e.g., cloud-native), and able to derive more value and insights from data, which these days means AI.

Our discussion centered on four areas, all of which are top of mind with telcos today. I'll highlight parts of each section while leaving it open for viewers to watch the full discussions which contain quite a lot more information.

5G VNFs and CNFs

The first topic was [5G](#), not surprising given the vast amount of investment telcos have been making into network upgrades. We focused specifically on the advent of [virtualized network functions \(VNFs\)](#) and [cloud-native network functions \(CNFs\)](#).

Omar Akar, Regional Vice President Emerging at Pure Storage, noted that “the transition from VNFs to CNFs represents a major shift towards a much more agile, scalable, and efficient network infrastructure.” VNFs have challenges in terms of efficiency, performance, and management complexity. In addition, “VNFs are designed to be monolithic, so scalability and portability is not as expected.” All these factors are accelerating the move to [containers](#).

The main focus for this has been the 5G core, with Akar noting that 60% of carriers surveyed said they prioritized the 5G core to be cloud-native. But while promising, telcos still face challenges around data services, which Akar explained, noting how [Portworx](#)® by Pure Storage provides significant functions for data services.

Andrew Douglas, Client Technical Director at Pure Storage, added that even a few years ago, CNF deployments were mainly in pockets of the network, but now “it’s come to the mainstream. It’s here, and cloud native is upwards of 35-40% of what happens in the core.”

There’s much more in the [recording](#).

Artificial Intelligence and Telecom

Like every industry, telecom is focused on what [AI](#) can do. Many use cases are being discussed, including customer service, network optimization, security, and even sales and marketing.

Douglas opened the discussion noting that AI has been around for some time, in simple forms like [chatbots](#). He noted that while “the technology has gone really, really fast,” large-scale AI deployments are “the answer, but we’re trying to figure out what the questions are.”

Douglas foresees smaller AI deployments at telcos, possibly positioned at the network edge, rather than the kinds of massive, centralized AI projects seen in other industries. Douglas also commented on the centrality and importance of [data storage in AI](#) models, which is often overlooked with all the focus on GPUs and compute.

John Krasnick, AVP of Service Providers for Pure Storage, brought in the end-user perspective. He noted that he was talking recently to the CIO “of a very large telco” who said he “got storage wrong.” While this CIO commoditized both compute and networking and “felt like he got that right,” he also commoditized storage and “recently realized that was a mistake. His reason for saying it was a mistake was he underestimated the importance and the value of the company’s data. And so he’s completely changed his view of storage and now feels that storage is the most important technology in his company’s business because that’s where data lives.”

A lot of additional AI insights are in the [recording](#), including discussion of AI costs and the importance of having a single storage platform.

Rising Costs and Sustainability

Energy is high on the list of telco concerns, and there are two sides to the coin. There are longer-term net zero goals, but of more immediate concern is operational access to sufficient electricity, especially as power-hungry AI initiatives ramp up.

Douglas noted that telcos are challenged by still running a lot of legacy equipment which can’t easily be turned off, while simultaneously trying to roll out virtualized and/or cloud-native solutions which require yet more infrastructure. He added that based on conversations he’s had, [energy](#) is the number one concern

for telecoms.

Krasnick added how it's important for telcos to move off the legacy 2G and 3G networks that are power-hungry. Akar agreed and noted that energy is critical as well in emerging markets and that Pure Storage has worked on multiple data consolidation projects in the region that have saved significant amounts of energy.

All participants noted how [sustainability](#) is central to everything Pure Storage does and mentioned the incredible power savings Pure Storage delivers. One example of this is [Virgin Media O2](#), which reduced its storage power consumption by 96% by moving to Pure Storage.

Improving Cash Flow via IT Subscriptions

For the final topic, we switched from technology to finances, noting that how you pay for infrastructure can be just as important as what you buy. Krasnick noted how “telco has traditionally been very capital intensive. There are some big, big costs and the ability to depreciate over time has its benefits from an accounting point of view. However, the transition to 5G costs are skyrocketing. And as telcos continue to innovate from a technology point of view, they are also innovating their financial models and willing to look at different approaches.”

These new approaches include subscription-based purchasing for data center equipment. Pure Storage pioneered this approach with storage, and in addition to lowering up-front costs, it provides telcos with exceptional flexibility to experiment with new business models and be more creative. Krasnick feels [Pure Storage subscription models](#) are a win-win for telcos, helping with both finances and technology rollouts.

Learn more about the [Pure Storage® Evergreen® subscription](#) portfolio.

With that, we wrapped up what was an enlightening and informative discussion.

[Watch the “Telcos Becoming TechCos” webinar.](#)

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