Roland Berger

The Future of Business-to-Business Telecommunications

OCTOBER 2025

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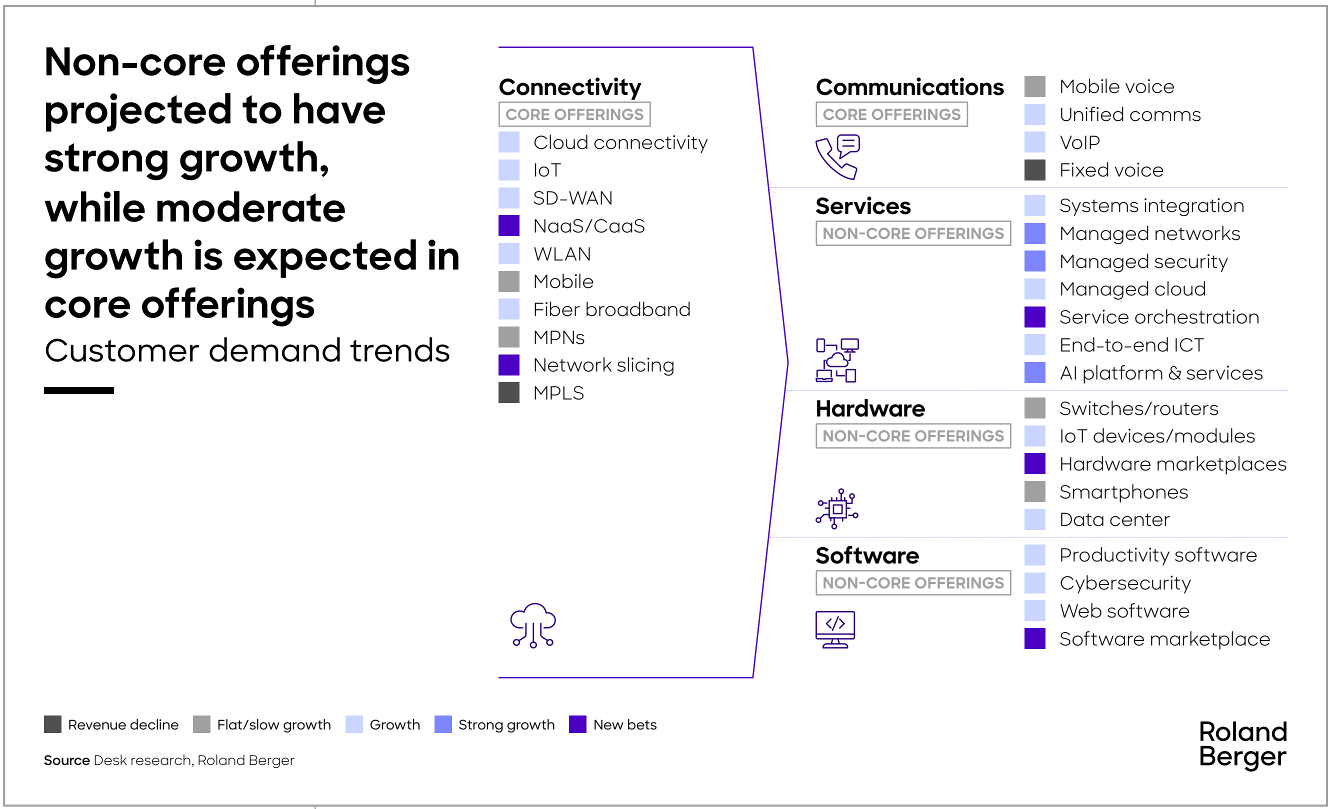
From traditional telecommunications to tech-centric solutions

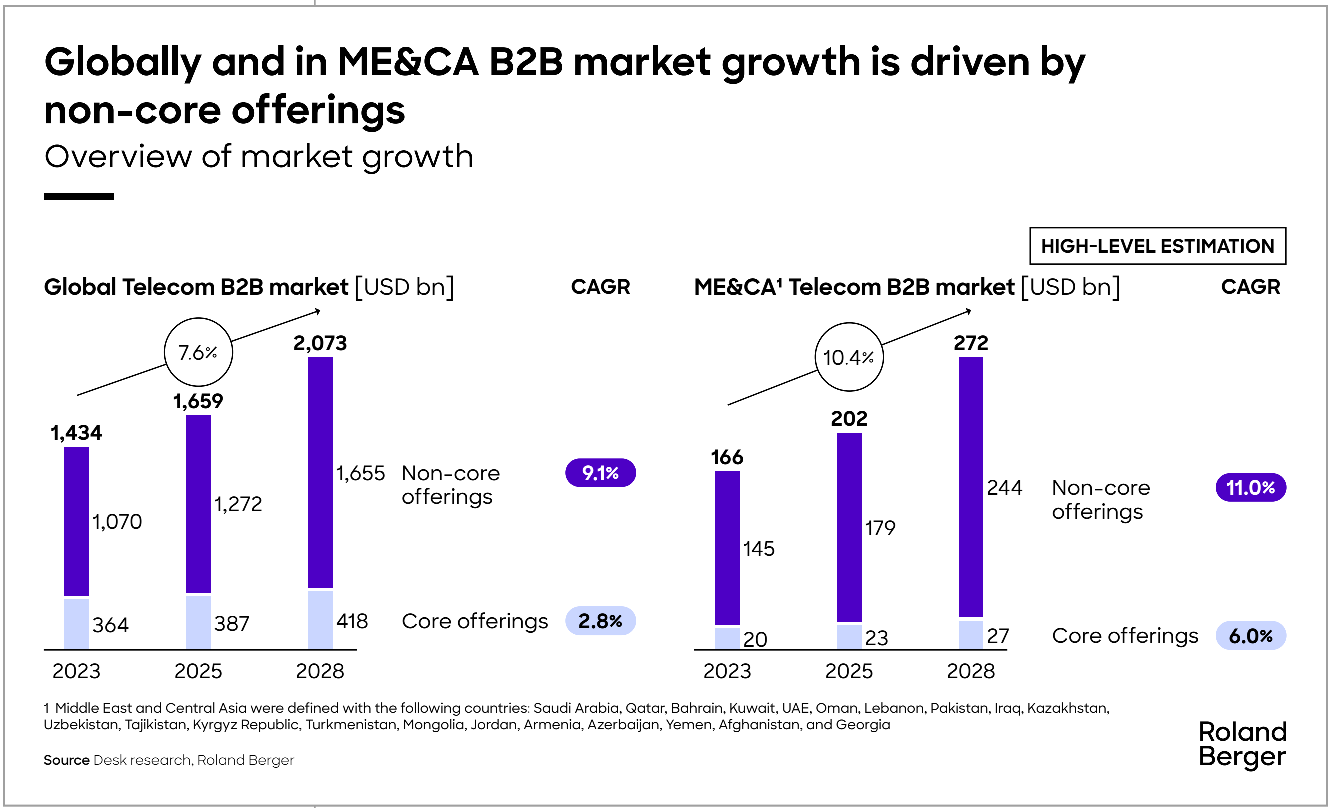
The telecommunications industry stands at a crossroads. Telcos are evolving from traditional connectivity providers into technology-centric enterprises, often referred to as "TechCos"—reflecting the growing demand for innovation, agility and digital-first services. By embracing advancements in cloud computing, artificial intelligence, IoT and 5G, players position themselves not only as enablers of communication but as pioneers of digital ecosystems. As a result, they can unlock new revenue streams and competitive advantages in an increasingly tech-driven world. Thriving in the new digital economy means transforming your mindset and reimagining your strategic role. The question is, how?

The traditional services offered by traditional Telcos are stagnating: mobile voice, fixed voice, switches, routers and MPLS have all seen flat revenue growth in recent years. At the same time, advanced digital services—from Managed Network Services and SD-WAN to the Internet of Things (IoT) and artificial intelligence (AI)—have experienced robust expansion. Indeed, services such as these are catalyzing the journey of telecommunication companies from mere connectivity providers to technology conglomerates or "TechCos", signaling a major shift in industry dynamics.



Regional outperformance in advanced digital services adoption

Globally, growth in the Business-to-Business (B2B) sector for telecommunications is increasingly driven by advanced digital services. Interestingly, the Middle East and



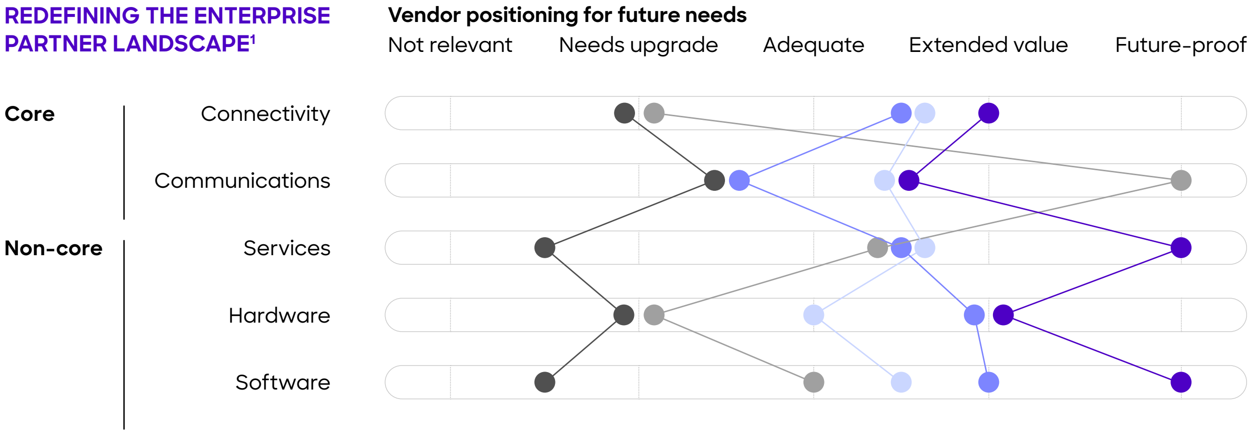
Central Asia (ME&CA) are not just keeping pace but significantly outpacing global growth rates. This region is also witnessing faster adoption of these advanced services, indicating a ripe market for Telcos willing to innovate and adapt.

From Telco to TechCo

A noticeable shift has occurred in the B2B market's buying patterns. Enterprises are increasingly reconsidering their vendor choices, moving away from traditional Telcos and towards full-spectrum technology companies. This trend underscores the necessity for traditional Telcos to reinvent themselves to retain their competitive edge.

B2B market seeks beyond traditional offers, prompting enterprises to reconsider their vendor choices

Overview of customer needs and vendor positioning



1 Question asked: For each product category, which vendor type do you see as best positioned to meet your needs in the future?

Telcos · SaaS players · System integrators · Cloud providers · Hyperscalers

Source Expert interviews, Desk research, Roland Berger

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If they are to survive, players must adopt a TechCo mindset. This involves harnessing technologies such as the cloud, AI and Everything-as-a-Service (XaaS) to foster innovation and reshape their offerings. Such a strategic pivot can help Telcos transition from traditional service providers into integrated technology solutions providers.

Leading global Telcos are now redefining their long-term strategic vision by aligning with one of three distinct strategic archetypes—essential for navigating the complexities of a digitalized and interconnected market:

Connectivity & Telco providers

These players focus on the foundational elements of telecommunications both in terms of infrastructure and services. This includes traditional telecom network equipment such as mobile network units and fixed network equipment, as well as ICT infrastructure comprising modules, handsets and routers. Service-wise, this archetype covers managed enterprise networks, private networking and other

To remain competitive, Telcos must embrace a TechCo mindset - harnessing Cloud, AI and XaaS

From Telco to TechCo

		From Telco ...	... to becoming a TechCo
CENTRAL ROLE	Leverage telco cloud	Proprietary workloads and hardware in "on-prem" environment	Integrate telco cloud solutions in multi and hybrid cloud environments
	Transform and innovate	Incremental product development	Leverage advanced technologies (AI), agile development and next gen connectivity to innovate
	Offer access by virtualizing	Focus on proprietary platforms, costly to maintain and scale	Prioritize "leasing" best in class XaaS platforms that are easy to scale
	Sell experience instead of P&S	Selling conventional products and services	Reclaim "right to sell" via hyper personalization and simplification
	Work with ecosystems	End-to-end in-house/vendor driven execution	Forge coalition of related companies that together deliver new solutions

Source Desk research, Roland Berger

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telecom network services that form the backbone of telecom offerings. Emphasizing infrastructure sharing and private networks outsourcing, it solidifies the core offerings that have historically defined telecom companies.

Integrated B2B platform providers

The second model shifts towards a more integrated approach, combining digital infrastructure services with robust digital solutions. This involves supporting and maintaining ICT infrastructure, which is critical in today's tech-driven environment; it also includes developing and managing platforms for business applications and middleware. Emerging technologies such as AI, IoT and AR/VR are pivotal in this archetype, enabling Telcos to offer cutting-edge solutions that extend beyond traditional telecommunications services into comprehensive digital solutions encompassing e-commerce, video conferencing and cloud services.

Integrated Telco & ICT providers

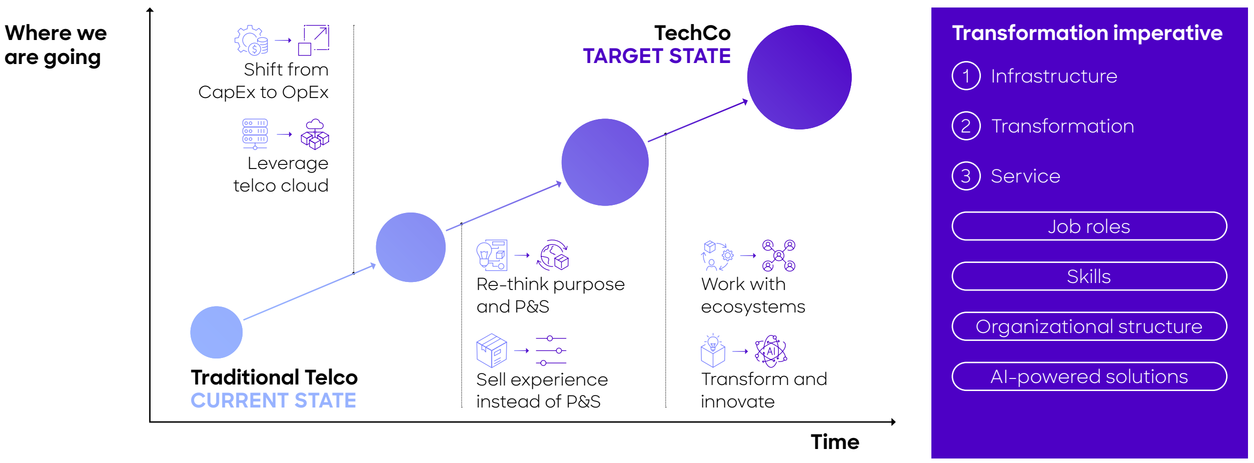
The most expansive of the three archetypes, this model blends comprehensive telecom and ICT capabilities with a strong emphasis on cybersecurity and ICT consulting services. It combines the essentials of connectivity and digital infrastructure with advanced cybersecurity measures such as managed security services, endpoint security and data loss prevention. Moreover, it leverages ICT consulting to provide end-to-end business solutions in areas including business process outsourcing, data management and system integration. This archetype is designed for Telcos aiming to position themselves as holistic providers that can address all aspects of modern business requirements through a tech-driven lens.

Rewiring strategy for the smart economy

To unlock new growth opportunities and thrive in an increasingly digital economy, traditional telecom companies must reimagine their strategic role. This transformation is no longer optional—it is a structural imperative. By transitioning from connectivity providers to smart ICT partners, players can reposition themselves at the center of enterprise value creation.

By transitioning to a smart model, conventional connectivity providers can unlock new growth areas

Journey to TechCo target state



Source Roland Berger

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The transition to a digital world requires coordinated change across three strategic dimensions: infrastructure, transformation and service. Each dimension represents a strategic pathway forward for Telcos. Leading Telcos will often combine elements of all three, but must identify their anchor strategy to focus execution and differentiate themselves in the market:

1 *Infrastructure: Build the digital backbone*

The first pathway emphasizes strengthening the foundations of telecom infrastructure. Operators must commit to rolling out high-capacity, gigabit networks that can meet rising B2B demand, while also accelerating the deployment of private 5G tailored to verticals such as manufacturing, logistics, and healthcare. To remain competitive, they need to move away from heavy upfront capital expenditure and embrace more flexible, service-oriented deployment models such as Network-as-a-Service.

Best fit for: Asset-heavy operators aiming to monetize network differentiation and industry-specific use cases

2 *Transformation: Enable smart operations*

The second pathway centers on building internal capabilities to support digital transformation. This includes scaling artificial intelligence, cybersecurity, and automation to manage increasingly complex digital ecosystems. It also involves developing AI-powered security and analytics solutions as differentiating services, while reskilling employees and redesigning organizational models to foster agility and innovation.

Best fit for: Telcos seeking to differentiate themselves through intelligent operations and digital platform enablement

3 *Service: Orchestrate ecosystems*

The third pathway positions telecom operators as integrators and value chain orchestrator. By co-developing tailored industry solutions with technology partners and embedding Platform-as-a-Service (PaaS) and Software-as-a-Service (SaaS) into their offerings, telcos can evolve into providers of full-stack B2B solutions. The shift moves telcos away from product sales and toward outcome-driven, experience-led models.

Best fit for: Operators with strong enterprise relationships and the ambition to lead ecosystem-based service delivery

Success depends not just on technology investment, but also on organizational reinvention—from job roles and skills to service models powered by AI. When choosing their anchor strategy, players should remember that there is no one-size-fits-all model: They must make their decision on the basis of a close evaluation of the market opportunity and enterprise maturity in their core geographies, their internal capabilities and investment readiness, and their own strategic ambition.

Rewriting the telecom playbook

The evolution from traditional telecommunications providers to technology-driven companies is not optional—it is essential for survival and growth in an increasingly digital landscape. By embracing advanced digital services and adopting a tech-centric business model, Telcos can navigate the complexities of modern business demands and emerge as leaders in the digital era. This transformation, while challenging, presents an exciting frontier for the telecom industry, promising not just survival but significant prosperity in the digitalization and intelligence race.

How can Roland Berger help?

Roland Berger helps clients identify their optimal strategic path forward, developing a tailored transformation plan that aligns with their unique goals and market positioning. Our approach includes crafting actionable strategies for market segmentation, positioning and go-to-market plans, while driving product and service innovation. Additionally, we help design new pricing and revenue models, unlock ecosystem opportunities through strategic partnerships and ensure operational efficiency, supporting clients throughout their transformation journey.

Further reading

→ *TRANSFORMING TELCOS: OPPORTUNITIES AND MODELS FOR TELECOM OPERATORS*

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