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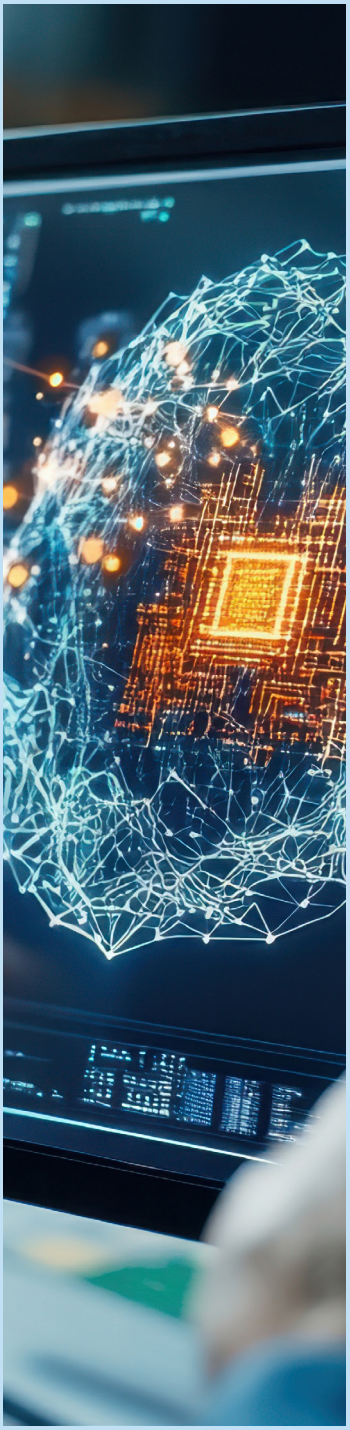


BEYOND CONNECTIVITY: THE FRONTIER TELCO AS AN ENABLER FOR AI-NATIVE ENTERPRISES

The rise of AI has redefined enterprise expectations of telcos, shifting the opportunity from connectivity enablement to outcome-driven value creation

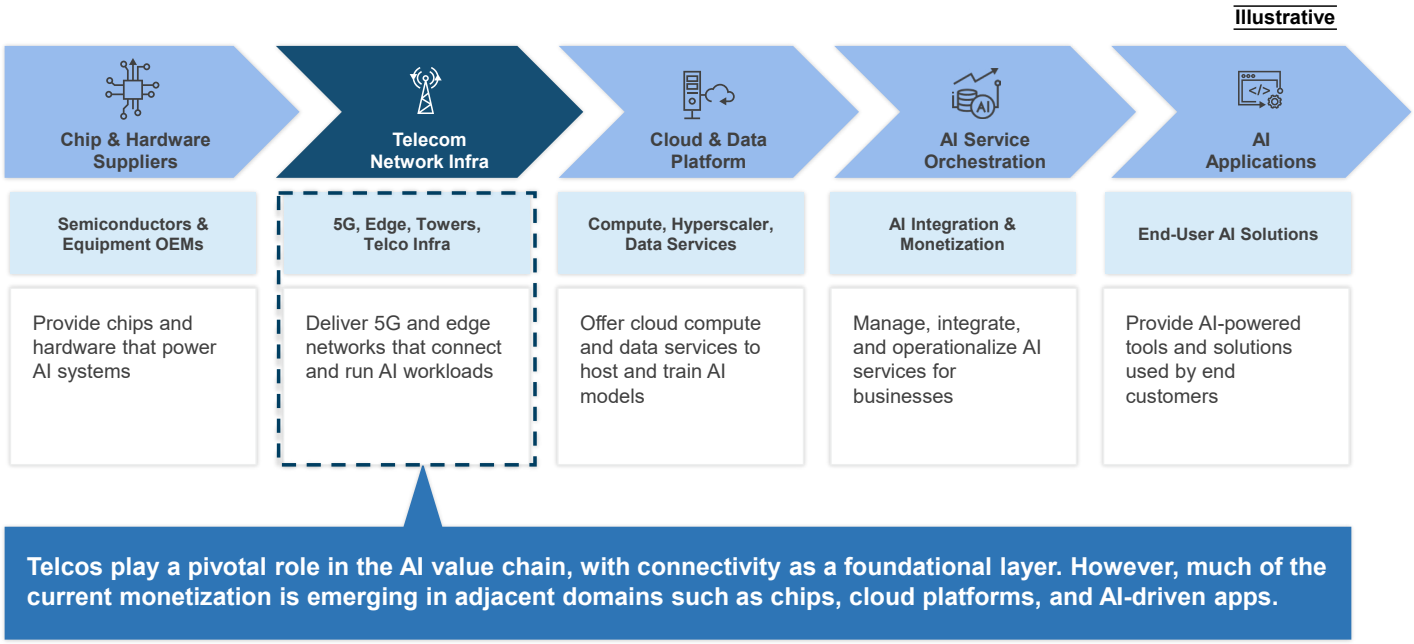
AI is shifting from experimentation to real-world deployment, and telcos are at the heart of this transformation. Anthropic's recent launch of Claude Opus 4.6 marks a clear inflection point in enterprise AI adoption, by showing how AI can now handle operational tasks at a scale previously reserved for enterprise software and human-led processes.

AI is moving from centralized cloud setups to on-site operational environments. Intelligence is now embedded directly into physical processes where machines coordinate with each other, trigger actions, and impact people, assets, and safety. These solutions require highly reliable connectivity, distributed computing power, real-time decision-making, and automated, closed-loop operations. Consequently, this redefines what enterprises expect from all their partners, particularly telcos.

As workflows become AI-driven, buyers are no longer seeking connectivity alone. **The value proposition must move beyond bandwidth and uptime to tangible outcomes: faster decisions, higher throughput, improved safety, stronger compliance and large-scale automation.**

The Traditional B2B Telco Model is Struggling to Keep Up with This Expectation

Historically the telco business thrived on owning licensed spectrum, expansive network infrastructure, and a reputation for providing reliable connectivity. However, with abundant fiber/IP and cloud-native enterprise architectures, connectivity has become commoditized. This **commoditization drives price pressure, shorter contracts, and reduced differentiation, leaving telcos essential, yet capturing less economic value.** Telco monetization remains indirect, operating primarily at the network layer across the AI value chain.



Telco's position in the current AI value chain

Moving Beyond Connectivity to Control – The Next Frontier for Telco B2B Growth

In AI-driven operations, value sits where decisions are verified, controlled, operated and localized. These critical control points dictate who or what is acting (identity), what is allowed (policy), how reliably it performs (deterministic SLAs), where data and compute reside (locality and sovereignty), and assured on-site execution. While hyperscalers are deploying edge nodes, they are yet to match the scale and geographic distribution that telcos already operate. **This is where telcos can reposition themselves from "carriers of AI traffic" to "enablers of AI execution and trust".**

The strategic imperative is to shift from selling connectivity to making the network a foundational part of the customer's control layer. This distinction separates a traditional connectivity provider from a Frontier Telco. A Frontier Telco embeds AI across connectivity, edge infrastructure, platforms, and operations, making it the backbone for real-time intelligent enterprise operations.

Becoming a Frontier Telco – The Inside-Out path

Becoming a Frontier Telco is not merely a product refresh, it **is an inside-out operating model shift**. However, this transformation **does not need to happen overnight**. Telcos can **begin pragmatically, starting with targeted capability upgrades within the network and progressively expanding scope** as platforms, partners, and enterprise confidence mature.

Operating Model Transformation

From	To
As-Is State	**Frontier Telco State**
Infrastructure Mindset	Platform Mindset
Selling Inputs	Delivering Outcomes
Best-effort Service	Mission-critical SLAs
Bespoke Projects	Repeatable & Scalable Offerings

When the telco owns control points that enterprises depend on, strategic relevance rises

This transition can be executed in three phases:

Phase 1

Starting inside the network

Predictive fault analytics, self-healing automation, and application-aware routing improve SLA credibility while reducing the cost to serve.

Phase 2

Producing repeatability

Standardized private networks bundled with edge compute become a product, rather than a project. Operators package private connectivity, localized compute, and integrated operations tooling into repeatable bundles that can be deployed across sites. The objective is to establish a controlled environment where inference can run close to operations. Ecosystem partnerships become crucial in this phase. Telcos must retain control over performance, security, and locality while leveraging partners to accelerate time-to-market.

Phase 3

Transitioning from Managed Services to Autonomous Operations Platforms

Over time, enterprises will demand not just infrastructure, but the continuous optimization of security, compliance, and reliability. This is where the telco becomes embedded in enterprise workflows through continuous monitoring, policy enforcement, incident response, and optimization loops that run continuously.

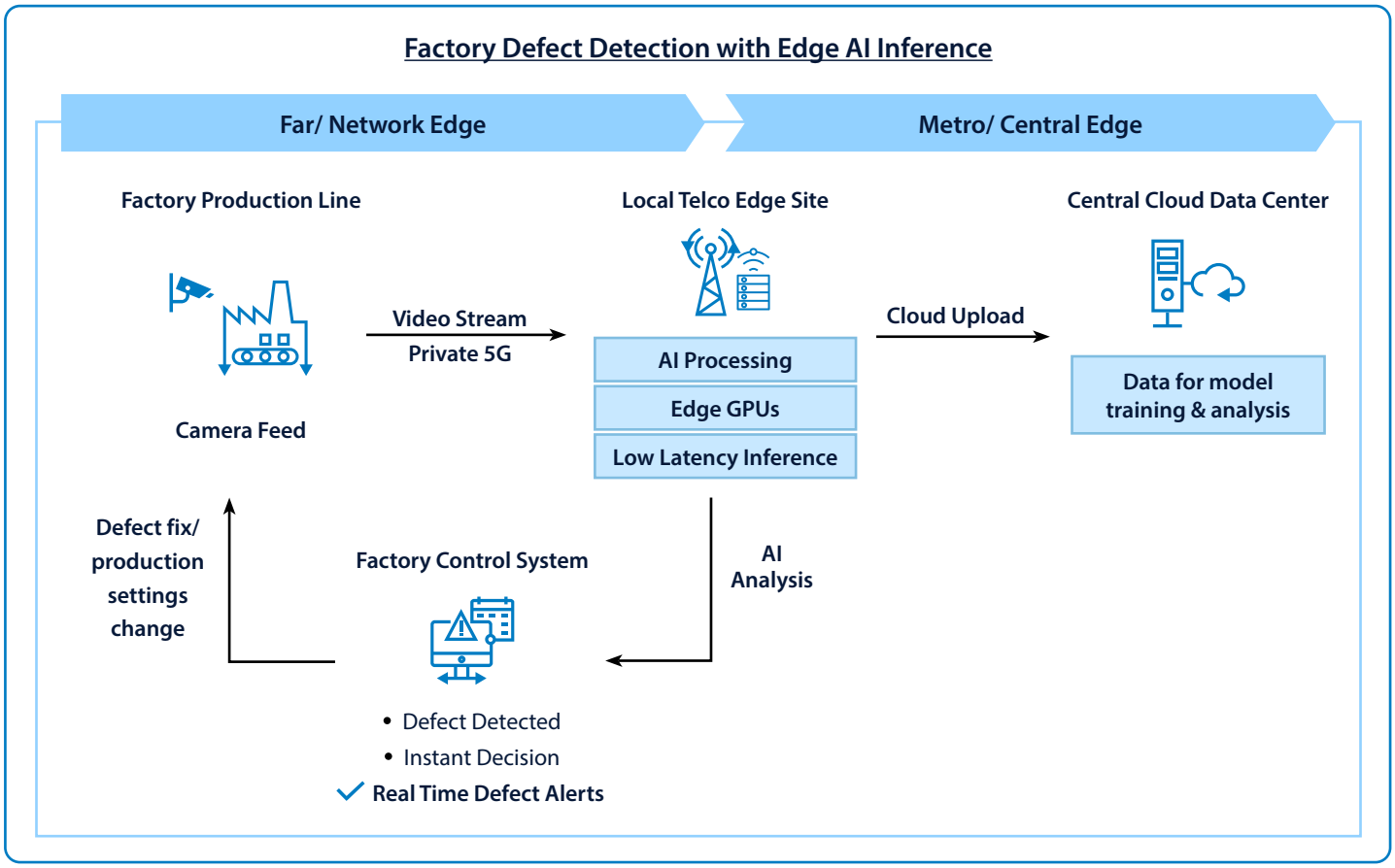
New B2B Growth Opportunities for Frontier Telcos

The shift to a Frontier Telco model unlocks new opportunities and helps telcos diversify their portfolios. To begin with, here are five scalable plays that are immediately actionable, align directly with enterprise outcomes, and anchor on the telco's current capabilities:

#	Offering	Description	Enabling Telco Capability	Potential Industry Verticals to Target	Enterprise Outcomes
1	Edge Inference as a Service (Telco Edge AI)	Run AI inference closer to where data is generated (metro/edge sites), instead of sending every request to a centralized cloud. Provide reserved capacity and SLA-backed performance.	Distributed edge footprint, ability to engineer deterministic network performance, and operate carrier-grade SLAs end-to-end.	Manufacturing, Logistics & Ports, Healthcare, Retail, Energy & Utilities	Real-time decisions, faster response times, higher throughput, improved resilience.
2	Identity as a Service (IdaaS) for AI Agents & Machines	Extend telco-grade identity to AI agents, devices, robots, vehicles, and humans so that enterprises can verify "who/what is acting" before allowing actions.	Telcos already run identity rails at scale (SIM/eSIM, device authentication, network-level verification).	Manufacturing, Logistics & Ports, Healthcare, Energy & Utilities (Retail where device/agent identity is key)	Stronger security, safer automation, compliance-ready audit trails, reduced misuse.
3	Observability as a Service	Productize network signals (e.g., mobility patterns, RF performance, location context, telemetry) into secure and governed real-time data feeds for operational AI.	Telcos uniquely observe large-scale network behavior and mobility context; can provide national/regional coverage signals.	Manufacturing, Logistics & Ports, Healthcare, Retail, Energy & Utilities	Better routing/flow, situational awareness, improved safety and efficiency, faster decisions.
4	Private AI Networks (Private Connectivity + Local Inference)	Standardized private network bundles that include private wireless bundles with localized compute/inference nodes, delivered with clear SLAs.	Ability to deliver end-to-end accountability across connectivity and on-site compute	Manufacturing, Logistics & Ports, Healthcare, Retail (large formats/DCs), Energy & Utilities	Mission-critical reliability, low latency, secure local processing, operational automation at site level.
5	Proof of Presence as a Network Service	Provide stronger verification signals to distinguish humans from bots/deepfakes and validate real presence/real device, delivered as a network-based service.	Network-level signals (device/SIM authenticity, behavioral signals where appropriate), ability to provide higher assurance verification.	Retail, Healthcare, Logistics & Ports, Energy & Utilities (regulated/critical workflows)	Fraud reduction, stronger access security, higher trust in critical transactions and approvals.

Illustrative Use Case: Real-Time Defect Detection in a Manufacturing Plant

In a modern manufacturing plant, visual defect detection requires decisions in milliseconds, not seconds. High-resolution cameras continuously inspect products on the production line. Streaming this volume of video to a distant cloud data center would introduce variable latency, high backhaul costs, and unacceptable production risks. Instead, inference is executed at the telco edge, close to the factory. Video streams traverse a private 5G network to a nearby telco edge site equipped with GPUs. AI models run locally, detecting defects in real time and immediately triggering control actions—such as adjusting machinery, stopping the line, or alerting operators. Only selected outcomes (metadata, alerts, aggregated statistics) are sent upstream.



The central cloud still plays a critical role, albeit a different one. It is utilized for model training, large-scale analytics, cross-plant optimization, and historical analysis. Raw video does not need to leave the site; intelligence is executed locally, while learning and coordination happen centrally. This is where telcos and hyperscalers complement one another. Hyperscalers excel at centralized AI creation and large-scale training, whereas telcos uniquely enable deterministic connectivity, ultra-low-latency inference, and distributed execution across thousands of physical locations. In this architecture, telcos do not compete with the cloud—they enable AI to function in the real, physical world.

From Supplier to a Strategic Partner - The Impact on the B2B Revenue Mix

Across these five plays, the common denominator is not the introduction of new technology, but rather how it is applied. It is the **ability to deliver outcome-led services in which the telco can credibly own SLAs and control points**. For telcos, this means moving **from low-value connectivity toward higher-value platforms, software-like services**, and contracts tied to operational KPIs that impact enterprise outcomes. This shift fundamentally changes contract structures. It **repositions the telco within the enterprise architecture: moving from a line item under "network" to a capability under "operations" - a far more defensible and strategic budget category**. In a traditional model, connectivity dominates. In a Frontier model, platforms and AI services capture a significantly larger share of the revenue mix.

Illustrative

Revenue Category	Traditional Telco	Frontier Telco
Connectivity	70–80%	30–40%
Managed Services	20–30%	20–25%
Platforms & AI	~0%	40–50%
Outcome Upside	None	Strategic

The price of standing still

The price of inaction is clear. **If operators continue to focus solely on connectivity, margins will remain under pressure**. Hyperscalers are not standing still; they are aggressively building industry-specific capabilities through strategic partnerships. **The Frontier Telco transformation is therefore no longer optional. It is a pragmatic route to growth and margin resilience in B2B telecommunications.**

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