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**Author(s):**

Nicole McCormick, Senior Principal Analyst, Broadband & Bundling

Lian Jye Su, Chief Analyst

Pamela Clark-Dickson, Principal Analyst, Advanced Messaging and Communications

Adam Etherington, Senior Principal Analyst, Digital Enterprise Services

Hwee-Xian Tan, Senior Analyst

Jensen Ooi, Principal Analyst

# Amdocs APAC strategy update: Navigating telco transformation through AI, customer experience, and accountability

## Omdia view

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### Summary

Amdocs' APAC Industry Analyst Summit 2024 was aptly named "Up Close" – the vendor deep-dived into its strategies and insights to optimize revenue while effectively managing costs. It demonstrated how tech enablers' automation and AI are critical to telcos' transformation from being connectivity led to becoming techcos. A summary of our analysts' thoughts on the event is as follows:

- Amdocs highlighted successful collaborations with key Asian clients such as XL, PLDT, and KT, resulting in significant operational improvements and accelerated 5G adoption.
- The introduction of the amAIz platform underscores Amdocs' commitment to addressing the evolving AI landscape in telecommunications.

- Strategic partnerships with industry leaders such as NVIDIA, Microsoft, and AWS aim to enhance Amdocs' AI capabilities and product offerings.
- The unveiling of the Customer Engagement Platform (CEP) in collaboration with Microsoft exemplifies Amdocs' dedication to innovation and customer-centric solutions.
- Amdocs' shift toward focusing on business outcomes and shared risk to complement more traditional service-level agreements (SLAs) represents a significant departure from conventional engagement models.
- New product introductions such as connectX and eSIM further solidify Amdocs' position as a frontrunner in empowering telecom operators to meet evolving market demands.

## Asia is the key growth engine

Amdocs works with customers in Asia in numerous ways and the provider claimed success in several KPIs, including the following:

- XL now includes an AI Ops program to automate IT systems services. The aim is to prevent system issues before they happen using AI auto-healing analysis. The result: more than 70% of processes were automatically fixed; 30% call reduction to call centers; 50% faster creation of new offers; 43% faster resolution of customer complaints, not to mention 3% revenue growth.
- PLDT now includes data transformation to generate personalized offers. The result: a fourfold expansion in customer reach.
- KT includes Amdocs' convergent charging system to support 5G. The result: shortened time to market by 60%; 1 million 5G subscribers reached in five months; improved customer satisfaction.

## Amdocs AI leverages openness and domain expertise

As a market leader in business and operation support systems (BSS/OSS), Amdocs is a natural and incumbent partner for telcos that wish to leverage AI to optimize internal use cases and generate new revenue. In November 2023, Amdocs launched amAlz, a telco-grade and vendor-agnostic generative AI (GenAI) platform designed for telco-specific use cases. Key use cases include customer engagement, sales enablement, personalized service offerings, and network optimization.

However, Amdocs is also profoundly aware of the limitations of standalone innovation in the rapidly evolving GenAI technology landscape. To address these limitations, Amdocs relies on three approaches: openness, agnosticism, and domain expertise.

Amdocs chose to work with NVIDIA for amAlz. Specifically, NVIDIA provides DGX Cloud, a cloud-based GPU computing infrastructure service, alongside AI model libraries, developer toolkits, and GenAI models from OpenAI, Meta, Mistral, and Anthropic. Telcos can also use NVIDIA Inference Microservices (NIMs) to simplify and optimize GenAI deployment. Together, the two companies have delivered high-value KPIs for GenAI capabilities that were able to achieve decreased costs to operate (up to 60%), latency enhancements (approximate 80%), and accuracy improvements (up to 30%).

Amdocs is also partnering with Microsoft to productize GenAI applications further. The CEP is built in collaboration with Microsoft and combines Amdocs amAlz TelcoGPT with Microsoft Copilot capability, integrated across customer service, sales, and order management. Both companies will also establish a

dedicated lab and center of excellence. Amdocs is also working with AWS on cloud migration and developer support. Developers can use AWS Bedrock to perform code conversion and mainframe migration.

At the same time, instead of relying solely on partners, Amdocs brings unique value to all these partnerships. Over the years, Amdocs' deep understanding of network operation and maintenance, telco taxonomy, and infrastructure characteristics has made the company a valued systems integrator among telcos. All the domain-specific knowledge and insights are made available through amAIz, allowing telcos to build and deploy telco-grade GenAI solutions that are efficient, secure, and compliant with existing regulations and requirements. Currently, most of the activities are limited to Tier-1 telcos. Tier-2 and Tier-3 telcos are still facing severe challenges in adopting AI solutions. Amdocs will have its work cut out to accelerate AI adoption of its offerings beyond Tier-1 telcos.

## Details of CEP with Microsoft unveiled

With AI at the center stage, Amdocs demonstrated the fruits of the expanded partnership with Microsoft that the companies announced in February 2023 to create a telco-verticalized CEP targeting Amdocs' core market of service providers. In short, Amdocs and Microsoft have built a unified and integrated new engagement platform for telco B2C and B2B use cases in marketing, sales, customer service, and commerce, all infused with advanced AI and GenAI capabilities. This will facilitate multichannel, personalized, context-aware, and proactive marketing capabilities in real time. It includes capturing and nurturing leads, discovering new segments, building and launching new customers' journeys, and creating new bundles and pricing promotions. Additionally, it offers advanced telco-grade commerce capabilities, enabling CSPs to sell anything to any customer type, at any scale.

The new platform integrates Amdocs' Customer Experience Suite, and specifically its Digital suite, with Microsoft's collaboration and productivity tools (e.g., Teams, OneDrive, and MS365), Dynamics Business apps and Power Apps, as well as product SLAs and data privacy, to create a verticalized package for telecoms. Amdocs' Digital suite comprises Catalog, CPQ Pro, Commerce, Order Management and Billing Care, Low-code Experience Platform, and Data and AI Platform.

The Amdocs-Microsoft CEP leverages the combined power of Microsoft and Amdocs Copilots and AI. The integrated platform, which includes Amdocs' telco-specific commerce solutions (i.e., CPQ Pro, Catalog, and Ordering), enables handovers to ordering and fulfillment, and facilitates monetization. It addresses the complex service management needs of telcos throughout the customer lifecycle, allowing them to manage customer journeys more effectively.

The joint platform aims to meet telcos' evolving needs for telco-ready B2B solutions that can handle the domain's complex challenges by integrating sales automation and CPQ with a unified catalog and ordering capabilities, boosted with the built-in Copilot and embedded with telco-specific GenAI use cases. Comprehensive training programs and ongoing support resources further enhance the platform's accessibility and effectiveness for telco personnel.

Moreover, the Amdocs-Microsoft CEP integrates with existing systems and processes within telcos' operations, facilitating a smooth transition and maximizing operational efficiency. Amdocs shared a roadmap with analysts at the event, outlining future enhancements that underscore its commitment to innovation and anticipation of industry trends, ensuring that telcos continue to benefit from the latest advancements.

A catalog of pre-built GenAI use case kits already exists. Amdocs demonstrated the ease and speed with which a telco marketer can use the CEP to build a new target consumer plan for health/ fitness-centric consumers, using GenAI Copilots, or Agents, which interface with a human agent and the internal ring-

fenced large language model (LLM). Similarly, the offer lifecycle can progress with AI/GenAI assistance through marketing and customer care. Smadar Kirstein, Amdocs Head of Marketing, Digital Experience Enablement, told Omdia that much of these demonstrated platform capabilities are available, and some were on their way.

## Telcos need help with data mining and targeted offers

Increasing CEP automation using AI/GenAI can speed up time to market and improve the customer experience by providing hyper-personalized offers and proactive customer care. It also gives rise to the concept of the “super-agent” – a multi-tasking human agent that can answer customer queries more efficiently, quickly, and thoroughly. In this context, AI augments human capabilities to elevate the efficiency and quality of services and core business processes.

Amdocs’ strategy is already yielding promising results for its telco customers. One North American customer told the vendor that information returned to customer service agents from its Copilot is akin to human agents with five years of experience.

However, Copilot’s success is determined by the strength of the data the telco holds. It depends on the availability of the data and what the telco would like to predict. Amdocs can help organize telco data into the right places – in many cases, it layers Amdocs data over the disparate telco data. For example, it may only take 40% of the telco data (that is ready for use) and discard the rest.

Moreover, telcos are also typically poor at targeted marketing (Chinese telcos are one exception as they deep data mine heavy uplink users for VIP premium plans). But other Tier 1s are fearful of personalized offers for targeted consumer niches.

## Shared risk as a differentiator

Globally, Amdocs has helped telcos with essential operations and optimization of OSS/BSS platforms for many years. At this event, the provider noted it is now committing to business outcomes in renewed and newly managed services contracts with significant customers. Key capabilities span application development and maintenance, operations (including service management), cloud operations (spanning infrastructure, centers of excellence, and FinOps), and the underlying infrastructure (including data center).

Amdocs is leaning into this outcome focus, committing not only to KPIs such as system health, uptime, and mean time to repair (MTTR), but is now also signing up to business outcomes of marketing campaigns, order to activate (O2A), mobile provisioning times, and application experience with around 40 metrics that customers can choose from. Stanislav Zinchik, Amdocs Service Partner, said there has been a shift to business outcomes with customers, with most Amdocs renewals in the region talking about business outcomes. At the summit, he said that Amdocs “insists on this.” Usually, a business would have 30–40 business KPIs with Amdocs to ensure close alignment between the Amdocs solution and meaningful customer impacts.

Amdocs continues to work with customers to lower the total cost of ownership (TCO) thanks to more variants of professional services and higher service levels. It has a team that specializes in improving return on investment (ROI) and is a key part of this cost saving, of which AI is crucial. Omdia believes that customers appreciate the business-driven matrix focus. We like the link back to business processes – many telcos do not do this, but it is easier for businesses to understand layman’s terms; for example, “payments success rates” were reduced from X to Y because of system improvements.

## Business outcomes are not without challenges

In parallel with business process reporting, Amdocs continues to report on technology SLAs, as these are early indicators of business outcome success and essential for underlying service delivery assessments. While the combined business process/SLA approach is valuable and becoming more prevalent across mature providers, Omdia notes several challenges for executives to consider.

Firstly, a primary constraint includes internal IT and operational divisions that are reluctant to explicitly link operational-level agreements (OLAs) and SLAs from their teams with business outcomes. Historically, this has not been common practice, and it moves them away from what can be controlled. Amdocs uses internal consulting and transformation capabilities to help alleviate this challenge.

Another issue is multi-sourcing, where multiple providers deliver complex services alongside third-party providers or under a master agreement. In this instance, Amdocs reportedly places some partners under novated contracts so it has adequate influence across outcomes across multiple vendors.

Fundamentally, Amdocs' shift to commercially committing to shared risk and rewards in its core markets is a bold move. Omdia expects other global systems integrators (GSIs) to pursue it over time as verticalization experience meets AI's automation capabilities.

## New products include connectX and eSIM

Many service providers use sub-brands to improve their performance in a specific demographic or to capture a new segment underserved by the primary brand. According to Omdia's 2023 Global Mobile Sub-Brand and Digital Brand Tracker, 18% of service providers worldwide operated more than one brand in 2023, up from 16% in 2020.

Aware of this evolving landscape, Amdocs has strategically positioned itself to address the market dynamics. Amdocs connectX, for instance, offers all the functionality service providers need to accelerate the go-to-market process for digital brand commercialization by eliminating IT challenges. Formerly named the Digital Brand Suite, connectX today is an AI-native "telco in a box" solution that uses a cloud native serverless architecture and follows a pay-as-you-grow business model, ensuring adaptability and flexibility. It also offers a pre-built library of digital customer journeys and business processes, low-code/no-code configuration templates, and a rich set of TM Forum-certified open APIs for managing the entire customer lifecycle.

A notable success story includes Melon, an MVNO from South Africa, showcasing connectX's effectiveness in enabling a fully digital and integrated MNO within three months. While often associated with MVNOs targeting the mass market, connectX is equally adept at assisting service providers in targeting micro and small business customers. Its cloud-based and modular design, scalability, customization, and AI-powered features align well with the needs of micro and small business customers. However, challenges such as potential complexity and pricing considerations for small businesses necessitate careful evaluation.

In addition to the connectX suite, Amdocs has introduced eSIM, a solution designed to streamline the deployment of eSIM services for telcos. Recognizing the complexity of developing in-house eSIM solutions, Amdocs offers a comprehensive package that leverages existing partnerships within the telecom ecosystem, including device vendors, SIM vendors, and module manufacturers. This collaborative approach ensures seamless integration and compatibility across various devices and networks. Amdocs' eSIM solution has already gained significant traction in the market, with numerous telcos worldwide adopting it to enhance their service offerings. Alongside Melon, notable MNOs such as Vivo, AT&T, Orange, Viettel, PLDT, XL

Indonesia, and 3 Hong Kong have embraced Amdocs' eSIM solution, underscoring its versatility and market appeal.

By incorporating Amdocs connectX and eSIM into their portfolio, telecom operators can effectively address their customers' evolving needs while staying ahead in a rapidly changing industry landscape.

## Appendix

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### Further reading

*Global Mobile Sub-Brand and Digital Brand Tracker by Country – 2023 (September 2023)*

### Authors

Nicole McCormick, Senior Principal Analyst, 5G & Broadband, Pricing & Strategy

LianJye Su, Chief Analyst, Applied Intelligence

Pamela Clark-Dickson, Principal Analyst, Advanced Messaging and Communications

Adam Etherington, Senior Principal Analyst, Digital Enterprise Services

Hwee Xian Tan, Senior Analyst, Digital SoHo and SME Operator Services

Jensen Ooi, Principal Analyst, APAC Service Provider Markets

[askananalyst@omdia.com](mailto:askananalyst@omdia.com)



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## CONTACT US

[omdia.com](https://omdia.com)

[askananalyst@omdia.com](mailto:askananalyst@omdia.com)