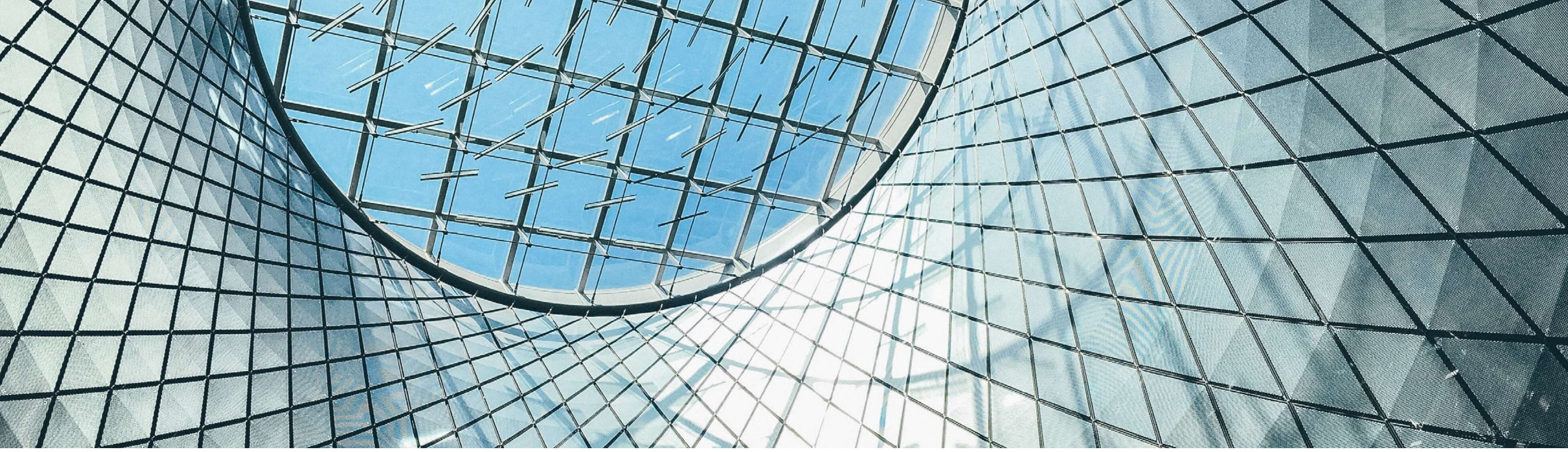

451 Research Market Insight Report Reprint

CPaaS Acceleration Summit 2024: Unlocking growth through network APIs

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The recent CPaaS Acceleration Summit in Amsterdam gathered key stakeholders from the telecommunications industry, including major network operators, CPaaS providers and technology vendors. The event underscored the collective commitment to advancing network APIs as a strategic growth avenue for the telecom sector.

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Introduction

In mid-September, the CPaaS Acceleration Alliance convened its second summit, CASA24, in Amsterdam. The three-day summit featured five focused tracks: Telcos & Network APIs, Security & Trust, AI & Data, Channel & Development, and UCaaS/CCaaS & CPaaS Convergence. In this report, we highlight key insights from day one, reflecting discussions among the CASA24 community about the evolving landscape of network APIs and the substantial market opportunities for telcos.

THE TAKE

At CPaaS Acceleration Summit 2024, the sentiment surrounding network APIs was notably optimistic. The GSMA Open Gateway initiative and Project CAMARA were highlighted as pivotal movements, particularly with active participation from leading operators like Deutsche Telekom, e& enterprise, KPN and Telin, all of which are advancing commercial deployments. The event's timing was significant, occurring just days after Telefonaktiebolaget LM Ericsson announced a joint venture with 12 global telcos aimed at accelerating the monetization of network APIs. This milestone is expected to enhance the commercial rollout of network APIs across the telecom industry, marking a crucial step forward in leveraging these technologies for growth.

Context

The CPaaS Acceleration Alliance is focused on fostering the growth and widespread adoption of communications PaaS offerings. The alliance unites a diverse array of stakeholders, including CPaaS providers, technology vendors, sales partners, industry experts and media representatives, all working collaboratively to enhance the CPaaS landscape.

Launched at Mobile World Congress 2023, the GSMA Open Gateway initiative is a transformative effort aimed at establishing a standardized framework for mobile operators. The framework enables operators to expose their networks as accessible platforms for developers. By providing APIs that facilitate secure access to mobile network capabilities — such as messaging, location services and billing — the initiative empowers third-party developers to create innovative applications and services. Ultimately, these advancements can lead to enriched customer experiences and new revenue opportunities for network operators, positioning them as vital players in the digital ecosystem.

Key highlights from the CPaaS Acceleration Summit

This year's event attracted a diverse array of participants, including global network operators such as BT Business, Deutsche Telekom AG, e& enterprise, Koninklijke KPN NV and Telin, alongside representatives from the GSM Association. Key players in the communications PaaS landscape, including 2600hz, CM.com NV, EnableX, Infobip, Sinch AB and Vonage, were also in attendance, along with leading technology vendors like BICS, Cisco Systems Inc., Ericsson, Radisys and Speechmatics, plus startups Akixi, Enreach, Glide, Nabstract and Sabrhub.

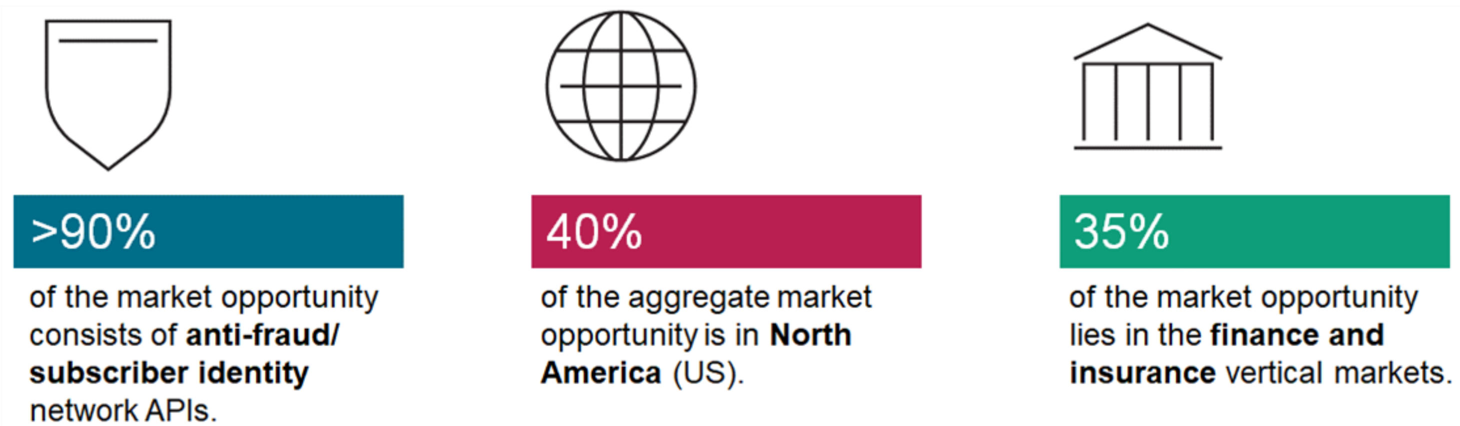
It opened with an in-depth exploration of emerging growth opportunities for network operators through network APIs. While still in the early stages, the current deployment landscape demonstrates significant progress. As reported by the GSMA, service providers have successfully deployed and commercially launched CAMARA-compliant network APIs across 27 countries as of October – up from 23 in May. The first day of the summit featured several key discussions, emphasizing the potential of network APIs to drive innovation and revenue growth for telcos.

Monetizing 5G investments via network APIs

Network APIs present a significant opportunity for telcos to capitalize on their investments in 5G infrastructure. According to our research, the global market opportunity for network APIs is currently estimated at $12.6 billion, with anti-fraud and subscriber identity APIs accounting for more than 90% of this figure. The finance and insurance sectors emerge as the largest contributors, representing just over 35% of the total opportunity.

Our analysis examined the market potential for 10 network APIs across the 23 countries where operators have commercially launched these services as of May. By effectively productizing network APIs, telcos can position themselves as providers of advanced digital services. However, there is an urgent need for them to act swiftly — failure to do so could result in losing market share to technology vendors eager to offer similar services.

Figure 1: Anti-fraud and subscriber identity network APIs compose the largest portion of the market opportunity



Source: 451 Research's Network APIs: Segment Addressable Market Opportunity Analysis.

Increasing interest in network APIs amid steady commercial adoption

Network APIs are steadily gaining traction within the telecom sector, but commercial launches have not yet reached a critical mass. The sentiment expressed at the summit indicated that, despite a heightened awareness among network operators, widespread commercial deployment remains limited on a global scale. Many operators have adopted a cautious "wait and see" strategy, opting to observe competitors' moves before committing to their own launches.

Despite this hesitance, there are positive signs that the GSMA Open Gateway initiative is gaining traction. A notable development was the recent joint venture announced by Ericsson in collaboration with 12 global telcos, which occurred just days before the event. This partnership is expected to bolster the commercial viability of network APIs, paving the way for broader adoption across the industry.

Building a developer ecosystem: A challenge for telcos

A recurring theme at the summit was the challenge network operators face in building a developer ecosystem, which is seen as a significant barrier to advancing network API initiatives. However, there is optimism that telcos can leverage the expertise of established CPaaS vendors such as Infobip and Vonage, as well as major hyperscalers like AWS and Microsoft Corp.

These companies are actively opening their platforms, providing network operators with the opportunity to tap into their extensive developer ecosystems. By collaborating with these players, telcos can access a more vibrant developer community that could drive the adoption of network APIs and digital services.

Skepticism surrounding market opportunities

Doubts about market opportunities were expressed by both technology providers and network operators at the summit. A common concern is the perceived lack of commitment from executive leadership, which is considered a significant obstacle to advancing network API initiatives. Many attendees pointed to market overhype and uncertainty surrounding pricing and business models as critical factors contributing to their hesitation.

These concerns are valid, considering the nascent stage of the industry. However, the CPaaS sector has nearly two decades of experience in productizing communication APIs and experimenting with various pricing strategies. This history offers valuable insights that can help telcos navigate the complexities of this emerging market, potentially easing some of the skepticism and fostering confidence in pursuing network API initiatives.

Productization and demand-generation challenges

Network operators face significant hurdles in productizing network APIs and crafting effective go-to-market strategies. A solution-based approach is essential to attract both developers and enterprises, ensuring that the offerings meet their needs and expectations.

Additionally, product cannibalization poses a critical concern — as new services are introduced, they could displace existing offerings. For instance, emerging identity services could replace traditional SMS-based security tools. This overlap will require careful planning and alignment to balance new product innovation with the preservation of current revenue streams.

Looking ahead

The introduction of telecom APIs has been a long-anticipated development, with early initiatives dating back over 30 years. Notably, the Parlay Group, established in 1998, aimed to create APIs that would provide access to the public switched telephone network. This initiative eventually evolved into OneAPI, a standardized set of APIs endorsed by the GSM Association.

As the telecom industry continues to evolve, the potential of network APIs presents a transformative opportunity for operators to enhance their services and drive new revenue streams. The momentum generated at events like the CPaaS Acceleration Summit underscores a growing recognition of this potential, with initiatives such as the GSMA Open Gateway and collaborative ventures among major players paving the way for broader adoption.

For network operators to fully capitalize on these opportunities, they must address existing challenges, including the need for robust productization strategies and the establishment of developer ecosystems. By leveraging the experiences of established CPaaS providers, telcos can position themselves as key players in the digital landscape.

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