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Simwood
STRAIGHT-TALKING FORWARD-THINKING



Beyond conformity

COVER STORY
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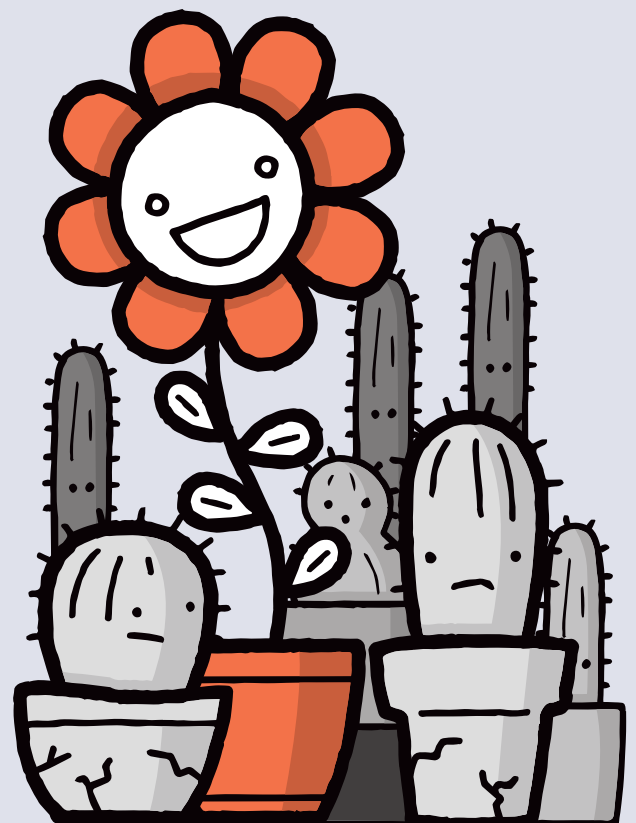
BY SIMON WOODHEAD

Simwood is, by our estimation, number three in the Carrier Services market in the UK. We host millions of numbers and convey billions of calls for platform operators and networks of all scales across the UK, USA and wider world. **That gives us the huge privilege of seeing who is growing, where, and what they're doing right.** The data is very clear and I'd like to talk about it here.

Before I do, I of course have to address the elephant in the room. Simwood is software-defined and our customers (numbering in their hundreds) are, by definition, those at the leading edge, demanding APIs to do things instantly that others would take weeks to do by paper, and a modern Huawei-free network that has ongoing investment. They're more demanding and, dare I say, more intelligent than the norm.

That may skew my view but maybe not in a bad way - maybe it signals where the market is heading for the others and why we continue to grow so strongly. 25% growth this year without an effective sales function (we all have our cross to bear!) says something.

There are those that say "VoIP" is commoditised and, speaking to SMEs, I'd agree. Put out an RFP and you'll receive a dozen or more proposals, but they'll all look identical save for the logo. In other words, they're all ultimately reselling the same source, a source that may even be in the mix directly. We saw this when one of our customers was pitching and the underlying vendor swooped in directly at the last minute when their resellers were apparently losing (raising all sorts of questions of its own). Our customer still won. Why?



Faced with a dozen identical cookie cutter proposals at nearly identical prices vs. one proposal which actually shows your problem has been listened to, considered and solved, which would you go for?

Every man and his dog claims to be a "carrier," often a "global carrier," and some even have the cheek to highlight how they really are, unlike others, making the same bogus claims. I heard one reseller once claiming he was going to "destroy" one of our peers, aggressively targeting them in marketing, while simultaneously reselling them. I'm still waiting for someone to explain to me how that can work! We expect honesty from our channel and we expect them to add value. They all do, but in different ways. We offer white-labelled hosted PBX and trunks, complete with billing and payments for those who don't create technology, and our carrier services underpin the most disruptive players who do.

The UK is a crowded and competitive telecoms market. That is a good thing in many ways, but ease of building a business without adding value isn't one of them, or at least isn't going to be in the future. The US (where we also have national coverage and are a CLEC in 21 States) is different. Xenophobia aside, it is a much more honest market-place with genuine value added and transparency. If someone is an AT&T agent they'll say they're an AT&T agent and sell the service on the value they're adding on top of AT&T; white-label is a thing but they won't use it to pretend to be AT&T's biggest competitor. I like that because the end-user wins and is not misled. Over here I can't help feeling that the end-user isn't generally benefitting from the competition, but the green shoots of a shake-out are there.

The economy is deteriorating, interest rates are at recent records (although still 'low' by the norms some of us remember) and we've seen a few failures in the sector already. I'm tracking a number of debt funded roll-ups where this year their interest payments will be more than their cash-flow generation. Share-prices are at historical lows and consequently valuations depressed. My macro expectations are not positive so I can't help but wonder what the next 12 months will bring.

But, hey, this isn't a negative piece and I'd like to focus on the positive! Despite these head-winds, some are winning. Some are thriving. Some are selling out for record valuations. What do they have in common? Well aside from the vast majority being Simwood customers, they are adding value. As an industry, this is what we need to encourage and, in my opinion after a mere 27 years, this is what the market needs.

What does value look like? Simwood is a very technical company and our USPs are clearly technical – still the only carrier in the world to offer Opus and AMR codecs, while our v3 API, launched 15 years ago, is still better than anything out there for two of many examples – so people often think I'll only find innovation and building things cool. I do appreciate innovation, that is true; I love to see people taking our platform and changing the world with what they build on top, leaving us to do the boring stuff reliably. But value and quality can take many different forms and the market needs them all.

For example, while our most technical customers tend to be on our carrier services platform, we have white-labelled UCaaS resellers who are more technical than any of them. Ugh? Yep, their value isn't in reinventing the wheel but adding to it. Adding to it by building on our APIs to extend call-centre applications or using real-time integrations to us to give legendary onboarding experiences to their customers. In one case, the value add is completely non-technical but nonetheless extraordinary. If you have 30k users nationwide on an on-prem PBX that need migrating to a hosted platform over a weekend, who do you call? Well not 99.99% of the industry, but one of our customers is winning by being the 0.01% that you do.

Take any other commoditised market like electricity. Do you win by pretending to be National Grid? Do you win by dropping the bottom out of the price? Do you win by reselling British Gas, while simultaneously trying to "destroy" them? Or do you win by doing something nobody else is doing that benefits the end-user and creating your own niche?

I attended the excellent Cavell Summit in New York City late September and some of the trends presented there play to this view. This market is far from mature; there's arguably more growth to come than has come so far. But who will get it? Will it be the debt-funded 'me too' with their rebranded proposal the same as everyone else's or will it be the innovators and those adding value? Next to 'Teams' the most common phrase I heard was 'CX' (Customer Experience). This can be technical of course, but it can also be very very non-technical – it can simply be value-added in a way that makes you say 'wow'.

If you're a square peg in a round hole, see value creation in your present or future, and need a network that empowers and supports you – give Simwood a call.



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