DR:

[00:02] Totogi is about to help telco take back what's ours. Are you ready? I'm Danielle Royston and this is Telco in 20. If you haven't already heard, I recently bought the CPaaS company Kandy and jumped in with both feet to the exciting world of CPaaS. It's no secret that telcos need more enterprise revenue, and the future of both 5G and enterprise telco lies in network APIs. And everyone knows that Twilio, not telco, has been wildly successful at capturing valuable messaging revenue while they've grown a following of more than 10 million developers around the world. How'd they do it? Twilio used software insights coupled with speed of innovation to build a killer application-to-person messaging platform that has taken enterprise IT departments by storm. But what if things could be different? What if you had in your product arsenal 100% Twilio-compatible APIs that you offered at a highly competitive price? This would allow you to take back messaging revenue, regain your strategic position within enterprise IT departments, and own the platform that's key to the future of enterprise telco. How awesome would that be?

[01:24] Well, there's good news for you. Totogi has been working around the clock on a new product offering. It's called *Whoosh!* We call it that because it's a sound of a text message being sent and I can't wait to tell you about it right now on this podcast. Today, you're listening to the audio version of my TelecomTV Video Talk. To see the video version, head on over to the Totogi YouTube channel to watch me in action. And make sure you stay until the end because there's an awesome surprise that everyone will be talking about. So press send on that text message, sit back, and relax. It's time to dive into the future of enterprise telco with *Whoosh!* So, let's take 20.

[02:07] Hi. I'm Danielle Royston, acting CEO of Totogi. Everyone knows me as DR, telco's public cloud evangelist. Telco, let me tell you something you already know. When it comes to offering APIs to developers, Twilio is kicking our ass and it's time we do something about it. Today, I'm going to tell you how the telco industry can regain the strategic position within enterprise IT departments to not only recapture messaging revenue, but to own the platform that's key to the future of enterprise telecom before Twilio

owns it forever. Are you ready? You may have heard that back in March of this year, I bought Kandy, the UCaaS / CPaaS company with customers like AT&T, e&, and IBM's Kyndryl. Obviously, CPaaS is a critical topic in the industry.

[03:00] For example, Open Gateway was announced at MWC23 and now over 30 operators are signed up to support this GSMA initiative. Proximus Group spent just over $720 million to acquire a nearly 60% stake in Route Mobile, a CPaaS company. And the big kahuna: Ericsson's acquisition of Vonage for $6.2 billion. But Twilio is the 800-pound gorilla in the space, growing from a startup to now being valued at more than $10 billion with more than 10 million developers on its platform. APIs are a great way to begin to generate revenue in new ways for operators, and execs are beginning to realize it. For example, Analysys Mason recently found that 73% of CSPs believe building out network APIs is a top-five priority. But let's look at what's happened in the last decade to the most basic enterprise connectivity APIs: application-to-person, or A2P APIs.

[04:01] When considering all operators combined, we've gone from 80% market share down to 44% market share as of 2022, and it's projected to continue to shrink. Over the next five years, analysts believe operators will have a compound annual shrink rate of -1%, while Twilio is projected to have a CAGR of 7.5%. I know what you're thinking, "That's not too bad. Twilio's growth rate is my growth rate because they have to buy wholesale connectivity from me, so I'll be getting more revenue from Twilio." That might be true, but let me tell you what else is happening in this picture. Twilio is owning the platform that's key to your future, and you are not.

[04:44] There are three reasons why operators have struggled to compete with Twilio. In the past, operators approached messaging APIs with a telco mindset. They built proprietary APIs that were hard to install and difficult to use. Second, it was nearly impossible for telcos to keep up with Twilio's speed of innovation. And third, enterprises flocked to Twilio and adopted their APIs because they were just simpler and better. Telco didn't have a prayer of keeping up with Twilio's disruption. Twilio was able to

capture big enterprise customers from telco, amass a huge developer following, and build their killer CPaaS platform. Ouch.

[05:25] It's not a surprise that most telco execs are envious of Twilio. I'm sure they ask themselves, "Why can't we have that too?" Maybe we can. Imagine, instead of owning proprietary APIs, you had APIs that were 100% compatible with Twilio. There are three game changers that would be unlocked if you had this in your product arsenal. Number one, you would empower your sales team with a killer API offering, one that developers are already familiar with and are actively using. Number two, you would now be able to compete head-on with Twilio and offer highly-competitive pricing to your enterprise customers. And third, because this product is 100% compatible with Twilio, it would seamlessly connect enterprise IT departments to your ecosystem, where they could begin to use your valuable network APIs.

[06:18] The key to this strategy working lies in the pricing of these drop-in replacement APIs. Why? Let's start by looking at Twilio's P&L. Today, the majority of Twilio's revenue comes from large enterprises. It also mostly comes from programmatic SMS messages, AKA the boring stuff. Twilio's business takes your product, the network, and doubles the price, passing that along to their customers. As a result, their gross margin sits at about 50%. That gives you guys an opportunity to undercut their pricing. By applying big discounts to enterprise customers' pricing on programmatic messaging, you would be able to challenge Twilio's margin and offer a drop-in replacement with your economics since it's built on your network. By doing this, you would get access to an already established market, filled with the developers you need from enterprises you already know, to swing developers into your ecosystem.

[07:17] Once you have the devs, you'll be able to upsell them into your valuable network APIs—you know, the ones that are a top five priority?—and begin to own the valuable platform you need for your future. This not only ushers in more revenue, but also brings captive traffic to your network and a huge swath of developers along with it. This

is innovation. The only question is how to bring this to market before Twilio owns it forever. But what if I told you that you don't have to build this yourself? What if I told you that there's already a product that you can offer to your customers today?

[07:54] Let me introduce Totogi's latest product, *Whoosh!* We call it *Whoosh!* because it represents the speed of deployment, the agility, the fresh start, the innovation, but also because it's a sound of a text message being sent. *Whoosh!* is a solution that turns your network into a world-class, developer-friendly ecosystem. *Whoosh!* is an API platform that is 100% compatible with Twilio APIs that Totogi is giving to telcos. *Whoosh!* is designed in a way that enterprises can swap out Twilio APIs with only one code change. After that simple modification, all of the API calls are moved from Twilio's platform and onto your network. Totogi will never directly sell these APIs. Instead, we're going to give the software straight to the telcos, and your enterprise group will sell them as your own product. Just integrate Totogi to your network one time and you're done. We'll invest in the product and support it as a platform, advance the APIs, and support the developers and the documentation, and in return, take just a little bit of revenue off the top. You'll be able to leverage the innovation speed of Totogi and offer a great product that developers already love.

[09:10] It's a win-win. It gives you the ability to capture lost enterprise revenue from Twilio and start to build your developer ecosystem. It's super powerful stuff. Wouldn't you like to be like Twilio? Wouldn't that give you leverage over your competitors? But wait, I can already hear what your product group is saying. "But we can build this ourselves. We don't need Totogi." And you'd be right. You can. Except let me remind you how time is your greatest enemy in the war for this valuable platform. Twilio is expanding ownership of the platform as we speak. The next 12 months is going to determine the winner. You need to recapture the strategic position now.

[09:55] Ask yourself, how long will it take your team to build out those compatible APIs? Two years? More like four years. Thankfully for you, Twilio has problems of their own.

They're not profitable and headwinds have come for them. They're under activist attack and they are distracted. Now is the time to strike and take down Twilio, and *Whoosh!* is ready to go. This is the future of enterprise telco. Come see it in action and visit us at TM Forum's Digital Transformation World in Copenhagen, running from September 19th to the 21st. Visit our booth, watch a demo, and come to our killer launch party on Tuesday, September 19th. It's going to be epic. Thank you so much for your time today, and I can't wait to see you there.