DR: [00:00] I'm DR, and this is Telco in 20.

[00:14] Unified communications as a service, or UCaaS, is a suite of tools that helps enterprises handle their internal communications needs. It includes things like audio and video conferencing, call routing and voicemail, and messaging and presence management. UCaaS is a big market, topping $28 billion globally. Traditionally, UCaaS has been installed system by system, customer by customer, either on-premise or in data centers, all managed by the UCaaS vendor. But even though it has "as a service" in its name, doesn't make it a true SaaS platform? This way of deploying UCaaS requires customers to pre-provision their capacity needs when in reality, they want their communication system to just work.

[00:54] Is it really important to manage all the servers or even have it under your own roof? No, it's not. And so, this makes UCaaS a perfect use case for the public cloud, where you can leverage the scalability and resilience while keeping costs low. Lucky for you, there's a vendor out there that has figured out a way to move UCaaS to AWS and offer it as a true SaaS platform, where it uses the public cloud to deliver powerful communications features at a low cost.

[01:19] Today, I'm talking with Brian Beutler, founder and CEO of Alianza. We're going to dig into why he thought UCaaS on the public cloud was a great idea, I do too, the challenges his team faced in making it happen, and the company's big new partnership with AWS. So, let's take 20.

[01:40] Brian Beutler is the founder and CEO of Alianza. Hey Brian, welcome to Telco in 20.

Brian: [01:46] Hey Danielle, super stoked to be here.

DR: [01:48] It's going to be awesome. You're like my smart person I know in UCaaS, so we're going to talk about that today. So, for people who don't know, Alianza is a cloud-native communications platform. Tell me how you partner with telcos and all about Alianza.

Brian: [02:01] Yeah. Danielle, essentially, the too long, don't read version on Alianza is we're helping telcos move off of their legacy core communications network infrastructure and transform those assets into the cloud.

DR: [02:12] Yep.

Brian: [02:13] So, think about everything they do from basic residential landline service all the way up through advanced UCaaS, video conferencing, cloud contact center, cloudifying that entire legacy hardware and software stacked to the cloud is what we're all about.

DR: [02:25] Wow. Yeah, that's awesome. So, your solution is built a hundred percent on AWS, and Totogi, where I'm acting CEO, is also built on AWS. And there's not that many of us in Telco that really do—I call it public cloud native. And so, why is the public cloud a good fit for UCaaS and the stuff that you guys work on?

Brian: [02:45] Yeah. The best way for me to answer this is actually to go back in time a little bit. So, when we launched the company in 2009, we weren't cloud native. We were building a network that looked a lot like Nortel.

DR: [02:54] Yeah.

Brian: [02:55] We spent our first three years building out essentially a legacy voice network, and in 2012, AWS had their first re:Invent conference. And Reed Hastings, CEO of Netflix, got on stage and said, "We're moving 100% of Netflix infrastructure to this thing called the AWS cloud."

DR: [03:10] Yeah.

Brian: [03:11] And it blew us away. We looked at that and said, "What's going on and why would Netflix do this? Why would they give up control over the core of their company, their hosting, their data center infrastructure, all that good stuff?" And we looked at it and the deeper we got into it, the more we realized, hey, there's actually something really exciting going on here. And we asked ourselves, what would happen if we did a big mashup between legacy telco software and the cloud?

DR: [03:34] Yeah.

Brian: [03:34] What would happen if we broke down these behemoth networks into microservices and put modern APIs on them? And that was the start of what Alianza is today.

DR: [03:44] That's amazing. And so, have there been challenges with getting your team aligned around that vision and getting everything moved up? Talk about those challenges.

Brian: [03:53] Yeah. I think you nailed the first one, which is human capital and the challenges of trying to help people do things differently. Especially, telco engineers, a lot of these folks come from decades and decades in an industry where doing things the same way created stability, and stability is really important in a telco environment. And so, asking them to do things completely differently than they've done them in the past is scary. And that's been a challenge. But even more recently, some of the leading software stacks and soft switching solutions like Metaswitch and BroadSoft are now joining Alianza and kind of gravitating here because they're excited about what we're doing.

DR: [04:26] Yeah.

Brian: [04:26] Even though they have tremendous experience and domain expertise in what I'll call legacy softswitch infrastructure, we're asking them to apply that differently because we're saying the cloud world is just fundamentally different.

DR: [04:37] Yeah.

Brian: [04:38] I mentioned this briefly, but I want to build on it. Telcos historically have created Five-9s availability by touching the network as little as possible. At Alianza, we say, we want to create stability by making as small a change as possible through microservices, and that is a big change. I mean, in our winter release, we released 274 features, enhancements, and new capabilities. 274 in a quarter.

DR: [05:02] Yeah.

Brian: [05:02] That's unheard of in legacy telco land, and that can be scary to an engineer that's used to doing things in a waterfall way.

DR: [05:08] I think you primarily focus on customers that are telcos. You're not selling to enterprises. And so, when you work with your telco customers and you're having this radical workload location shift, how are they responding to that? Certainly in charging, which touches the network to write on the side of

OSS, and people like, "What? My main monetization engine is not under my roof? Are you insane?" You're going a little bit deeper into the network and doing these core services. Are you guys getting that same kind of pushback, and how are you overcoming the location of where these things are running?

Brian: [05:42] Yeah, I love this question. If you were to look at Alianza 10 years ago, this was a major hurdle for us because service providers in many cases would kind of laugh us out of the conference room.

DR: [05:51] Yeah.

Brian: [05:51] And they would say, "Are you kidding me? We are a telco. Why would we ever give up our crown jewels, the DNA of the company to a third party, much less Amazon? You want me to give my core network up to an online bookseller?" They thought we were crazy.

DR: [06:03] Yeah.

Brian: [06:03] But now, fast forward 10 years and look at what AWS has done and look at the enablement they've had in the industry and the hundreds of billions of dollars of enterprise value that have been built on top of the world's best, most advanced cloud compute platform.

DR: [06:15] Yeah.

Brian: [06:15] The wind shifted, Danielle. I'd say 18 months ago, we felt something tangible shift in the market where service providers stopped asking us questions around, if they should do this cloud transformation. And the questions changed to, when and how should we do this?

DR: [06:31] Same.

Brian: [06:32] And I see it happening in real-time, and it's super exciting because I think service providers need this deeply.

DR: [06:38] I like to think it was me and my crazy shouting about the public cloud, but I have a feeling that wasn't just it.

Brian: [06:43] Yeah.

DR: [06:43] I don't know if it was Covid, the realization that they had prepared for all this disaster recovery, but they never prepared for the case that you couldn't go to your retail stores, couldn't go into your data centers.

Brian: [06:55] I certainly think there was an emotional part of it that Covid was a catalyst for. I think also now we have a decade worth of data to look at, and I think that the data speaks volumes and really helps educate service providers about what they should do at this moment in time. I mean, I'll give you a couple of statistics that are fresh on my mind because I just did briefings with two different analysts this last week. But over the last eight years, the broader market is up 45%, but shareholder returns from telcos is down 10%.

DR: [07:23] Oh, yeah.

Brian: [07:24] Check this one out. Return on invested capital, over the last four years in telcos, is only 2.6%.

DR: [07:30] No, it's terrible.

Brian: [07:31] It's crazy.

DR: [07:32] Yeah.

Brian: [07:32] The 12-year CapEx in telcos is now $3.6 trillion, and the growth rate out of that is zero.

DR: [07:39] Yeah.

Brian: [07:39] They've invested trillions of dollars in their networks and they're not able to grow revenue.

DR: [07:43] And gotten nothing.

Brian: [07:44] And so, you can't keep doing things the same old way.

DR: [07:46] No, and that's the thing. I always talk to telcos, they're like, "DR, hey, tell me how to change without changing." And I'm like, "That's not how it works." If you actually want to have a different outcome that you've had, and I'm like, "Guys, the voice boom of the '80s and the cell phone boom of the '90s, and the data boom of the aughts and maybe teens, they're gone."

Brian: [08:08] Yeah.

DR: [08:08] You had those big wins and they were really great, but just building another network and hoping people are willing to spend more money, that's not enough anymore. And you guys actually have to think differently.

Brian: [08:18] Yeah.

DR: [08:18] And I think it really challenges that whole idea of, is it really important to own every element of the stack, and really kind of coming to Jesus on—what is my secret sauce? Is it really running infrastructure or is it really specializing in building an awesome network?

Brian: [08:33] Yes.

DR: [08:34] And giving some of this stuff up to AWS, I like to really make this differentiation between modern telcos. The modern telcos are getting it and they're moving, and they're migrating and they're experimenting and they're starting to see those benefits. And there's the whole set of laggard people who are waiting and seeing, and I'm like, you guys are 5, 6, coming on 10 years behind.

Brian: [08:53] Totally.

DR: [08:53] Right? On this move to the public cloud.

Brian: [08:54] I mean, what's interesting is, you look at the latest round of capital expenditures that have gone towards increasing network capacity, and it's fascinating. Service providers are so focused on speed and throughput, and yet the enterprise value that's getting created because of those investments is taking place over the top of their networks, not coming from within their networks. Meaning service providers are turning into the ultimate enabler because there's this massive awesome broadband pipe, whether it's wireless or fiber, and they're not monetizing it.

                               [09:22] Folks over the top that are cloud native are monetizing the network for them, and the service providers more than ever before, real risk of becoming utilities. And they got to figure out, now that we've made all these massive investments in the network, maybe the tide should turn and we should start thinking more and more about how do we monetize that network? How do we grow revenue on that network? How do we really get a return on assets?

DR: [09:40] Absolutely. So, Alianza announced a big partnership at this past December's re:Invent, which is AWS's big annual cloud conference. And so, how are you guys working with AWS and helping CSPs modernize their voice services with AWS?

Brian: [09:53] Great question. So, it's actually more than just a partnership. It's a strategic collaboration agreement that we announced, and it is 100% focused on taking advantage of this moment in time, that is legacy vendors exit stage left, which they absolutely are, that there's another cloud alternative that is service provider-friendly, that's here to invest in service providers. What we're really trying to do is make sure the market knows that there's a cloud-native solution that they can trust to innovate on their behalf. And that's really exciting, that's really the core nature of the partnership. And AWS is bringing very real resources to bear both in terms of investment market development funds, people, technology, co-development that we're doing. And so, it really is a very tightly aligned strategic partnership.

DR: [10:34] That's awesome. And so, AI is a hot topic that's just like every day something new is being announced, being added to a product, some sort of new development. And so, as you guys start to look at AI and adding it to your products, where do you guys think AI is going to have an impact in your product offering?

Brian: [10:50] Yeah, look, this is one of the things we're most excited about. When you have a cloud-native platform and you're able to collapse the data and sanitize it and make it accessible. It changes the game for AI.

DR: [11:00] Yeah.

Brian: [11:01] Right now, I look at these legacy networks, AI is really not addressable because the data sits across 30 or 40 different vendors inside of your network and legacy, what I call point solutions, and so, trying to access that data, sanitize it, organize it in a way that AI can actually be applied over the top of it is next to impossible. But I think AI is going to change the game. And there's two big fronts that we're looking at. So, one is AIOps. So, think about how you diagnose what's going on inside the network, how you think about not just things like capacity and storage management, but you also think about proactive analytics. Looking at the network before a customer calls you to diagnose where an issue might be. Automatically take a node

out of service, put a new node back in service. Mother's Day, see what's coming, and automatically spin up capacity.

DR: [11:44] Right.

Brian: [11:44] Telcos of longstanding had this challenge around architecting for the high watermark, and then the rest of the year they're running hot for one day.

DR: [11:53] No, it's events like Taylor Swift's concert.

Brian: [11:55] Yes.

DR: [11:56] I think there was a stat from AT&T about a concert last year in Dallas where it was like 29 terabytes were exchanged during one concert.

Brian: [12:05] Yeah.

DR: [12:05] Or this year's Super Bowl, I think it was an even bigger number.

Brian: [12:09] Yeah.

DR: [12:09] And so, yeah, you had to build this network for this one event and then break it all down again, and I think the cloud is perfect for this.

Brian: [12:13] Cloud is so perfect for this. Telcos deal with this all the time. And you think about all the ramifications of that, from a power, a consumption, carbon footprint, green initiatives, cloud is so much better for the environment too.

DR: [12:24] Yeah.

Brian: [12:25] So, that's the first one on AI. AIOps, back office, stuff that consumers wouldn't see. They just see that, oh, the service works and works all the time, but it's really what I'll call operator efficiency-driven and helping to deliver a better product. But the big front, the second one, is the end user and how the end user consumes data. I mean, we think about the tens of millions of calls that are processed over our platform every day. And the content that exists inside those calls is fascinating.

DR: [12:48] Gold.

Brian: [12:48] As a business owner-

DR: [12:49] Yeah.

Brian: [12:50] ... I want access to know, how's my support team doing? How is my sales team doing? Which calls are going the best? And it doesn't mean that as a business owner, I actually want to be the creeper overlord that's listening.

DR: [13:01] Yeah, big brother.

Brian: [13:01] I don't want to listen to the recordings. What I want is I want metadata that analyzes things like sentiment analysis, analyzes call content. We do this demo for customers where it's already up and live and running, where we can show a business owner things like, which one of my sales execs is the most successful? Who leaves with the best sentiment on support calls? What nature of support calls do I need to train on more? And this is all real language processing. So you can ask the bot, "Hey, based on the calls I've had in the last 30 days, what type of training do I need to do with this type of support organization within my company?"

DR: [13:34] Yep.

Brian: [13:35] Or, "Hey, based on the nature of the calls coming in, what type of inventory adjustments should I be thinking about making?" There's so much value as a business owner or even as a manager that you can now derive from the communication going on that right now is a black box.

DR: [13:50] Yeah, and this is where I think the public cloud and AI, they're kind of like a Reese's peanut butter cup. They totally go together.

Brian: [13:55] Yes.

DR: [13:56] Because, like you said, when you start to get your data into the cloud, into systems like yours and systems like Totogi, where it's cleaned, we're not screwing up our schema for different customers, we're keeping it really consistent, it's a gold mine.

Brian: [14:09] Yeah. Look at this moment in time. Service providers have the ability to drastically simplify these legacy complex networks. I had a customer that was in my office yesterday and

they keep calling their own network Frankenstein. They've named it, and it's the Frankenstein monster. It's huge, it's complex, it's got all sorts of things bolted onto it and kind of Jimmy-rigged to make it work. It's the ultimate duct tape and baling wire network. A lot of these big operators have grown through acquisitions, so they have not just one complex network, but they have multiple complex networks that have never been rationalized.

[14:38] The cloud provides a landing zone for drastic simplification of all those networks. All those multi-vendor networks can now be consolidated down to a single cloud solution. And the result of that is drastic cost reduction and an opportunity to increase revenue and lead in the market like service providers have not had for decades.

DR: [14:57] And I don't think legacy vendors are going to get you there because I just don't think that they're thinking in a way like vendors like Alianza and Totogi, and there's a handful of vendors that are just completely rethinking this, as if, "Hey, we're going to build this in the 2020s."

Brian: [15:13] Yeah. Danielle, 100%. I mean, the biggest use case that fascinates me is Azure and how they have not taken advantage of this moment in time. They purchased the Metaswitch assets, one of the top two legacy softswitch platforms, and they have not been able to find a way to bring these two together to create something synergistic for the market and for their customers. So, they have hundreds of customers out there that are looking to Microsoft and saying, "Why can't we get a roadmap? Why is there no investment here?"

DR: [15:38] Well, it's so hard. I mean, I wrote about this in a blog, The Innovator's Dilemma, where it's so difficult to say, "Hey, I got my legacy customers I got to take care of. There's this new world and new tech that I need to take advantage of. How do I do both at the same time?"

Brian: [15:50] Totally.

DR: [15:51] And sometimes, you're resource-constrained, either people or money. But it's easy to go address the squeaky wheel, which is your customers complaining about a bug or the next release-

Brian: [16:00] Totally.

DR: [16:00] ... an incremental release, and you've got to almost completely stop what you're doing, burn the boats and start over. And that's so hard for legacy vendors with massive revenue streams.

Brian: [16:10] Yeah. If you're Microsoft and you own Metaswitch, or if you're Cisco and you own BroadSoft, those two product lines are a rounding error on the overall PNO. And so, when you talk about focus and really putting wood behind the arrow, neither one of those companies care enough to do it. They both have bigger priorities.

DR: [16:27] Yeah, yeah.

Brian: [16:27] Cisco, it's networking. If it's Microsoft, it's Office and AI.

DR: [16:30] It never gets done.

Brian: [16:31] We call it the redheaded stepchild, right? It just never gets priority.

DR: [16:34] Yeah. So, speaking of risk taking and managing all that stuff, you guys recently held a really cool telco exec summit in Utah, and part of the agenda was a keynote from Jimmy Chin. He's an amazing world-class mountaineer and adventure photographer, as well as an Oscar-winning cinematographer. He's amazing. And so, I'm super curious, fly on the wall, what advice did Jimmy Chin have for telco execs?

Brian: [16:58] All right. This was a really cool event for us. I mean, we brought together the analyst community, some really great content from outside the telco community to really try to drive home this moment that we're at. And one thing that I think Jimmy brings to the table, like you said, this amazing mountaineering experience—filmed Free Solo, Meru—has just done more to bottle the excitement and emotion around outdoor adventure than any other human.

DR: [17:24] Totally.

Brian: [17:25] And how he applied it to telco was fascinating. One thing particularly that comes to mind for me is, he said, "There is a downside in taking both too much risk or too little risk, and you've got to find the sweet spot." We don't want to take too much risk. But the inverse is just as "risky".

DR: [17:42] Yeah.

Brian: [17:42] If you don't take risk, if you're not willing to put yourself out there, you're damning your progress. You're selling yourself short on what you could be. And in fact, there is big risk associated with doing nothing.

DR: [17:52] Yep.

Brian: [17:52] As Jimmy would say, "Standing on the floor of the valley and never ascending the mountain poses the biggest risk of all, that you will never stand on top no matter what." If you never take that first step, you're stuck.

DR: [18:02] Yeah. I don't really see telcos in general taking big risks. They don't take enough risk. And when some of these modern telcos, and that's what I call them, the people who are willing to try this new world of public cloud, as they start to get the wins and they start to increase their revenue and get the ROIC, as you talked about earlier, on their CapEx expenditures, everyone's going to be racing to it. But I'm like, you're going to be a decade behind. It's going to take you literally 10 years to get your workloads off, things migrated, employees trained, culture changed, data cleaned, complete, all your runbooks updated, you've got to tear them up, you've got to rewrite your runbooks. That is not instant. That takes a decade.

Brian: [18:47] This is why we held this event with AWS, to bring together the service provider community, bring together those individuals that own the strategy and the investment decisions around what to do with these core communications networks, to try to educate them and share data. And then, inspire them that they can actually execute these changes inside of their organizations. This is now not turning just into a strategic imperative, but a necessity for service providers to transform these networks. And they have to start now.

                             [19:12] AI is changing the game and it's going to change it virtually overnight. And we're going to wake up one day, and all of us are going to change how we communicate, and the content that's being created over the metadata on these calls is going to be staggering.

DR: [19:24] Yeah.

Brian:　　　　　　　　　　[19:24] And if service providers aren't ready for that, they're going to be left behind again, and then it's just one more step closer to becoming what I'll call a commodity connectivity-based utility provider.

DR:　　　　　　　　　　[19:31] Yeah. And if you're not already doing it, I tell people, you're eight years into your wait-and-see.

Brian:　　　　　　　　　　[19:36] Yeah.

DR:　　　　　　　　　　[19:36] When are you going to wake up? I mean, Brian, I could not have said it better. This was an amazing conversation, and so I can't wait to see you again, and thanks so much for coming onto the podcast.

Brian:　　　　　　　　　　[19:45] Likewise. Can't wait to talk again. Thanks for having me.

DR:　　　　　　　　　　[19:47] Yay.

[19:49] Stick around, because we're ending each podcast with a Telco in 20 takeaway. I have 20 seconds to tell you something you need to know.

[20:00] This podcast is made specifically for telco executives. In other words, leaders of critical services in every country. As a leader, your job is not to maintain the status quo. Your job is to make decisions and take action. That's why I love what Brian just said about Jimmy Chin. Jimmy Chin is climbing the world's biggest, most challenging mountains, and to do that, he has to take calculated risks. It's time for you, telco executive, to channel your inner Jimmy Chin. Yes, innovation and cloud transformation can be risky, but you have to take action to save this industry and your telco. Start with a small project, a trial, or a proof of concept. Thinking about moving the whole telco to the cloud is overwhelming, and it's not how you'd actually get the work done anyway. Take small baby steps and move things incrementally. Get your flywheel of change going.

[20:49] Then next time you look up, you will have started to climb. Trust me, when you get to the top, it's so rewarding to look at how much progress you've made. So, do it. Adopt the public cloud, implement AI, climb telco's cloud mountain. Keep calm and Jimmy Chin on. Are you a Telco exec in Africa ready to make some changes and tackle your cloud mountain? Then join me as I'll be heading to Kenya for the NOVACOM Africa Digital Transformation Strategy Summit, running April 23rd through the

25th in Diani Beach, which I hear is absolutely stunning. Come find me there.

[21:25] Until then, tune into more Telco in 20 episodes. Like and follow, and leave us a five-star review. Connect with me on LinkedIn and X, at @TelcoDr. Don't forget to sign up for my seriously amazing, totally free email newsletter on telcodr.com, and be sure to check out our awesome YouTube channel. It needs more subscribers. So, go ahead and click that button. Later, nerds.