

TELUS makes its mark with M2M

The real promise of the M2M market is that it empowers smaller operators to think big. TELUS reveals how it plans to take its place on the world's stage.

HOW DO YOU MAKE YOUR MARK in the burgeoning machine-to-machine (M2M) market if you lack the global footprint of a Tier 1 carrier?

Brian DeMuy, the man responsible for mapping out an M2M strategy at TELUS – a leading national telecommunications company in Canada – believes he has the answer. The key, he says, is to strike out for the very top of the value chain [Figure 1] – to become a single point of contact for customers: “There is a considerable amount of potential revenue on the table for operators who can really get the M2M proposition right – providers that can help develop an application, host that application, incorporate how that application processes and manipulates the data that it produces and, crucially, manage the entire effort in such a way so as not to be bound by any geographical constraints.”

That ambition might scare some carriers – especially those that, on the one hand, remain paralysed by the fear of becoming providers of “dumb” pipes and yet, on the other, balk at any suggestion that they should be moving up the managed services stack. But not TELUS.

The Vancouver-based telco is executing a comprehensive development plan to exploit the opportunities of the M2M market and at its heart is a simple aspiration: to be a one-stop shop for connected devices. “That essentially means building and partnering our way up the value chain in order to consolidate our position as a primary vendor of M2M technology and services in Canada,” he says.

Those who have followed TELUS under the stewardship of chief executive Darren Entwistle, a former telephone engineer who took up the top slot in 2000 and whose career has already spanned more than 30 years in the industry, will not be unduly surprised by DeMuy's ambition. His mandate is effectively enshrined in one of six “strategic imperatives” that flesh out Entwistle's vision for TELUS as it faces a fast-changing telecoms landscape – namely, to “focus relentlessly” on the growth markets of data, IP and wireless.

A CORE MARKET

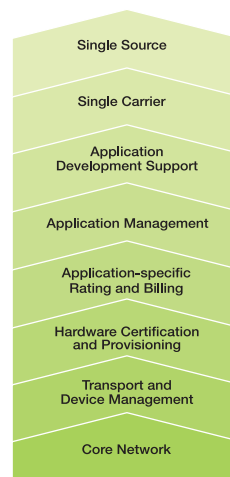
If the M2M market lives up to its promise – and analysts believe that it will – then the so-called ‘internet of things’ looks set to emerge as a core business for the modern-day TELUS, fuelling growth and picking up some of the slack that will inevitably come as voice and messaging revenues start to plateau. DeMuy is unequivocally bullish: “We share the analysts' enthusiasm – connected devices everywhere will quite simply become the norm. And we have undoubtedly reached the tipping point – we are seeing a huge increase in the demand for M2M solutions right across the board.”

TELUS has a long history in pioneering ways to help customers connect up remote monitoring devices. Indeed, it

Figure 1

TELUS Mobile Cloud Offering

Build and partner to move up the value chain



was running a host of what would now be accepted as M2M applications on its cellular digital packet data network way back in the 1990s – long before the term was ever coined. And as long as a decade ago, it counted among its top customers some of the world's biggest users of M2M solutions today. That comes in part from its long-standing geographical links to Alberta, the world's fourth largest producer (and second largest exporter) of natural gas and a major producer of conventional and synthetic crude oil. By their very nature, many oil and gas exploration companies need to operate in remote and inaccessible areas, making it hard for businesses to comply with increasingly onerous monitoring requirements without recourse to M2M technology and wireless connectivity.

But it was the switch to a 4G HSPA+ network, beginning in 2009, that galvanised TELUS' M2M effort: “While we were continuing to support a CDMA-only network, we never really benefitted from any of the new technology that was being deployed over GSM. Now we want to compete and win our share of the business,” says DeMuy.

Darren Hokanson, chief executive of Switch, an Edmonton-based oil and gas communications company that specialises in providing connectivity to camps at remote drilling sites across Canada, is testament to that new push: “The speeds that we are now capable of achieving wirelessly over TELUS' network are phenomenal – it's a game changer for our industry and it will replace satellite – and in some cases even DSL networks going forward.” An online portal allows Switch to activate or



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deactivate connectivity with the carrier as and when it needs to, which Hokanson says is key when his company is setting up temporary communications to new sites: “All in all, we can deliver a robust data network to a client in a remote site in a matter of days. In the past, the process would have taken months,” he says.

But TELUS’ strengths, which include a wireless footprint that reaches more than 97% of Canada’s population, extend beyond wireless connectivity. “One of our unique selling points is that we also boast a fixed-line capability and that sets us apart from our competitors,” explains DeMuy. “We can deploy IP networks as well as secure end-to-end connections to data centres which goes beyond anything that a wireless-only carrier can deliver.” Regardless of what a client might want to monitor out in the field, he explains, the application is creating data and that data must ultimately be processed by something and stored somewhere. “The M2M proposition is not always just about transporting data from point A to point B. Once that data hits a wireless switch, we can flip it over to our fibre where it can continue on its journey on a completely private network to a data centre of the customer’s choosing.” That can be particularly important to public sector institutions or financial firms, he says. “We can offer all the components of an M2M solution set, from infrastructure-as-a-service (IaaS) to software-as-a-service (SaaS) and even fibre in the ground. It’s a comprehensive offering and, we believe, a winning combination.”

Partnerships such as that with Switch are crucial to TELUS’ growth plan and one reason why its M2M unit fits so well with the operator’s wholesale arm. “We incorporate within our wholesale operation any business that does not rely on a relationship with the end consumer,” says Robert Anand, a senior wireless product manager at TELUS Partner Solutions. “There are a number of vendors that make up the M2M market at the moment but applications providers such as Switch are the pointy end of the stick – these are the guys that are leading the engagement with business customers so that’s where we are looking to forge partnerships.”

EMBRACING NEW ENTRANTS IN THE MARKET

If carriers have learnt anything from their brush with the over-the-top community, it is perhaps that embracing new entrants to a particular market might ultimately prove more profitable than going head to head with them. “I wouldn’t go so far as to say that we are devising our M2M strategy according to what has or hasn’t worked with the OTT market,” vows DeMuy diplomatically. “It’s more the case that applications providers are proving to be the early adopters of M2M technology. That’s where the market is so that’s where we want to be.”

New and innovative M2M solutions are popping up across a wide range of industries and applications daily, Anand says. TELUS partners include Vecima Networks, which supports a fleet management application that enables logistics companies to realise efficiencies through automation, Public Bike System Company, which operates a bicycle sharing system in urban centres in real-time and Miovision, which has developed a wireless traffic management system that lets busy intersections communicate with one another to ease traffic jams.

M2M is an enabling technology for an almost limitless range of markets and TELUS is determined to exploit that potential through partnerships that are complementary rather than competitive: “Ultimately, we want to be the most recommended

M2M provider in each of the markets we serve.” To do that, he concedes, TELUS needs its partners to be equally successful and indeed, equally future-proof. Key targets include the public sector, financial services companies and of course the energy industry.

TELUS is also heavily committed to Canada’s \$200 billion a year healthcare sector after sealing the \$743 million acquisition of Emergis, a data solutions provider in 2008, since rebranded TELUS Health. The deal, arguably one of the first M2M-inspired transactions in Canada, established a strategic platform for TELUS to launch a host of innovative technology solutions, leveraging off the government’s own investment in eHealth. By 2015, TELUS expects the healthcare market in Canada to account for as much as one fifth of all connected devices and the group has invested more than \$1 billion in the enlarged TELUS Health business, developing a host of solutions including remote patient monitoring.

WORKING WITH THE INTERNATIONAL COMMUNITY

While such investment is crucial to TELUS’ strategy in the domestic market, its global ambitions will depend on the partnerships the carrier develops among international wholesalers: “If you want to be a global M2M provider, clearly you need the footprint and that means multi-party relationships with carriers from all corners of the globe,” Anand explains. There are about a dozen global operators who have already launched serious M2M programmes – a list that has probably doubled in the last 18 months alone – and about the same again who are in the process of articulating an M2M strategy. TELUS wants to work with them all: “In terms of striking active partnerships, rather than just traditional roaming agreements, our ideal partner is someone who already has a strategic focus,” explains Anand.

TELUS has yet to publicise any ventures but says that it is “actively engaging” with a number of organisations. These are likely to include incumbents in geographies where the company’s existing domestic customers need to reach, as well as international operators looking for a gateway into Canada. Asia, Europe and Latin America are likely to be high priorities, the company admits. “The message is that we are open for business – we are investing in crucial areas such as network interoperability, platform strategy and hardware certification so that we can be part of a global solution.”

Hopes are high that 2013 will be a banner year for the M2M market. It needs to be: a recent survey in Canada highlighted the fact that eight out of 10 businesses in the country have either never heard of M2M connectivity, or are yet to embrace its potential. If DeMuy has his way, that will all change: “We have to bring broader services and applications into the M2M offering. But that doesn’t mean we want to become an application vendor – it’s for the market to determine the killer applications of the future, not us. Our job is to build the right platform on which M2M applications can thrive and prosper. If we get that right, the rest will come.”

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