

All change

For telcos, the current time is one of transformation. For Sparkle CEO **Elisabetta Romano**, that transformation isn't simply about switching from analogue to digital, but shifting the purpose of the entire business model

Constant flux has become a staple of the modern world, but the digitalisation of daily life is bringing efficiencies and capabilities that were previously unheard of.

The digital evolution, the necessary shift to cloud solutions and the impact on telco customers are all pertinent topics. However, for Sparkle CEO Elisabetta Romano, 30 years of industry experience tells her that such transformations will reach deeper than first thought.

Romano made her way to the corner office not through operations or sales, but through technical roles and it is this background that she credits with giving her an advantage in the current industry environment.

"A software engineering background gives you a sense of feasibility when you have to solve a problem; it helps me to structure problems in an analytical way, similar to the process I used to apply to design and write a software algorithm" she explains.

Joining the company as CTO in 2018, Romano has already witnessed a series of major expansions and innovations at Sparkle, from new PoPs in multiple countries to 5G roaming between Europe and the Middle East.

However, the company is also forging a path to being cloud-native and building data centres not only for itself but for customers to move their workload and applications to the cloud.

These "tactical" changes as Romano describes them, are part of the latest three-year strategy that brings the addition of new services and markets to the Sparkle portfolio. Combined, they leverage a new direction that Romano sees developing

across the industry.

For example, in 2019 Sparkle started the construction of Nibble, an ultra-long-haul photonic backbone connecting Sicily with major PoPs and datacentres in Europe. With a software-defined bandwidth solution, Nibble's features include the Instant Network to reduce the time between paying for capacity and delivering services.

This was followed with the launch of Genome, an integrated set of NFV platforms and tools for customer network automation, programmability and virtualisation.

"Sparkle has so far been quite a traditional company," Romano explains, recalling the voice, IP and data service provision. "It has been tactical for us to start these business streams," she adds, naming Greece and Turkey as the key markets where such streams are already active.

In the Greek cloud and data centre sector, Sparkle has a 40% share in the colocation business and more than 100 customers including service providers, system integrators, institutions,



local and multinational companies, in continuous growth.

This year the country has seen the launch of a fourth data centre in Attica – one of the largest and most advanced green facilities in Europe – as well as the introduction of Enterprise Link, a solution for multi-site enterprises to simplify their network architecture using SD-WAN over MPLS.

"That has given us the opportunity and the skill to do this at a more industrialised level," Romano says of the strategy.

Elisabetta Romano features on the day two panel Carrier Innovation Exchange, from 11:10am alongside **Emmanuel Rochas**, CEO international carriers, Orange; **Juan Carlos Bernal**, CCO Telefonica International Wholesale Services; **Rolf Nafziger**, SVP Deutsche Telekom Global Carrier; and moderator, **Sam Evans**, senior partner at Delta Partners.

“This is a great experience because it puts us in a more consulting role for our customers so that we can look up on their issues and find the right solution. Building on what we have done over recent years, mostly in Greece, we are now offering this in more and more countries, advising companies in their own digital transformation,” she adds.

In scaling the work, Romano is quick to clarify that this extension of digital services will not bring a sharp increase in Sparkle’s asset portfolio – although of course infrastructure projects will continue. What it will mean however, is that the experience of helping customer organisations to problem solve their infrastructure needs – for example in moving from a private to public data centre – will shift the entire business model beyond simply being a “digital telco”.

“There are a set of products that are key to enable enterprises’ transformation. In the next weeks and months, we’ll move our portfolio in that direction with the aim of increasingly supporting our customers” Romano adds.

Capturing the status quo

It sounds simple enough, but transformation isn’t a plug and play concept and, despite the planning, it is execution that will make or break a project.

Drawing on her international experience, Romano’s strategy in this respect is to forge a greatest hits collection of cultural advantages from her global career and implement these at Sparkle.

“From a cultural perspective Sweden is very different to Italy. What I learned being in Sweden is that no matter how creative you are, or how confident you are, you need to have processes and structure in place to do execution,” she explains.

“I feel lucky because I can combine the good things from the Italian culture, for example problem-solving attitude and creativity, with a

very well-structured approach typical of the Swedish culture. That will be my signature,” she continues.

Transformation also requires a shift in how people think and work – even more so when the transformation will fundamentally change what that company is focused on, but recent events have provided a boost in this respect.

“This year will be remembered not only for Covid but for boosting digitalisation,” Romano says.

Recalling how her native Italy was locked down overnight in the early days of the pandemic, she adds: “We made possible things that we never imagined to be possible, or at least that would have been possibly achieved in over 10 years.

“It was amazing, just amazing to see that in 15 days we were able to do it; then we saw the same acceleration in other capacity,” she continues.

Studies on the economic impact of digital technologies have taken place for more than 20 years and a body of evidence now exists around the role of connectivity for citizens, enterprise and government during disaster and emergency situations.

In its September report on the current situation, ITU revisited the trends witnessed in Asia during the 2003 SARS pandemic. Back then, InterCall, a Chicago-based teleconference platform saw its Hong Kong subscriber base increase 200%, while Integrated Vision, an Australian-based teleconference systems integrator, reported a 44% increase in sales. Singapore Telecom noted a 20% increase in videoconferencing demand and 50% increase in the use of its videoconferencing facilities.

The conclusion? “Those countries with higher broadband penetration were able to counteract part of the economic losses derived from SARS. This evidence seems to be critical in the current context resulting from Covid-19,” ITU wrote.

“I think that the Covid-19 pandemic has really made everyone sensitive to how important it is to go digital, and of course how critical connectivity is,” Romano comments.

Despite the positives that can be found for transformation, 2020 has also brought a global recession like no other and that will undoubtedly impact the business environment, not only for

telcos but their customers.

With these challenges in mind, Romano’s outlook for the industry is mixed. Voice will remain stable and although there is potential for a slight increase, large growth is unlikely. Of course, data will continue to grow, driven by new consumer habits, gaming, and digital life as a whole. The trends that will really come into play over the coming months, however, will be customer driven.

“Covid-19 was boosting the need for additional bandwidth and volumes will keep on growing in 2021. Enterprises’ requirements are getting every day more sophisticated: connectivity, as a product, is undergoing commoditisation and the competition is progressively shifting from the traditional price/quality arena to differentiating add-ons, such as on-demand paradigm, self-ordering via web-portal or even via APIs, monitoring dashboards, etc.

“In few words, customers want to be in control and experience will drive loyalty”, Romano explains.

On the future of technology, this year will see the launch of TIM’s new industrial plan for the coming three years, and given activities year to date, that plan is likely to continue the focus on modernising traditional business streams.

Romano says: “There are two streams of transformation that we are working at the same time. The first dimension is related to the sustainability of the core business; voice, for example, is quite steady with low margins, but it still represents an important source of revenues for Sparkle. To guarantee its sustainability we need to leverage new technologies to both innovate and become more efficient, automating billing and settlement, reducing complexity and human intervention, and investing in antifraud solutions.

“At the same time, we are working to activate new streams of revenues, investing on cloud – and in particular on assisting enterprises in their migration path to the cloud – and on cybersecurity,” she concludes.

ISQ DOUBLES ITS INVESTMENT IN TELECOMS WITH ADDITION OF GTT TO HGC



Mohamed El Gazzar: We started [looking at Interoute] in 2017 and it is unfinished business

Mohamed El Gazzar is on the lookout for bolt-on digital infrastructure and data centre operators across Europe to add to the former Interoute, which the company of which he is a partner is buying from GTT Communications.

He's a London-based partner at I Squared Capital, abbreviated to ISQ, the US investment company that three years ago took HGC Global Communications off the hands of CK Hutchison Holdings.

HGC cost \$1.9 billion; the

infrastructure division of GTT is costing it another \$2.15 billion, though it will take until mid-2021 to complete that deal.

ISQ has long had its eye on Interoute, said El Gazzar. It was talking to its previous owner, the Sandoz Family Foundation, back in 2017 – which means that three years ago it was negotiating telecoms infrastructure deals that we know of worth \$4 billion.

They won't be brought together under ISQ management, El Gazzar said. "HGC sits as a separate asset. It's our Asia

platform."

But ISQ is looking for additional assets to add to its new European operation, which includes the former Hibernia Networks and the former KPN International. GTT, then headed by the irrepressible Rick Calder, spent \$2.95 billion on those three units. El Gazzar, a banker who has worked at ISQ for eight years after 11 years at Morgan Stanley, understands he has got a good deal.

"We know [Interoute] well," he said. "We started in 2017 and it is

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unfinished business."

If anything, ISQ is in a stronger position today. "One thing we all acknowledge is the digital infrastructure world has been transformed," he said. "In enterprises today and in homes, bandwidth has become absolutely essential."

And that is why he and his colleagues are on the lookout for what he calls bolt-on additions to the Interoute business – fibre that

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