The Customer Focused Lean Operator

Business Transformation for Service Providers

Jim Warner
President
TeleManagement Forum
Welcome to IM 2005 & TeleManagement World Co-Location

“The Place to be for OSS/BSS Issues”
### The Brave New World

**TM Forum envisions a transformed telecom market**

<table>
<thead>
<tr>
<th>WHERE</th>
<th>VIA</th>
<th>BUILT ON</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operators have radically better:</td>
<td>High levels of business process:</td>
<td>Software technologies that are:</td>
</tr>
<tr>
<td>▪ Operational efficiency</td>
<td>▪ Flexibility</td>
<td></td>
</tr>
<tr>
<td>▪ Customer service</td>
<td>▪ Automation</td>
<td></td>
</tr>
<tr>
<td>▪ Business agility</td>
<td>▪ Widely available</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Open &amp; Flexible</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Scalable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Easily integrated</td>
</tr>
</tbody>
</table>
OSS/BSS Industry

- Total OSS/BSS: $50 B
  - Fulfillment 100% / yr growth
  - Assurance 5% / yr. growth
  - Customer Care & Billing 10% / yr. growth
Industry Drivers

- Mobility
- Affordable, Ubiquitous Broadband
- Device & Application Convergence
- Internet Protocol (IP) Foundation
- Tailored, User-Focused Services and Content
- Outstanding Customer Experience
- Business Transformation
Revenues Falling Faster Than Costs for Most Services

![Graph showing the comparison between average revenue per unit and average cost per unit from 1999 to 2005. The graph indicates that average revenue per unit is falling faster than average cost per unit.]
What Are the Operational Impacts?

Commodity voice / bandwidth services -

*Market being fought on price / quality*

**Success depends on:**

- Driving high volumes/high market share
- Ultra-low operational costs (zero-touch)
- Significant levels of customer service & quality

Advanced / information services -

*Market being fought on innovation, speed and brand*

**Success depends on:**

- Significant operational flexibility
- Fast reactions to changes in the market
- Rapid introduction or changes to products
Different Strategies for Stages of Service Life-cycle

**Tornado** Systems must scale & be flexible enough to handle significant volume. Market leader can set price. *Many operators stumble at this point*

**Main street** Volumes and revenue significant - need zero-touch, ultra low cost operations to maintain margins in commodity market.

**Early market** Systems must be capable of being quickly turned up to meet demand or turned off without a huge investment.

Based on Geoffrey A. Moore
The Death Spiral of Cutting Costs

Declining profitability

Market share declines

Customer service and quality declines

Across the board opex and capex cuts
Must Transform the Business
Efficient - Flexible - Innovative - Responsive

Immediate:
- Plug revenue leakages
- Plug fraud leakages

Short-term:
- Reduce opex through improved
  - asset management
  - bandwidth management

Medium term:
- Reduce churn through improved customer service
- Improve ‘wallet share’ through better targeting
- Drive more new services, with reduced time to revenue
- Reduce opex through highly automated processes

Tactical

Strategic
‘Lean’ Operator Goals

- Ultra low cost operations
  - High levels of automation & integration
  - Information integrity
  - Customer self management
  - Low cost of change
  - Commercially available, off-the-shelf, software
- Highly flexible infrastructure
  - Service development at Internet speed
  - Fast time-to-revenue
  - Rapid response to business changes and competition
  - Real-time flow-through service delivery
  - QoS guarantees
Today’s Back-office Reality

- **High manpower costs** because of a lack of automated process flow-through
- **Poor time-to-revenue** because of rigid and inflexible business processes
- **Weak customer service** because of poorly integrated systems with inaccurate data
- **Slow growth** because processes and systems can’t scale
- **Slow new service introduction** because of inflexible systems with high costs to make changes
- **Poor economies of scale** because of fragmented acquisitions and too many suppliers

No one owns the end-to-end process of delivering service
Organized around internal fiefdoms - not the customer
Telecom Must Learn From Other Lean Industries

**Low-cost airlines** –
- Heavy use of IT and customer self-service
- Demand based pricing
- High occupancy levels
- Heavy use of outsourcing

**Banking** –
- Highly automated capital flows
- Customer self-service
- Elimination of manual back-offices
- Fast-changing financial product life-cycles

**Retailing** –
- Highly automated flow-through
- Just-in time stock control
- Management of cost-base end-end
- Flexible product life-cycles
Today, around 50% of all OSS/BSS spending is not productive

Around 12% CapEx or around 4% of revenues spent on OSS/BSS

But up to 50% is spent on integrating dissimilar systems

That ‘integration tax’ could be slashed if operators bought against common standards
Becoming a Lean Operator
The Journey to Leanness

Understanding the need to get Lean

Making the case

Getting the necessary tools

Putting it into action

Where & When

Innovation in Services & Customer Experience

What

How

Why

Understanding the need to get Lean
3 things to get right

• What are the process steps and governing policies?

• Can each process & system understand the information?

• Can each set of activities interoperate?

• Defining and developing each of these uniquely for your company is prohibitively expensive
NGOSS – New Generation Operations Systems & Software

- Industry-agreed, business & systems framework to guide the development and implementation of 21st Century Communications Management
  - Defines methodologies for evolving OSS and BSS infrastructure into a lean operations approach
  - Specifies the key characteristics of OSS/BSS that allow high degrees of process integration and automation
  - Developed by major operators and suppliers worldwide
  - Driven and managed by TM Forum
  - Implemented as a set of best practices captured as information models
NGOSS Views & Lifecycle

- **eTOM** Business process definitions / models
- **SID** Shared Information Model

NGOSS

- Business View
  - Define the Business Challenge
  - eTOM Business Process Map
- System View
  - Define the Business Solution
- Deployment View
  - Deploy and Use the Business Solution
- Implementation View
  - Build the Business Solution

TeleManagement FORUM
**eTOM Business Process Map**

**Enterprise Mgmt**
- Strategy, Infrastructure & Product
  - Strategy Commit
  - Product Lifecycle Mgmt
  - Infrastructure Lifecycle Mgmt
  - Marketing & Offer Mgmt
  - Service Development
  - Resource Development
  - Supply Chain Mgmt

**Operations**
- Support
- Fulfillment
- Assurance
- Billing
  - Customer Relationship Management
  - Service Management & Operations
  - Resource Management & Operations
    - (Application, Computing and Network)
  - Supplier/Partner Relationship Mgmt

**Enterprise Mgmt**
- Strategic & Enterprise Planning
- Brand Management, Market Research & Advertising
- Stakeholder & External Relations Management
- Disaster Recovery, Security & Fraud Management
- Financial & Asset Management
- Human Resources Management
- Research & Development, Technology Acquisition
- Enterprise Quality Management, Process & Planning & Architecture
**SID - Shared Information & Data Model**

- Information is the *right* data getting to the right place at the right time to effect action

<table>
<thead>
<tr>
<th>Market / Sales</th>
<th>Product</th>
<th>Customer</th>
<th>Service</th>
<th>Resource</th>
<th>Supplier / Partner</th>
<th>Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Strategy &amp; Plan</td>
<td>Product</td>
<td>Customer Interaction</td>
<td>Service Application</td>
<td>Resource Topology</td>
<td>Supplier/Partner</td>
<td>(Under Construction)</td>
</tr>
<tr>
<td>Market Segment</td>
<td>Strategic Product Portfolio Plan</td>
<td>Customer Order</td>
<td>Service Specification</td>
<td>Resource Specification</td>
<td>S/P Plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Competitor</td>
<td>Customer Statistic</td>
<td>Service Configuration</td>
<td>Resource Configuration</td>
<td>S/P Interaction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales Statistic</td>
<td>Customer Problem</td>
<td>Service Performance</td>
<td>Resource Performance</td>
<td>S/P Order</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales Channel</td>
<td>Applied Customer Billing Rate</td>
<td>Service Test</td>
<td>Resource Strategy &amp; Plan</td>
<td>S/P SLA</td>
<td></td>
</tr>
</tbody>
</table>

**Common Business**
- Party
- Location
- Business Interaction
- Policy
- Agreement
Who’s Backing NGOSS?
Thank You
## Contact Us

<table>
<thead>
<tr>
<th>Region</th>
<th>Office</th>
<th>Address</th>
<th>Country</th>
<th>Phone</th>
<th>Fax</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America Office</td>
<td>240 Headquarters Plaza</td>
<td>East Tower, 10th Floor</td>
<td>Morristown, NJ</td>
<td>+1 973-944-5100</td>
<td>+1 973-944-5110</td>
</tr>
<tr>
<td></td>
<td>USA</td>
<td></td>
<td>07960 USA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Office</td>
<td>47 Lower Brook St.</td>
<td>Ipswich</td>
<td>Suffolk IP4 1AQ</td>
<td>+44-1473-288595</td>
<td>+44-1473-288595</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td></td>
<td>United Kingdom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia-Pacific Office</td>
<td>Kuala Lumpur</td>
<td>Malaysia</td>
<td>+60 3-2297-6383</td>
<td></td>
<td>+60 3-2287-5022</td>
</tr>
<tr>
<td></td>
<td>Tel: +60 3-2297-6383</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fax: +60 3-2287-5022</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**E-Mail:** info@tmforum.org  
**Web Address:** www.tmforum.org