# Cablecos as Unified Communications Providers

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**How intelligent O/BSS systems and light-touch integration can provide a rapid and low-risk go-to-market strategy for Cablecos looking to exploit a growing market opportunity**

### Consolidation in the Consumer Market

By most accounts Cablecos have enjoyed reasonable growth throughout the recent financial downturn. This is in stark contrast to the Telcos that have been forced to downsize operations in the face of shrinking revenues, fierce competition from smaller, more agile Webcos, the rising cost of maintaining legacy systems, and margin erosion.

> **An opportunity exists for Cablecos to achieve incremental growth by addressing the lucrative business market.**

Much of the growth experienced by the Cablecos / Multiple Service Operators (MSOs) has come from the uptake of broadband internet and VoIP (Voice over IP) services rather than the traditional TV/Video services, which has had the effect of further eroding voice revenues for Communication Service Providers (CSPs).

For the MSOs, however, this growth is very much restricted to the consumer and SMB market segments. Typically the commercial (SMB) market accounts for only 10% of MSO revenues, the balance being generated through consumer services. By comparison, CSPs derive a far higher proportion of their revenues from business customers, typically in excess of one third.

Telecoms Managers Looking for Unified Communications

Intelligent BSS solutions that provide rapid go-to-market to power business customer growth

DRIVING NEW MARKET OPPORTUNITIES FOR CABLECOS

**MDS**

> **MSOs must enhance the capabilities of their existing infrastructure through the introduction of Enterprise-class O/BSS functionality.**
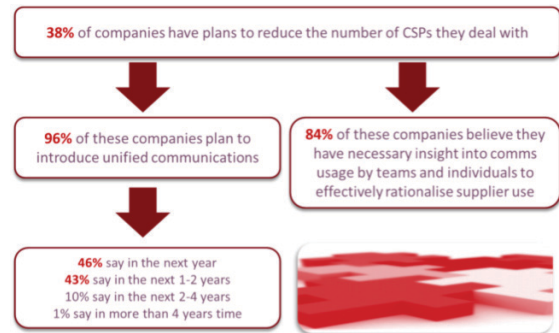
An opportunity therefore exists for the Cablecos to achieve incremental growth by addressing the lucrative and substantial business market. To do so will require a significant step up in service flexibility to meet the demands of the Enterprise customer, including sophisticated tariffing, convergent billing, and hierarchical account structures.

And if the SMB and corporate segment offers MSOs a new market to attack, then Unified Communications (UC) presents a compelling value proposition that would attract genuine interest from the business community.

An independent survey commissioned by MDS 'Connecting with Business Customers' [ADD DOWNLOAD LINK?], compiled earlier this year from 200 online interviews with Telecoms Managers of with than 100 employees, identified key trends in business-focused Telecoms that reinforce the demand for Unified Communications:

1.  Gaining better control of telecoms cost is the #1 priority for 2011 (69%), followed by reducing overall telecoms spend (43%) and enhancing the value of telecoms services to the business (37%)

2.  65% of telecoms managers recognise there are savings to be made by looking in greater details at telecoms bills and contracts but 52% say reviewing telecoms infrastructure is something they don't really have time to do

3.  38% have plans to reduce the number of CSPs they deal with – 96% of these plan to introduce Unified Communications

**Figure 1: Telecoms Trends: Supplier Rationalization and the Move to Unified Communications [source MDS 2011, 'Connecting with Business Customers' survey, Loudhouse Research]**



**38%** of companies have plans to reduce the number of CSPs they deal with

**96%** of these companies plan to introduce unified communications

**84%** of these companies believe they have necessary insight into comms usage by teams and individuals to effectively rationalise supplier use

**46%** say in the next year
**43%** say in the next 1-2 years
**10%** say in the next 2-4 years
**1%** say in more than 4 years time

In terms of understanding the market opportunity presented by Unified Communications and its potential attractiveness to Cablecos, a Business Insight paper issued in 2009 estimated the market size for Unified Communications technologies is predicted to grow at a 12% CARG and reach $37.3 Billion by 2013.

The largest markets for Unified Communications are Western Europe and North America. The Western European enterprise business market can be seen as an early adopter of Unified Communications and has a better understanding of the potential return on investment.

North America is considered to be by far the single largest market for Unified Communications.

The Business Customer Technology Challenge

**O/BSS Requirements**

The challenges to exploit the business sector market are significant and Cablecos will need to present a flexible and robust solution if they are to make inroads. As a precondition to market entry, the MSO must enhance the capabilities of their existing infrastructure through the introduction of Enterprise-class O/BSS functionality, seamlessly integrating Wireless 3G/CDMA/LTE and Wireline networks for convergent offerings.

The scope of O/BSS functionality must address each step of the Order-Cash-Care value chain, ensuring a rich and seamless experience across the customer lifecycle, including:

•  Multi-channel order capture for acquisition and retention activities

•  Orchestration of bulk orders and service provisioning for both short-running and long-running

**Figure 2: Exemplar Order-Cash-Care value chain for the Customer Lifecycle**

processes, Broadband provisioning being an example of a long-running process

- Unified product inventory and number management

- Convergent rating and billing that produces a single bill for all services

- Convergent CRM that supports hierarchical account structures

- Online services that offer real-time service management and deep-dive spend analytics

- Holistic business reporting with real-time access and dashboard view

### Unified Communications Requirements

The introduction of a Unified Communications offering adds further challenges and the need for a different approach to Telecoms service delivery.

Unified Communications is not a single product, but a combination of products and services that provide users and organizations with a consistent interface experience across multiple devices and media types:

- Utility services – Network infrastructure, Customer Premises Equipment, web hosting

- Productivity tools – devices, office cells, such as Pico Cells, synchronization

- Business applications – VoIP, Conference and Collaboration, Instant Messaging, Fax to Email, document and file share

This increases the complexity of the service delivery challenge: most existing IT environments are not built for convergent product sets that can be nomadically distributed over the multi-service network environment; order management and provisioning of bulk orders combine 'real-time'-oriented mobile elements and 'fault handling'-oriented fixed network elements; few suppliers of the Over The Top (OTT) application base offered as part of Unified Communications, with their licensed and priced item based products, are willing to agree to over

> **UC offerings to business customers need consolidated and holistic reporting to suit an enterprise organization.**

100 day payment terms that could potentially cause a negative cash balance between Accounts Receivables (A/R) and Accounts Payables (A/P); UC products are closer to IT solutions than network dial tone solutions, resulting in different SLA negotiations. Most business BSS environment reports are based on traffic converted to monetary reports. UC offerings to business customers need consolidated and holistic reporting to suit an enterprise organization.

### Transition to Convergence

Millions of dollars have been invested in existing IT environments that support a vibrant business. Transforming those environments to support convergent communications offerings for business customers is likely to introduce unbounded costs and place heavy demands on internal resource. Moreover, time to market will be slow, hampered by the necessary practice of regression testing against existing products and services. The risk of failure for such projects is typically very high.

However, there are alternatives to transformation that can address the challenges and add value to existing environments in parallel.

### A Dedicated Platform Approach for Business Market Complexity

Similar to the Mobile Virtual Network Operator (MVNO) business model, the introduction of a standalone, Enterprise-ready O/BSS platform would offer many operational and IT advantages to the Cableco. In a highly competitive environment, such a platform would ensure fast time to value, enable the rapid introduction of business-focused products and services, drive cost-efficiency and control, and promote a significant reduction in business risk.

> **As with every market venture, it is the customer experience that will ultimately dictate its success.**

An Enterprise-class O/BSS platform must scale to millions of subscribers, enable business-user configuration, support Open Standards APIs for expansion to existing IT infrastructure and external systems, and deliver a differentiated business user experience through rich end-to-end functionality:

- Order capture solution that offers consistent presentation of multi-service products across available channels, including web shop, in-store point of sales, telesales, CRM, and direct sales

- Order management fulfilment and service provisioning engine that provides automated billing account set-up, network provisioning, third-party service provider integration, and parallel orchestration for bundled products and services

- Convergent mediation and rating engines that support the rapid introduction and management of sophisticated metered and bundled tariffs, priced items, and software licenses

- Consolidated and accurate billing that produces a single bill for all services

- Convergent CRM that supports hierarchical account structures, multi-level agreements and presents a single view of customers and products

- Online services that delivers e-Care, bill presentment and spend analytics tools for the end-user and Telecoms Manager

- Consolidated business reporting that addresses the end-to-end service delivery value chain, providing a unified view of business operations that includes systems, processes and resource

**Flexible delivery model**

The complexity of O/BSS service delivery begins with hosting and deployment, and extends to application management and back office administration, all of which require specialist support. Delivery of the platform on a hosted managed service model would enable the Cableco to leverage the resource and knowledge that is built into the service package. In addition, Service Level Agreements can help to ensure delivery against time and budget, and provide overall cost assurance.

As part of a longer-term strategy, the Cableco should consider the inclusion of a 'Build, Operate Transfer' option in the managed service agreement, allowing for a flexible migration of service responsibilities and eventual transfer of ownership to the Cableco, should that be preferred.

**Light-touch Transition**

A clear line of sight to overall business objectives and the adoption of a phased approach to implementation will help to ensure that internal system and operational capabilities can deliver a seamless and relevant customer experience that is 'as advertised'. This light-touch transition from pure Cableco offering to fully integrated UC offering can be defined in three key project phases:

Phase 1 – Implementation of a standalone O/BSS platform that requires minimal integration with existing IT infrastructure and allows the Cableco to go to market with a basic Wireless 3G/CDMA/LTE offering for business customers. Phase 1 presents an opportunity for the Cableco to design and test service delivery processes for best practice.

Phase 2 –Deeper integration to existing Cableco infrastructure, whereby CRM, order management and business analytics systems are linked to ensure consolidated data management across Wireless and Wireline platforms. For the Cableco this delivers a Single View approach to customers, products, reporting and bill presentment that enables the introduction of more sophisticated quad play offerings for new and existing customers.

Phase 3 – Deployment of an independent product catalogue for the management of convergent offerings and devices that, with the innovations delivered through phases 1 and 2, enable the roll-out of advanced Fixed-Mobile Convergence (FMC) and Unified Communications packages for Enterprise business customers.

**An opportunity not to be missed**

For Cablecos there is an opportunity to extend their market reach to include the business customer,

both SMB and corporate and the introduction of a robust convergent communications offering is critical to building credibility in this area. When offering Unified Communications, the business models and revenue models are supported in the IT based O/BSS environment. To safeguard the needed horizontal functions and process control, will, we suggest, require the deployment of a new O/BSS layer supporting the UC offering in the SDP layer.

For the Cableco operating in a saturated market where the technology landscape is constantly advancing, the introduction of a flexible and focused O/BSS platform offers a genuine enabler for growth:

- Rapid time to market – deployment time scales measured in months rather than years

- Market agility - rapid introduction of new products and services

- Cost control – SLA based implementation and in-life management

- Service assurance – holistic business analytics and SLA-based order management

- Built for purpose – pre-integrated Enterprise-class solution

- Non-intrusive – minimal integration/disruption to existing infrastructure

As with every market venture, it is the customer experience that will ultimately dictate its success.

**About MDS**

MDS is a global provider of award-winning enterprise customer experience management solutions for service providers. MDS enables customer-centric organizations to differentiate and grow by delivering process innovation, service efficiency and optimal business performance across the areas of customer experience and customer revenue management.

MDS specialize in providing software solutions for service providers to effectively serve their business customers, enabling the agility to get closer to the most complex customers in the management of customer care and billing. MDS enable this through a solutions portfolio that contains e-billing, e-care and customer management solutions that manage the complete customer experience from initial order, through account management and billing, without disrupting existing system assets.

Headquartered in the UK, MDS has offices in North America, Europe and Asia-Pacific. Customers include Vodafone, BT, Telefónica O2, and The Carphone Warehouse. MDS is part of the Martin Dawes Technologies Group which also includes its sister division MDA, leaders in business process analytics solutions.

For more information please visit www.martindawessystems.com.