

Pipeline

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The times they are a changin' – Observations from TMW Nice 2007

by Barbara Lancaster (with credit to Bob Dylan)

It's all about change.

From the first words of the first key note speaker, one could sense that this TeleManagement World was different: it was about change:

- The key note speakers were different. They represented a wide variety of industries and perspectives, and mostly, they provided a wake up call – change or die.
- Presenters and participants bluntly admitted that technology alone cannot solve business problems. Real solutions must be grounded firmly in providing a great customer experience, and in meeting clearly defined business goals. Alignment of people, process and system was touted again and again as the only way to achieve success. No more buying “stuff” and hoping it would solve the problem.
- Asked to explain what's different now (given that the words on the slides described essentially the same issues and imperatives presented twenty years ago), the incumbent giants stated that it is no longer about theory – it is about survival. Hits on margins, lines in service, intense competition and the threat of Google, are driving real action, and lots of collaboration. It was obvious that Telstra, at&t, BT, KPN and Vodafone have been talking together on a regular basis about what's working and what's not.
- So, it's now about transformation – serious transformation. The mood of the attendees was about really sharing information, looking for solutions that might actually solve fundamental problems.

Here are some of the highlights of the conference:

Note worthy Key Notes

The first key note speaker was Nicholas Negroponte, the visionary professor from M.I.T, and the man behind the “one laptop per child” program. He made it crystal clear that the future of our planet is tied to communications and to education. Giving children and their families a way out of hunger and poverty through

education and communication was also the way to enable global understanding, and a real defense against the causes of terrorism.

Next was Bonnie Gray, speaking from a cable company perspective: another indication that the TMF was making inroads in broadening its previous telco-centric base. While there is little doubt that the cable companies are poised to do more damage to traditional telco revenue models, some of the challenges she illustrated in her talk were solved long ago by those companies she initially considered "sleeping dinosaurs". Depending on your point of view, the challenges yet to be solved by the cable companies is either great news for the dinosaurs or discouraging for those wishing for their swift demise.

The third speaker was Rory Sutherland, the charismatic leader of advertising giant, Ogilvie1. Another refreshingly different perspective on how to understand what customers really want, and need. With some gentle humor, he cautioned us to consider that a great customer service experience does not always rely on higher speeds....He also shared his views about what on-line advertising was really going to be – and it doesn't look much like a banner ad. His views should be quite a wake up call for those who talk about "advertising-driven revenue models" as the way forward for communications providers.

Only the fourth presenter was a "typical" TMW key note speaker. The well known, and well spoken representative from Telecom Italia, stepped the audience through the revenue impacts of IP-everywhere as experienced by Telecom Italia. He also described several of their initiatives that are expected to yield the step-function changes in their cost structure and capabilities that are designed to keep them ahead of the pack in race toward transformation – and increased profitability.

Like so many other telco veterans, he believes that the profit margins are in content-based services, and that telcos have a shot at reaping those profits. This was one of the most debated themes of the conference, both in the sessions and in the halls. Some attendees suggested that the service providers needed to focus on their core business of carrying the bits, rather than being distracted by the perceived glamour of content. A massive, high quality, high availability network would become a huge barrier to competitive entry, thereby creating a long term sustainable revenue model similar to that enjoyed by other utilities. Others saw direct participation in content distribution, management and billing as the only means of remaining profitable. This debate will play itself out over the next few years, so make your predictions now!

Business-driven transformation

Once the sessions got underway, the sense of change became even more tangible. Service Providers and vendors were beginning to talk seriously about the need to get it right this time. "Right" means tools that can be implemented on time, on budget, and on scope – with that scope set firmly in alignment with business goals, objectives and new processes. "Right" means sustainable improvements in the cost and performance of the service provider.

Finally, no more talk about magic bullets that could transform their operations all by themselves. Finally a recognition that new Order Management systems don't shorten installation intervals by themselves; that new billing systems won't get the invoice out more accurately all by themselves. Reaping the benefits of new tools is

being discussed as achievable only through rigorous definition of success, specified in clear business performance terms, and then translating that performance improvement into changes in People, Process, and System.

It is also important to note that business transformation is to be firmly grounded in customer, customer, customer focus.

Embracing Standards

Another change was the attitude towards Standards. Here again was that shift from the theoretical to the practical. Standards are now seen as a pragmatic means of achieving the dramatic cost reductions associated with real "plug and play". The TMForum standards of eTOM, NGOSS, and the SID are now being put into practice by a large number of service providers, and vendors. The results are beginning to come in, and show that projects based on the standards were easier to control, enable better management of expectations (of all parties), and are more likely to achieve the stated objectives.

Standards also mean dramatically less interest in customized or one-off solutions. Service providers now seem to understand that "unique" equals "expensive, cumbersome and inflexible". By driving toward standard definitions of business requirements, and standard functionality to meet those requirements, service providers can move rapidly towards the NGOSS vision of Business Aware Components – small, inexpensive and focused capabilities that relate seamlessly to each other and the solution framework.

This drive toward flexible and low cost solutions was voiced by several of the largest carriers, who made it clear that they would no longer be entering into huge customization contracts. They were keenly aware that in the past, many vendors of COTS products were actually selling "brochure ware", and that the software was being built for the first time under the service provider's contract. The mood now is to buy only products that actually work right out of the box, with only minor configuration changes. This shift to buying only Commercial Off the Shelf systems is one worth watching carefully as it could have some serious repercussions for those vendors and SIs who rely heavily on long running customization projects.

Leveraging COTS not Legacy

Here we observed another significant change: service providers finally are talking about walking away from major chunks of their legacy OSS/BSS environments. They recognize that they cannot be dragged along any longer without seriously affecting the ability of the business to compete.

The End of Heroic System Conversions

There is one more piece essential to leaving the legacy environments to rust gracefully away, successfully adopt COTS packages and achieve standards-driven integration, and that is a way out from under the immense burden of Migration and Conversion. Historically, these activities were tedious, expensive, and fraught with risk and could even cause project failure. In a panel discussion, BT, at&t, Vodafone, KPN and Telstra shared their experiences with the nightmare associated with major system replacement and described their approaches to eliminating it.

BT's Phil Dance signaled the big change in this area by stating that anyone planning to do "extract, transform and reload is nuts". He sees a Data Mediator strategy as the right way forward, as does Telstra, and at&t. Each talked about taking advantage of the Data Mediator concept to eliminate the need for large scale data conversions, instead being able to move customer, service, network, and billing information on a transaction by transaction basis, driven by business rules. BT is working with Celona; Telstra with Progress Software's award-winning Data Xtend product, and at&t has built their own Data Base of Record (DBOR).

Measure, Measure, Measure

Another change of note is the growth of the Benchmarking initiative. It is now seen as a key enabler for capabilities transformation. Based on apples-to-apples analytics, each CSP can identify where they are most out of step, and confidently put plans in place to make changes where they can really expect to yield the best bang for the buck. They can measure how well they've done, and re-set priorities as necessary to keep closing the biggest and more costly gaps. The cost of getting all of the data together to underpin the benchmarking work is still high, and therefore somewhat of an obstacle for many service providers. Here, the key to establishing the base of data required is to make the data capture an additional benefit of other high priority optimization work – whether that is process optimization, new service definition, or architecture health checks, for example.

A Focus on the Future

We commend TMF Chairman Keith Willetts and President Martin Creaner. They have taken a hard look at what is necessary to keep the Forum vital to its constituents, and in doing so, decided that Media, Entertainment and Cable companies needed to be brought into the group.

Since many of the old guard are still engaged in the wishful thinking that they can control the burgeoning business of content over IP, this active courting of the media and entertainment companies is cause for some discomfort. In one lively discussion between a major service provider and the Walt Disney representative about providing a high quality customer entertainment experience, it was apparent that we must find ways to work together.

We can see at least two reasons that service providers should embrace the participation of the Media moguls: one is to "keep your enemies closer", and the second is to seize the opportunities to learn from, and partner with, these highly successful businesses.

As remarked by Telecom Italia: doing the same things and expecting different results is what Einstein considered to be one definition of insanity. To achieve the changes in performance, persistence and profit that the service providers are seeking, major changes in thinking, approach and solutions are required. We saw some very encouraging signs in Nice.

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