

From Product
Management to
Profitability

Effective Product
Management for
Communications
Services Providers



In the CSP world, the key discipline which will enable further profit and future success is **effective product management.**





A BUSINESS REALITY

The world of communications services is no longer a playground for high-margin, low-value players. In today's market consumer demand is more sophisticated, increased competition is putting pressure on prices and the typical communication service provider (CSP) is being squeezed.

Services are treated like commodities, competition drives down profit, differentiation is more difficult as separate elements of the network converge. And while the market is looking for the innovation and quality that stems from effective product management, CSPs are finding it harder and harder to deliver.

Market maturity may be draining the excitement and the profit from the market, but the real challenge lies just ahead. Mastering this challenge may offer a new set of glittering prizes.

The challenge is, quite simply, that of automating product management processes across the business and transforming the company around consumer proposition demand rather than what is convenient to deliver.

This idea has only just begun to gain currency with CSPs, but already they are seeing that implementing end-to-end product management solutions can offer a way out of current chaos, and a route back to profit.

However, up to now, there has been a mainly piecemeal approach to product management. CSPs may have started with CRM or ERP, provisioning or network management, but the real gains will only be made when there is a truly comprehensive approach to information and activity within the CSP business that includes effective product management.





WHY HASN'T IT HAPPENED ALREADY?

For a start, the solution to effective product management is complex.

CSPs must first consider what “product” means to them, how it is defined and where across the architecture landscape product-related data is currently stored.

Defining what “product” is and identifying the multiple masters of product data are challenges further compounded by the fact that most CSPs are organized along network technology silos.

CSPs currently think in terms of PSTN, Broadband, Mobile, IP, etc., when really they should be thinking about the end product or ‘solution’ for the customer. Of course, that becomes doubly difficult when functions, processes and products are cemented into the existing network technology silos.

Furthermore, very few CSP software vendors have invested in solutions for the product management domain.

“The heart of any future strategy for CSPs has to be the product.”

Catherine Michel, CTO Tribold

Of course, suppliers in traditional areas, such as CRM, Billing, Order Management, will claim that they can offer everything needed. But their promise is, in reality, simply an additional complexity, a ‘ropes and string’ method of tying things together (information sources, outputs, spreadsheets and incomplete finance data) that at best spells trouble. It is certainly not a foundation for the future and only adds to the chaos.

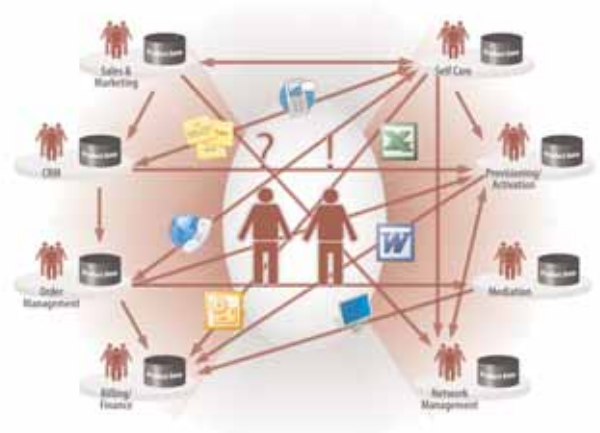


Figure 1. The Status Quo – CSP Product Management Chaos

The road ahead toward effective product management cannot be found from a starting point of peripheral systems (ERP or Billing, for example), and certainly not solely from CRM.

To get to the goal of customer-driven, product proposition-focused operations, fundamentals will have to be re-thought and reorganized. It is a big challenge, but it is the only one that promises to get CSPs back to profit in this difficult and fast evolving market.

So if these traditional systems are not the foundation for product management change, where is it to be found?

RESIGNED TO THE STATUS QUO?

Product Management and the Organization

Every open question that arises with a CSP leads back to product management, no matter where you start.

- If you haven't defined your product, how can you measure customer satisfaction with it?
- If you haven't specified how that product gets to market, how can you manage your channels?
- If you haven't precisely defined the fulfillment process that allows it to happen, how will you deliver it?

Questions like these drive companies back to the fundamentals of product, and to the idea that the ability to centrally manage products and services is fundamental to the automated business model.

Because the current approach to product is fragmented and measured in different ways, every decision is fraught with complexity. The process of answering simple, straightforward questions about product is hedged with all kinds of imprecise information.

These problems mean that product innovation is slow, product development is difficult to unravel from multiple inter-dependencies, service delivery is interrupted, and profit is bled out of the organization. At a time when the introduction of new products should drive the company, it is a major problem.

Product Management vs. Product Chaos

Every part of the company has a piece of the product view. Consider, therefore, these questions about product:

- What's in it?
- How is it to be sold?
- What price is it?
- Are there special offers associated with it?
- How do we deliver it?
- What provisioning is required to make it happen?
- How do we bill it?
- Can our workforce make it happen?
- Can our external relationships deliver?
- Is it profitable?
- What promotional budget is available?

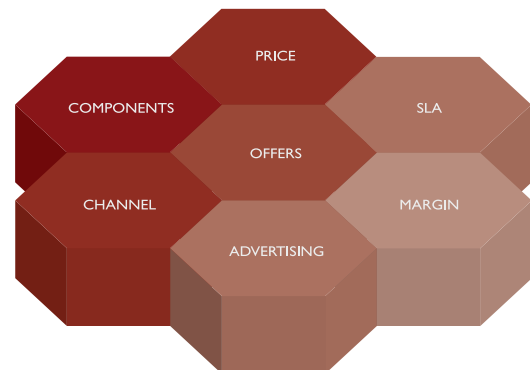


Figure 2. Dissecting the CSP product

Answering questions like these takes you back to product management every time.

Yet product management can no longer be functionally oriented around the network, because the old silos no longer hold. Nor can product management be organized around traditional Business Support Systems (BSS) and Operational Support Systems (OSS) because the solution that will deliver truly effective product management and the profit that stems from it, cuts across these barriers.

No. The heart of any effective future strategy for CSPs has to be the product.



SO, WHERE DO YOU START?

At Tribold, our view is that it is absolutely imperative to address the fundamentals of **product management** head on.

Putting products at the heart of the business, with all the data that accompanies them, is the only way to solve real business issues now, and to continue to solve those issues into the future. When the company is oriented around innovation and quality in product proposition terms, everything else can flow.

Actively and explicitly managing product information not only achieves that key goal of an end-user driven business model, but it also helps accomplish the business and marketing goal that every CSP is talking about as the key to market success – **customer-driven, on-demand service delivery.**

In this world, the key discipline which will enable further profit and future success is **effective product management.**

The road to achieving real product management sanity requires five primary components, each individually delivering core value along the way.

And the place to start is with a centralized source of product data.

THE SOLUTION NEEDED

There is a clear and logical direction for CSPs to take along the road to effective product management.

Product Data Management

Normalizing product data is the first step on the road. It is absolutely the fundamental component of a profit strategy that centers around clear definition of the proposition. Centralizing data into a unified catalog is the key to ensuring that the CSP's product response to customer demand is effective and accurate.

Product Data Integration

Once the product set is normalized, then – and only then – is real control possible. When comprehensive and consistent product data information is available, then it can feed into all the other systems and operational processes that rely upon it throughout the organization.

Product Lifecycle Management

Clearly defining the product is also the first requirement for effective and automated lifecycle management. Specify a new product. Model its performance profile. Understand and execute the product introduction process. Manage how and when products are to be retired or withdrawn. Do all this at the same time as managing customer satisfaction.

Product Business Intelligence

Follow the road further and now measurement is no longer something that is practiced differently in every system. Instead it is properly managed on a like-for-like basis.

It is current, comprehensive and true. Suddenly, product managers can see and understand what is really going on with their products, within the business and its markets.

Product Channel Management

Product channel management is the furthest and most streamlined stage along the road to effective product management. It involves the CSP incorporating the full supplier / consumer eco-system into their product development and management process. It allows third party providers to participate up front in the development process. It allows customers at the other end to do what they want, how they want and when they want. They can buy on-line, or in the shops. They can see and understand how using a different channel will affect the price or the service they receive. They can control their own destiny and consume in a way that is profitable for the CSP and highly satisfying to them.

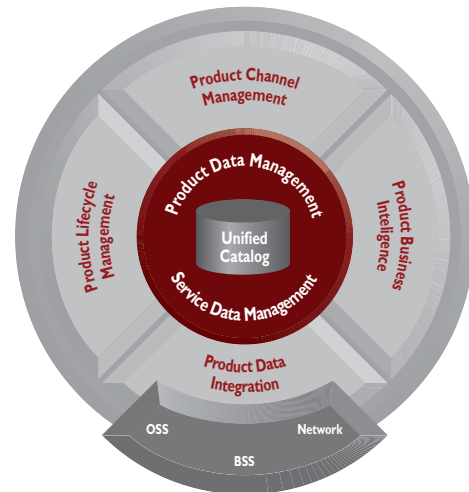


Figure 3. CSP Effective Product Management

Getting these components in place requires concentration and commitment. It also requires that CSPs work with a company that has the clarity of vision to understand that this is the goal. Anything less is a partial solution, a stop-gap, an inadequate basis on which to build future strategy.

WHY THESE COMPONENTS?

We have looked in detail at this challenge in conjunction with CSPs. They are telling us that what is needed here is a revolution. In the same way that a new way of viewing customers became the CRM idea, so now, we need a revolution in the way that 'the product' is defined, and the way in which 'the product' is managed.

Right now, the 'product' is an inconsistent and elusive set of concepts for CSPs. If we can do better than that, then we can revitalize corporate performance and bring back the profit potential.

Looking more closely at effective product management, and how the five components fit together, we can see why no CSP can afford to be without it.

Product Data Management

Without product data management (PDM), your business model cannot evolve. Why? Because every true 'product' sold by a CSP contains only a marginal amount of hardware (a modem perhaps, or a handset) with the larger portion comprised of intangible, software-reliant services running on those resources.

Because, too, when no one within the organization is delivering a commonly understood, like-for-like definition of what the 'product' is, it is very difficult for anyone to get a view on what is happening within the organization and management remains guesswork.

That single definition only comes when products and services are properly defined and placed in a centralized catalog.

Then suddenly, product managers have the information they need to do their job properly. They can look at what options are open to them in terms of pricing, offers or added-value. They can estimate and plan relaunch or marketing expenditure. And do the hundred and one other things that today make product management within CSPs a challenging and time-consuming exercise that no one is happy with.

Management wants more efficiency. Product managers want to be able to manage the complexities of their job. Above all, customers want new products. None of this can happen effectively without product data management.

“We need a revolution in the way the way the ‘product’ is defined, and the way in which the ‘product’ is managed.”

Catherine Michel, CTO Tribold

Product Data Integration

Product data integration (PDI) allows all the other applications that are vital to the existence of a CSP to start delivering on their promises.

After all, if your CRM system is working with old, inadequate data, inconsistent definitions, different views of billing information, what is going to emerge from that system apart from incomplete and inaccurate views?

Sometimes those views are pretty close to what is actually going on. At other times, those views are way off the mark. The trouble is that you don't know when they are more or less right, and when you simply can't rely on the information you are getting.

The same is true for all those other systems your business relies on: billing, order management, activity management, provisioning, network management.

But when you have PDM, and PDI of course to manage the output from that PDM system, everything comes into focus. Everything is consistent because it is coming from a central source, and you have a proper, accurate process that every system can utilize.

Product Lifecycle Management

With PDM and PDI in place, you can move to the more sophisticated sciences, some of which are only just now being discussed seriously. Product lifecycle management (PLM) is one of those.

PLM is the process of managing the existence of the product, from cradle to grave, covering all those critical phases on the way – business case definition, planning, design and modeling, in-life management, product enhancement, re-launch, and retirement. It is an amazingly powerful combination of workflow and project/resource management tools, designed specifically for product and delivery managers in the CSP arena. True PLM is only made possible by that central product catalog idea.

Product Business Intelligence

Product business intelligence (PBI) gives CSPs access to the full range of operational product reporting plus performance analytics.

While PDM provides normalized data that is properly defined, PBI can be used to provide everything from standard product tracking through to profitability analysis, penetration analysis and predictive analyses – all based on real, accurate information.

Product Channel Management

With a normalized and consistent view of product (PDM), control over the sourcing and distribution of it (PDI), efficient management of the process to deliver it (PLM) and the ability to accurately measure it (PBI), product channel management (PCM) is the piece of the process that then covers all the external relationships that feed into and from it. Suppliers of all kinds of components and services become a part of the process (and exposed to the same data requirement and definition), as do resellers. All of which helps you to provide customers with the essential quality that is the key to success in this difficult and complex world.



“Putting products at the heart of the business, with all the data that accompanies them, is the only way to solve real business issues now. ”

Catherine Michel, CTO Tribold

DO WE UNDERESTIMATE COMPLEXITY?

Strictly Practical

In practice, what many CSPs see as their first priorities are to get Product Lifecycle Management and Product Business Intelligence in place. Again, there are companies who claim to be able to provide these functions without looking at Product Data Management.

We say no.

We say that only when there is a fully documented product catalog can these other functions be built in any meaningful manner. Doing anything else is to build your management on a foundation of sand. It may look good for a while, but it will quickly underperform and ultimately collapse under the weight of assumptions and inaccuracies.

Focus is Key

In building our argument for CSPs to put Product Management at the heart of their business, we are making the best case we can without devolving into too many side issues.

But we know the world of CSPs, and we do understand the full picture of the system and functional complexity that CSPs are facing. We don't claim to have all the answers to all of the challenges facing the CSP today.

What we do claim is that we have a unique understanding of addressing one fundamental issue – Product Management.

And when you are speaking with Tribold, you are speaking with the experts, who have analyzed and developed solutions for this problem, uniquely for CSP's. This experience had led us to develop what we believe to be the most comprehensive solution to these issues on the market.



Figure 4. Putting Effective Product Management into CSP Operations

IS THIS REALLY WORTH DOING?

Having a better idea of the complexity and scope of the task can be a frightening prospect. The process of introducing an effective product management solution touches every part of the organization and the risks at the outset can seem very big indeed.

But the goal – **customer-driven, on-demand service delivery** – and therefore the value, relies on the ability of the CSP to deliver this. This cannot be accomplished until the CSP starts to put the components of effective product management into place.

We don't underestimate the seriousness of the undertaking, but we do know that only a catalog-centric foundation to customer product demand will really provide a fit-for-purpose solution.

Other companies may well attempt to divert you from this necessity. We look forward to debating the issue with them. We know that ours is the only real answer for a proposition-driven, customer-centric organization, and the only real answer too, that will lead back to profit-led business in this complex and demanding market.

START NOW

If you have any interest in this story and believe, like us, that effective product management might be the key to performance and profit, please do check our web site (www.tribold.com) or get in touch with us at the addresses on the back cover. We look forward to meeting with you.



Locations

Europe:

19 Bolsover Street
London
W1W 5NA
United Kingdom
Tel: +44 (0)20 7665 4000
Fax: +44 (0)20 7665 4001

Americas:

601 Union Street
Two Union Square
42nd Floor
Seattle, Washington 98101
USA
Tel: +1 206 652 3440
Fax: +1 206 652 3441

Promenade II
1230 Peachtree Street North East
18th and 19th Floors
Atlanta, Georgia 30309
USA
Tel: +1 404 942 2490
Fax: +1 404 942 3401

1400 16th Street
16 Market Square
Suite 400
Denver, Colorado 80202
USA
Tel: +1 720 932 8111
Fax: +1 720 932 8100

Asia-Pacific:

Level 27
101 Collins Street
Melbourne
Victoria
3000
Australia
Tel: +61 (0)3 9653 9142
Fax: +61 (0)3 9653 9143

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International enquiries

UK

0800 4000 2222

USA

1-800 4000 2222

Australia

0800 800 4000 2222

Other

+44 (0)20 7665 4000

info@tribold.com

www.tribold.com


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