

Weathering the Wireless Tsunami

How MNOs Can Reach High Ground in Today's Communications Market

By ConceptWave Software Inc.



WHITE PAPER

Weathering the Wireless Tsunami

How MNOs Can Reach High Ground in Today's Communications Market

By ConceptWave Software Inc.

INTRODUCTION

When was the last time you left the house without your mobile handset? Chances are you recognized its absence quickly enough to retrieve it without too much hassle – and if not, you may have felt a vague unease, perhaps a concern that you were missing something important, that persisted until you were reunited with your mobile device.

If so, you're certainly not alone. A consumer survey¹ conducted found that three quarters of respondents never leave home without their phones, and 36% claim that they cannot live without their mobile handsets.

The mobile phone is truly engrained into our lifestyle. It is no longer the device alone that alludes to our lifestyle status, but it also includes the Mobile Network Operator (MNO) we use, the clarity of our voice as we talk, the speed of our wireless tweets, and the number of applications on our handset that we brag about.

That trend is likely to intensify as the newest generation of wireless users grow up tethered to their phones for not only voice calls, but also messaging, shopping, accessing the Internet and content consumption. These consumers view their mobile handsets as a necessity, not a luxury, and have driven mobile subscribership in many countries to the saturation point. Meanwhile, the number of “cord-cutters” continues to increase, with over 20% of US households abandoning their landlines for their mobile handsets².

But that close relationship that consumers share with their mobile handsets doesn't always remain locked with the MNO. Churn rates remain high in the wireless industry, particularly in markets that are predominantly prepaid, indicating that subscribers feel more attached to their mobile handsets than to their wireless providers. Other than customer acquisition and retention efforts on qualities such as network coverage and low rates, operators have not focused on the quality of the complete customer experience. For too many MNOs, customer experience management means service quality management, which has precluded them from focusing on how they are interacting with their subscribers on a holistic, end-to-end basis.

¹By market research firm Synovate

²Middle of 2009, according to industry association CTIA.

CHALLENGES

The challenge that MNOs face in changing the nature of their relationship with subscribers is precipitated by a number of market factors, including the following:

- ▶ **Sophisticated wireless customers** who are demanding more from their service providers, including innovative competitive pricing, better quality of service and a wider range of services and applications. Customers want it made available to them on a real-time basis, sometimes through customer service, but more via self-serve on multiple screens, such as – desktop browsers, mobile web, and mobile apps. Even after the product bundle is sold, these customers expect support using the same self-serve means.



- ▶ **Strain on 3G networks** caused by the proliferation of netbooks, smartphones and other mobile devices. As the cost of mobile data devices continues to come down, their sales will gradually overtake sales of standard mobile handsets, and the data traffic over operators' 3G networks will increase exponentially. While MNOs are in the early stages of deploying their 4G LTE and WiMAX networks, experience has taught them that subscribers are capable of consuming bandwidth as quickly as it is built. You build it, and they will fill it!
- ▶ **Flat to declining ARPU** in most markets, particularly in developing regions where competition is fierce and MNOs are eager to bring on new subscribers as quickly as possible, regardless of their relative profitability.
- ▶ **More complex products and services**, particularly data services that bring an IT environment into wireless, which requires operators to manage an environment in which the underlying network is decoupled from the applications and services that run over it. MNOs are also increasingly required to manage the delivery of services from third party suppliers such as content providers, including ensuring quality of service on an end to end basis and doing any necessary revenue sharing.
- ▶ **Internal pressures**, particularly from marketing departments that are eager to reduce time-to-market for new services, particularly in light of competitors such as MVNOs and Web-based players that lack the constraints imposed by legacy infrastructure.

WEATHERING THE STORM

The primary challenge for MNOs as they confront these issues and reposition themselves for new market situations is their back office environments. Like their wireline counterparts, MNOs have built their businesses around silos of OSS and billing systems that are often cobbled together or custom built and tend to lack any cross-operational metric analysis. These systems are often highly dependent on manual intervention and lack the flexibility required to support the rapid and cost-effective creation and delivery of new services.

Transforming these back office environments is a critical step in MNOs' efforts to realign their businesses to be more agile and more customer-centric. The first step in these transformation initiatives should be the implementation of systems that drive the service creation and fulfillment processes. MNOs must be able to quickly and flexibly introduce new products and services, which requires a consolidated service fulfillment solution that is able to handle workflow processes in a fast, agile and dynamic manner.

Key features that MNOs should look for in a service fulfillment solution include the following:

- ▶ **Easily customizable:** While many operators have opted for commercial off the shelf (COTS) software because of the low cost compared to custom-built solutions, these products often lack the ability to do more than the most rudimentary customization. Operators looking to invest in COTS products must therefore look for solutions that are easily configurable, enabling the operator to customize it in order to meet their own unique requirements without the time and expense associated with solutions that are built from scratch.
- ▶ **Standards-based:** As operators' interests in COTS products has increased, so has the influence of telecom-specific standards initiatives such as next generation operations support system (NGOSS), as well as enterprise standards and best practices initiatives such as service oriented architecture (SOA) and ITIL. By adopting solutions that have been built according to predefined architectural principles, operators can reduce their implementation and integration costs while improving efficiency and operational agility. Standardized business processes such as those described by the eTOM and enterprise models such as BPM are also gaining traction, driven by the efficiency gains they can support.

- ▶ **Scalability:** When implementing an OSS solution, an operator must consider not only its current transaction requirements, but also what type of growth it is forecasting for its various services and how that will affect transaction volume over time. Many an operator has invested in an “entry-level” solution at a relatively low price point, only to find that it doesn’t scale as its business has grown, necessitating a time-consuming and often expensive replacement.
- ▶ **Modular design:** As operators grow their businesses, the ability to easily add additional functionality to existing solutions, as opposed to having to invest in – and integrate – entirely new solutions.

Underlying all of these features is a centralized service fulfillment platform that effectively abstracts the complexity of the underlying network from the product creation and delivery processes. This platform provides the operator with a centralized product catalog from which it can create and manage all of its products – without needing any knowledge of the underlying network – enabling more flexible services that can be created and deployed quickly and efficiently and easily tailored to a subscriber’s individual needs.

CREATING A SUNNY CUSTOMER EXPERIENCE

Being able to identify and address those needs is of paramount importance if MNOs have any hope of effectively competing against new market entrants – particularly Web-based players with sophisticated customer segmentation and marketing capabilities. As the network becomes commoditized, operators are rapidly shifting their focus from differentiating themselves on the network toward differentiating themselves regarding the customer experience.

This evolution isn’t a particularly easy one for the communications industry. For the entire recent buzz around customer experience management (CEM) in telecom, the industry is behind the curve, with too many operators regarding CEM as little more than glorified service quality management. A successful CEM strategy must go beyond issues such as network coverage to encompass the entire customer lifecycle, from the customer’s first contact with the operator through to the delivery of the product. However, given the silo-based nature of most back office environments, operators risk providing their customers with disjointed experiences that vary widely depending on factors such as the type of service they’re using, what type of network they’re accessing, how they’re interacting with their service provider and where they are located.

Changing this model can be a daunting task, but taking a customer-focused approach to service fulfillment is an important first step. By implementing solutions that drive the service creation and delivery processes from the customer’s perspective, MNOs adopt a customer-centric approach that extends throughout the customer lifecycle. And while customer satisfaction is the most obvious benefit gained from taking this approach, there are other significant advantages to the operator, including the following:

- ▶ **Increased ARPU** from cross-sell/upsell opportunities that an integrated service fulfillment platform can provide by enabling more flexible service bundles
- ▶ **Reduced churn**, as research has proven that those customers with multiple services from a single operator are more “sticky” than those with a single service
- ▶ **Less risk of revenue leakage** caused by manual processes and disparate systems
- ▶ **A single aggregation point** for real time customer lifecycle information, which the operator can then use to build churn propensity models, create customized marketing campaigns, collect data for product lifecycle management, etc.

- ▶ **The ability to target the long-tail opportunity** by improving the efficiency of service delivery environments in order to more effectively target niche markets.

CONCEPTWAVE WIRELESS VALUE PROPOSITION

The ConceptWave Order Care platform provides the capability to establish a single hub for rapid product launch and ongoing product lifecycle management. This highly configurable order handling and product management solution supports end-to-end flow-through order capture, order management and product lifecycle management through a fully integrated J2EE/SOA product platform. By disassociating the underlying network from the products being delivered over that network, Order Care enables the MNO to bring products to the market in a more streamlined and timely manner.

As illustrated in Figure 1, Order Care essentially bridges the MNO's product ecosystem – both their own products and those provided by third parties – with the back office infrastructure and relevant network components. The MNO is therefore able to deliver new products, manage its existing product ecosystem and retire products without impacting ongoing product delivery processes.

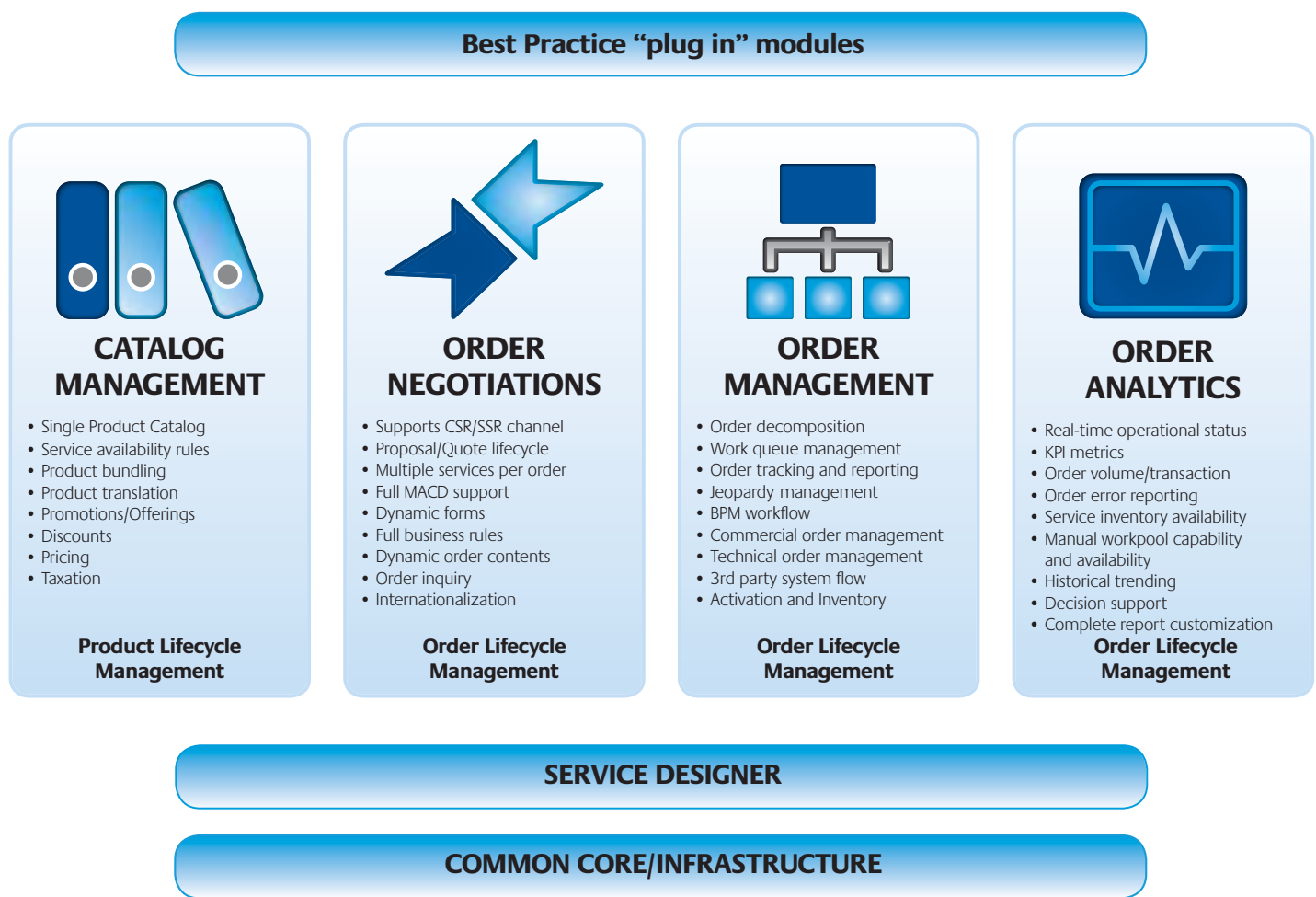


Figure 1: ConceptWave Order Care®

ORDER CARE FOR WIRELESS CONTAINS THE FOLLOWING COMPONENTS:

- ▶ **Catalog Management**, a full-featured product catalog containing offers, products, rules and relationships that enable the MNO to create and deliver products and manage the overall product ecosystem. The Catalog allows for product inheritance and product provisioning into the BSS and OSS systems
- ▶ **Order Negotiations**, an order orchestration solution that provides rapid generation of order entry interfaces with pre-built functionality that enables quotes, multiple services per order, business rules, order inquiry and internationalization
- ▶ **Order Management**, which provides extensive functionality around order decomposition, work queue management, order tracking, jeopardy management, BPM workflow, activation and inventory
- ▶ **Order Analytics**, a fully integrated analytics system that provides out-of-box reports that track which products are generating revenue and profit for the business
- ▶ **Device Management**, a base template that allows the storage and maintenance of mobile devices that are leveraged in the Product Catalog and VAS Content Framework
- ▶ **VAS Content Framework**, that allows the end-to-end management of Multi-Media VAS Content.
- ▶ **Wireless Adapters**, that provide out-of-box connectivity to wireless network elements for messaging requirements.

The Order Care platform provides an integrated approach to service fulfillment by consolidating and abstracting the large number of service orders and workflow processes that are part of MNOs' service delivery environment and enabling a centralized access point, in the form of the unified catalog. This unified catalog approach allows MNOs to better orchestrate the service provisioning process, providing enhanced visibility into the product creation and delivery process and supporting more flexibility than legacy, silo-based systems can provide.

These capabilities allow the MNO to bring products to market quickly, rapidly modify product offers in response to market conditions and manage the product lifecycle on an end-to-end basis – all critical capabilities if operators are to succeed in this era of high customer expectations, tight margins and stiff competition.

ABOUT CONCEPTWAVE

ConceptWave is a leading provider of lifecycle management solutions that allow global multi-play communications service providers (CSPs) and operators to rapidly introduce new market offers. Our customers can immediately re-tune or change existing offers to meet competitive needs and simplify the managing of service orders found across wireless, broadband data, wireline, cable, voice, and unified networks.

Our catalog-driven order fulfillment solutions enable customers around the world to introduce complex multi-product and service offers in record time, translating into increased revenues, reduced operating costs, and highly satisfied loyal end-consumers and service subscribers.

We have helped our customers successfully transform their businesses and ensure agile order fulfillment and orchestration through our award-winning Product Lifecycle Management and Order Lifecycle Management solutions. Visit us online: www.conceptwave.com