

Sudeesh Yezhuvath, chief operating officer at Subex, explains why growing numbers of operators are turning to managed services as they strive to protect profits and free up resources to focus on new service innovation

Mission control

Sudeesh Yezhuvath: Operators' priority now is to improve efficiency, managing the money coming in and going out



Subex is a leading global provider of business support systems that enable communications service providers to achieve competitive advantage through business optimisation. This year, the company won a Global Telecoms Business Innovation Award with Swisscom for the industry's first successful risk-reward sharing model for fraud management.

The communications industry is facing great change at the moment. What do you see as the most critical issues facing operators as they try to maintain and grow their share of a saturated market?

Sudeesh Yezhuvath: With market penetration at its current level, and the inability of operators to successfully monetise data — beyond email, as the rest is largely free — there is an unprecedented need to focus on cost control if CSPs are to protect their profits.

The evidence supports this — just look at the increasing prominence of the CFO; that's who's driving the transformation programmes. The low-hanging fruit has gone now; the priority now is to improve efficiency, all of which comes back to managing the money coming in and going out.

What does that mean in practice?

Yezhuvath: It means operators being able to do more with the high volumes of data they're collecting, so they can maximise revenue efficiency. Right across the board, everything affects this — from delays in provisioning to levels of customer satisfaction, and from fraud detection to credit control.

The trouble is that most operators don't have sufficient visibility to be able to identify and address specific sources of inefficiency. As they branch out into

newer services including mobile money, though, such capabilities will become increasingly critical.

What's standing in their way?

Yezhuvath: CSPs are suffering from a data deluge. It's not that they don't already have the information they need; it's more that they can't pull it together quickly enough to drive decision-making. Operators may be very good at looking forward and planning for the following year or beyond, but they lack the operational intelligence to tell them what to do next week.

How does this affect them in practice?

Yezhuvath: Operators need to be able to assess the profitability of a particular service, but this capability is usually minimal or absent. They want to be more agile and responsive to customers, introducing exciting new services and rate plans, but as they try out these new propositions they have no way of monitoring their performance until three or four months down the line when the data finally comes through.

Although they might have an idea of take-up, this doesn't tell them anything about whether the new package is profitable, or whether it will meet the expectations of the business. To get the fuller picture, they need to be able to see quickly what the knock-on impact has been on fraud and credit issues, customer satisfaction, the demand on the contact centre, and so on.

Agility is a big theme at the moment, but operators seem to be having a hard time achieving it. Is it just about the data?

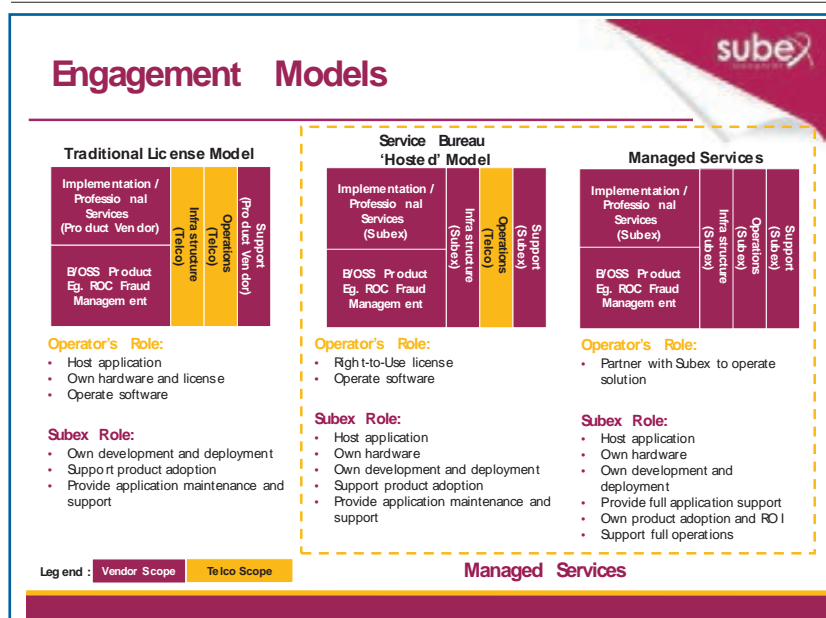
Yezhuvath: Well, it doesn't help that this is typically distributed across numerous different systems, over a broad geographical area. Organisationally, different departments have their own respective roles to fulfil, but no one has an overview of how things are going until the quarterly management reports are collated. That's hardly very dynamic or agile.

How does Subex help here?

Yezhuvath: We have been recognised as the market leader in business optimisation for four consecutive years. Our sole focus as a business is helping the telecommunications industry with revenue maximisation and business optimisation.

We started out providing fraud management software, and over the last 11 years we have built up a comprehensive portfolio of solutions which offer operators complete visibility across their operations.

Engagement Models



Subex can build and run a revenue operation centre on an operator's behalf, but there are other options

What differentiates Subex from other solution providers in this area?

Yezhuvath: We are the only company to offer the complete product set, giving CSPs the opportunity to manage their revenue chain holistically.

Other software providers might offer some of these capabilities, but in a very piecemeal way, whereas we offer an end-to-end proposition. This includes everything from fraud detection and management, to revenue assurance, to partner settlement, credit risk management and cost management. Importantly, the capabilities are all fully integrated, allowing a clear line of sight and a coordinated, agile response to identified problems or opportunities.

Can you explain a bit about how these solutions might come together for an operator?

Yezhuvath: We have developed something unique, which we call the revenue operations centre (ROC) — something operators can create themselves, or which we can establish and manage for them.

Built using our integrated software suite, this then provides near-real-time monitoring of revenues, costs and margins through a kind of central mission control. I think of it as the financial version of a NOC, looking after the financial health of the business through monitoring and control of the commercial aspects of the network.

The idea is to create direct links between operations and profitability based on reliable, timely cross-functional data that has been consolidated from across distinct functions such as assurance, audit and governance.

If an operator implements our BSS software suite strategically (as well as other complementary products such as CRM, business intelligence applications and so on, as appropriate), managed using our ROCware operations management platform, they will arrive at a revenue operations centre — ie, an operations infrastructure that can monitor and control the entire revenue chain, identifying risks to margins and customer satisfaction. This can also be used in support of business innovation programmes because of the end-to-end view it provides.

The challenge for operators isn't just a technology one though, is it?

Yezhuvath: No. They need to structure their organisations and optimise their business processes to ensure they are geared towards delivering the right results for the business. This means starting with the business problem they're seeking to address, mapping out the associated business processes, and then applying the applications that will help them achieve their goals — making sure they can locate and extract the data they need from across the business.

Do most CSPs have the capacity and skills to be able to do this?

Yezhuvath: In many cases, no.

You said operators have some choices about how they deploy your solutions, and that you offer a managed services option. Does that help here?

Yezhuvath: Yes. We can build and run a revenue operation centre on the operator's behalf. Because of the already substantial demands on the CSP's resources, this option is becoming increasingly popular.

How does it relieve the pressure?

Yezhuvath: Because we are specialists in this field and have years of experience of doing this, we are able to make most efficient use of the solution, ensuring results and reducing the operator's risk. After all, who knows the issues and the solutions better than us based on the market leadership position?

Increasingly, CSPs are looking for an outcome-based approach from their investments. Most service providers recognise now that their core assets are their brand and their market experience; it isn't even the network anymore. Everything else can be given to someone who can do it more efficiently.

Service providers started by outsourcing IT, then the network, and now increasingly they are seeking help with the running of their business operations. We are seeing annual percentage growth rates in the high teens, and have tier-one customers in Europe and Asia that are making extensive use of our managed services.

What tangible benefits are they experiencing?

Yezhuvath: The return on investment is very good, with a payback period typically of six to eight months. Because we can run the operation more cheaply than they can, it reduces the associated costs too — typically by about 15-25% compared with buying a software licence and doing it themselves. And on top of that, the whole thing becomes someone else's SLA.

Something else that's worth noting is that if a software vendor operates solely on a licence-based model, their focus will be very different. Their main concern will be that the product is stable and runs properly. The managed service provider also takes care of the "so what?", because the onus is on us to deliver results.

Ultimately, it comes down to where the service provider should focus their energy. The communications industry is a very uncertain world — who would have thought 10 years ago that Google would become a competitor, for example? Today, CSPs need to be very agile indeed if they are to be able to respond to new market opportunities quickly enough to gain an advantage, and they can only hope to achieve that with good control over their operations and improved revenue efficiency. ■