

www.pwc.com

***Action RA and FM strategy to
keep pace with dynamic
growth***

Revenue Assurance Service Bureau

Presenter: Kasturi Bhattacharjee

**PwC India
2010**

pwc

Revenue Assurance in the new converged world

Today's new converged world of products, services, technologies and networks is far more complex than anything communications operators have experienced to date. Telcos will need to be able to manage a dynamic environment in which multiple entities must work together to deliver what the customer expects such as data products, video products and the associated licensing/royalty, advertising models, billing these new services in bundles, distributing third-party content; providing applications and services, from shopping to interactive gaming; and selling airtime and other nontraditional opportunities.

With several new operators entering the Indian telecom market and urgency to meet the roll out obligation, the revenue assurance department needs to overcome the internal challenges of people, process and technology. Therefore ***operators must act fast if they are to be proactive in addressing new risks and challenges and not “playing catch-up”***

Revenue Assurance in the new converged world

- Today's new converged world of products, services, technologies and networks is far more complex than anything communications operators have experienced to date.
- In addition, the economic environment is one in which the market outlook is cloudy, shareholders are skittish, margins have shrunk/continue to shrink and competition is fierce.
- To fulfill the role of a device-independent content and service distributor, Telcos will need to be able to manage a dynamic environment in which multiple entities must work together to deliver what the customer expects such as data products, video products and the associated licensing/royalty, advertising models, billing these new services in bundles, distributing third-party content; providing applications and services, from shopping to interactive gaming; and selling airtime and other nontraditional opportunities.
- even operators that consider themselves relatively advanced in the revenue assurance arena must prepare for a whole new set of challenges
- operators need to reverse the corporate mindset of revenue leakage from a “**cost of doing business**” to an “**opportunity for profit growth and margin improvement**”.

Generating a convergent bill is akin to “electronic stapling.”

Historically, billing systems have been based around products or geography, with divisions such as local and long distance, consumer and business, wireline and wireless, and regulated and nonregulated.

The New Converged World blur and cut across all of these divisions, requiring telcos to bring together ***data from disparate systems***, shift from a subscriber basis to a ***multi-device or attentiveness*** raises several new issues for telcos to address :

- How **integrated** are processes and systems from contracts and ordering, to insertion, placement and delivery, to billing and collections?
- Customers buying **bundle of services** - revenue assurance issue is discounting. What happens when a customer disconnects one service from the bundle?
- content providers charging no more on traditional linear “scheduled programming” basis but time-shifted manner in usage-based, **on-demand basis**.
- procuring application components represents **a cost** to the telco that must be effectively matched to the resulting revenue stream to deliver the expected margin. Usage-sensitive and device specific pricing models for applications will bring a host of event recording, rating, and billing issues as volumes rise and the complexity of pricing models increases.

Re-Inventing RA operations

Mobile Data - revenue assurance implementation in the new media marketplace

With the plan of Mobile data devouring bandwidth, operators wholesaling 3rd party products and consumers demanding more control over their usage accounts , leaves tough challenges for operators who need to optimize cash flow, protect revenues and reduce costs.

Impact of targeted promotions or addressable advertising as return

Subscriber data management systems are seeing widespread interest among operators globally. Much of this interest is driven by marketing and advertising initiatives that require comprehensive and easy-to-access information about subscribers in order to plan and execute targeted advertising and promotional campaigns. The challenge in justifying these investments is that there's no hard evidence to illustrate the success of targeted promotions or addressable advertising as return. So it becomes critical to strategise a solution to deploy subscriber data management solutions to identify several hundred million in revenue leakage and fraud.

Re-Inventing RA operations

360° approach

In today's convergent and unified services world, landline, mobile and cable operators, it is important to reclaim revenue through meaningful, accurate measurements of business operations, customer behavior, and product performance – including profitability. To find every last dollar, RA teams need an end-to-end, detailed analysis of each and every event and revenue-related record. To make it work, though, large operators may need to correlate billions of records a day, from hundreds of data streams including CDRs, billing, invoices, and SS7/SIP data.

Real-Time Charging

Online, on-demand and on-the-go -- today's communications customers expect personalized offerings, ubiquitous access and broad choices. The unprecedented rate of new service introduction, innovation and real-time charging complexity poses very difficult RA challenges. How to keep your RA practices in sync with real-time charging strategy, ensuring you realize all revenue generated from today's most advanced charging and service models.

Re-Inventing RA operations

Network Traffic Revenue Management

Because invoice reconciliation no longer delivers the cost savings it used to, innovative operators are turning to traffic analytics, least cost routing and interconnect facilities planning to achieve 10% to 25% reductions in their network partner costs. Operators can manage costs by identifying and fixing issues such as like unbilled terminating access charges, incorrectly billed toll calls, and trunks that do not appear in billing systems, inefficient routing and can fix by Network cost-management by synching up engineering, finance, and strategy.

Tapping into Network's Intelligence

Dramatic increases in the volume of data communications and pressures to better monetize the IP-based network resources mean that RA professionals require a range of tools and methods to extract network information. A new breed of technology called Network Intelligence (or NI) that can be deployed to identify, extract and analyze information as it travels over IP networks in real time. Like business intelligence software which extracts business application data for analysis, NI extracts data in transit on IP networks - capturing granular details and providing context for more intelligent services, and support traditional RA processes. The increased visibility gained from NI can improve fraud detection and QoS as well as enhance billing accuracy.

Re-Inventing RA operations

Mine the RA

RA systems have evolved into a goldmine of data. But, how do you leverage that into actionable marketing information and decision-support data? Use RA data as a foundation for implementing analytic applications that deliver up-sell / cross-sell across multiple customer-touch points, enhance marketing initiatives, increase the effectiveness of business intelligence systems and ultimately drive not only revenue per user, but margins as well.

Will 'Cloud' affect RA

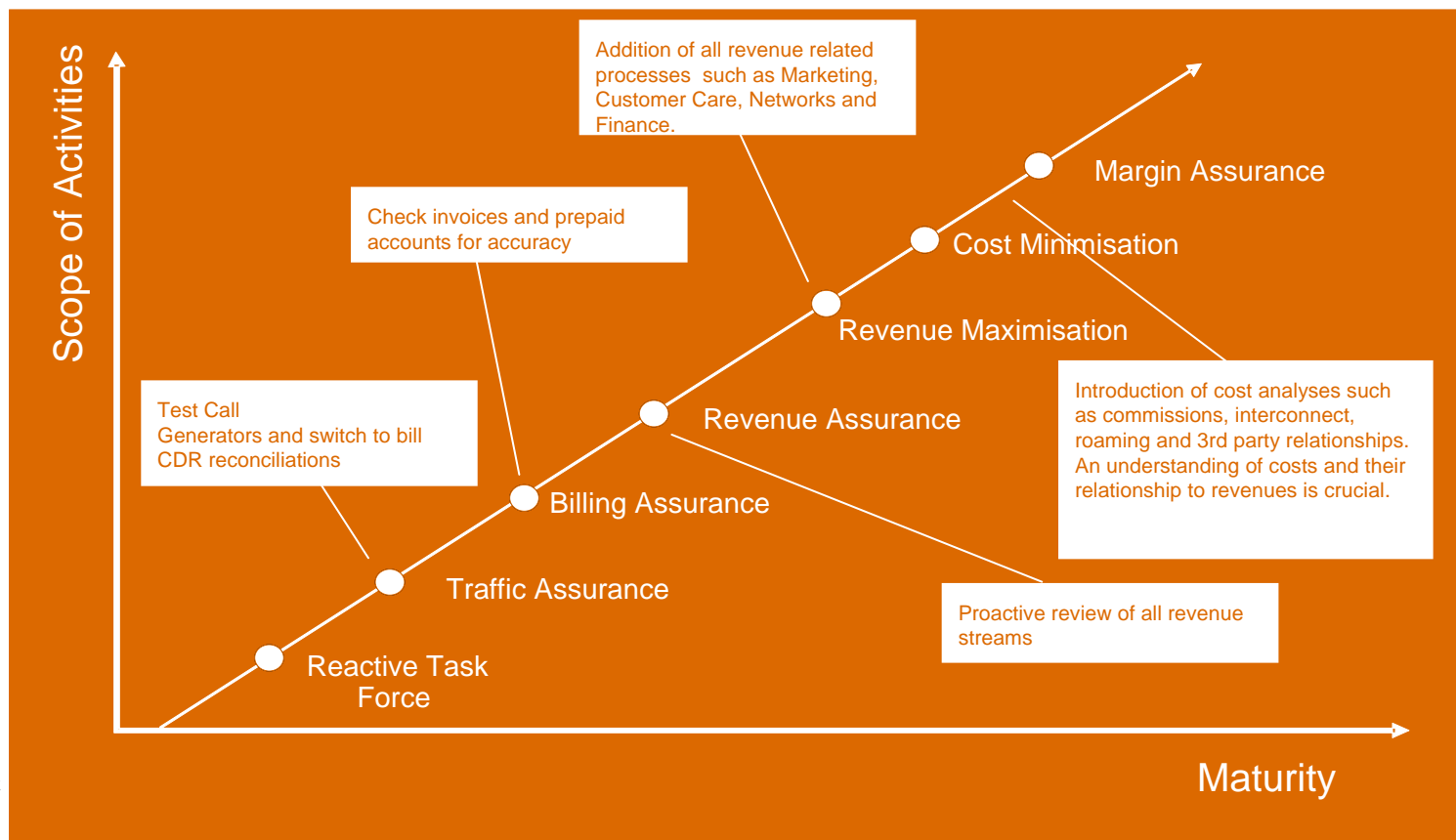
With cloud technology entering the marketplace and the benefits in product distribution, how does this affect their billing systems? Cloud computing introduces some interesting new parameters that may need to be accounted for depending on how the telco wishes to bill for cloud services and whether the existing billing systems can cope with the new parameters. If not, modifications to the existing billing systems or an adjunct billing system may need to be introduced to ensure all revenues are accounted for.

Using RA Infrastructure to Drive Business Performance

Today's revenue assurance tools and platforms have proven to recover revenue, improve business operations and deliver impressive impact to the bottom line.

But is your RA function doing ?

- margin analysis
- marketing support
- cost assurance
- revenue analytics



From reactive task force to improving bottom line

Take a fresh look at the levels of technical, analytic, operational and governance capabilities needed to address the risks of today and tomorrow.

Establish a productive working model to ensure that it could maximize bottom-lines gains.

The role of the new revenue assurance function should focus on IT solutions & services which can integrate applications/solutions around business service management with network, systems, applications, and IT service management.

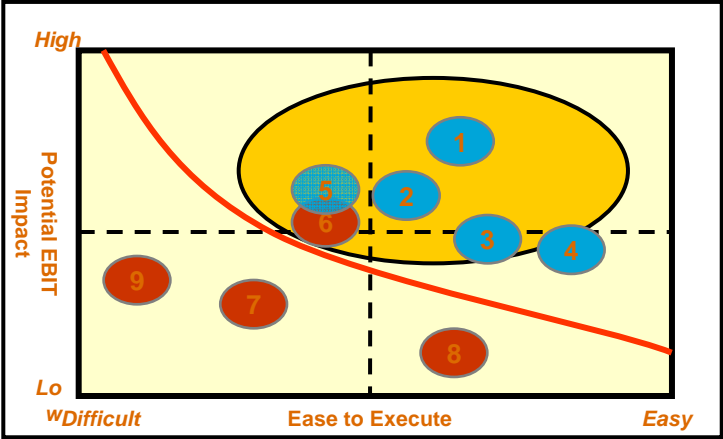
Develop solutions to monitor and manage revenue-generating networks and systems efficiently and effectively, service models, service management platforms, personalized dashboards, custom reporting, and integration with legacy systems

focus on the 'buzz' in the areas of 'cost assurance' (maximizing asset utilization), 'proactive' RA (no longer just reactive), 'dynamic analytics' (trend analysis on the fly), coverage scoring (scorecards for RA)

What would you like to change ?

How do you prioritise opportunity areas against “Potential EBIT impact” and “Ease of Execute”

Criteria	
✓ Size of Opportunity - What is the potential for Revenue Uplift?	These factors contribute to the “Potential EBIT Impact”
✓ Complexity – How complex and prone to error is this revenue stream / product?	
✓ Historic issues – Does this revenue stream / product have a track record of issues?	
✓ Existing Validation – What is already being done to uncover opportunities?	
✓ Realisation – What is the likelihood that opportunities uncovered can be banked / realised?	
✓ Ease of Execution – How hard will it be to go after this?	



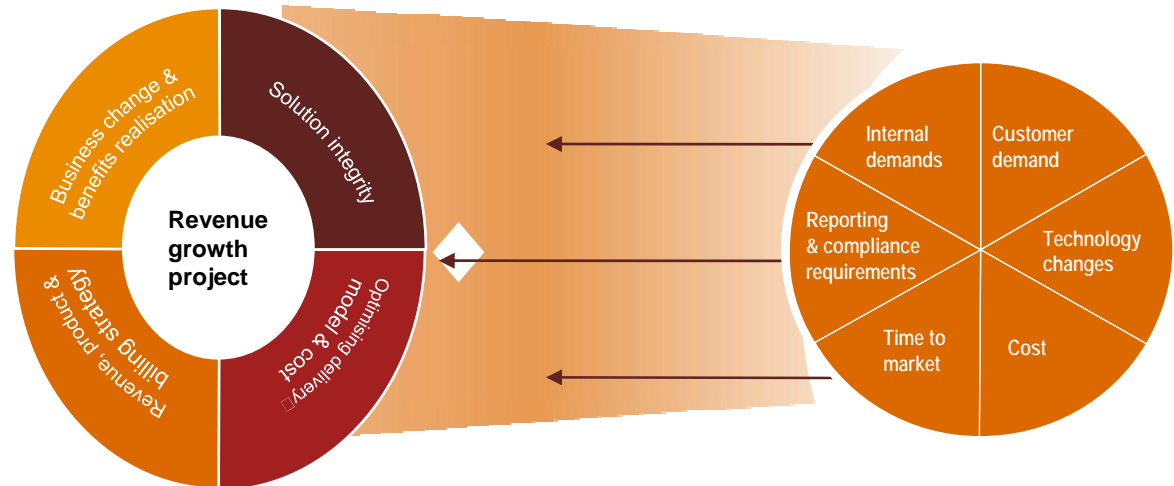
How you answer the six questions below will give an indication as to the size of your potential Revenue Integrity opportunities.

INTERNAL INDICATORS	<p>1 Do you have visibility on how accurately customers are being charged?</p> <p>PROOF?</p>	<p>2 Do you have the ability and scale to validate complex charging accuracy?</p> <p>CAPABILITY?</p>	<p>3 Does anyone have an end-to-end view of what is going on?</p> <p>HOLISTIC VIEW?</p>
	<p>4 Are customer charging queries and disputes, on the rise?</p> <p>DISPUTES?</p>	<p>5 Is the volume of adjustments and waivers increasing?</p> <p>WAIVERS?</p>	<p>6 Is there “noise” or a sense that things are not right but a lack of tangible proof?</p> <p>NOISE?</p>
	<p>CUSTOMER INDICATORS</p>		

Building a platform for future revenue growth

Optimising delivery model and cost

- Flexibility, scalability and achieving “economies of scale”
- Benefits Realisation
- Reward & Performance management & monitoring
- Effective governance structures
- Well defined business cases and benefits statements as a means for strategic decision making and driving and measuring success

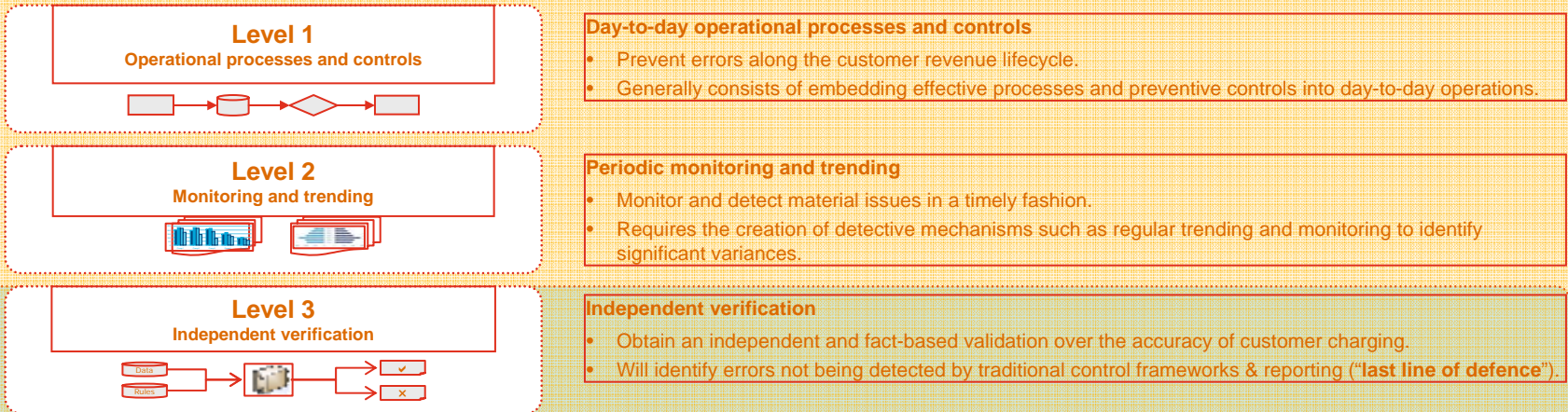


Latest in Technology and Platform

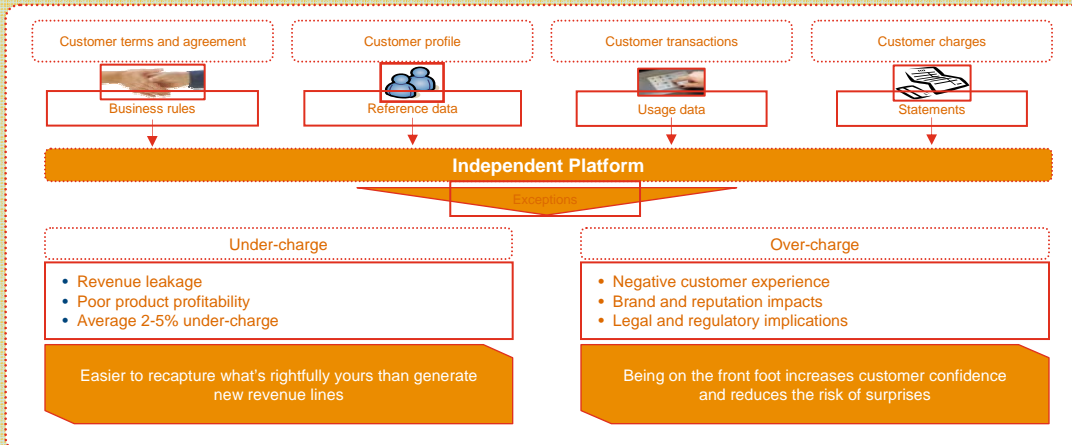
- Comprehensive system for both providing context for more intelligent services and support traditional RA processes
- Powerful technologies and tools capable of interfacing with virtually any number of sources, supporting varied data types and formats and processing large volumes of data
- Utilities for easy and rapid analysis and configuration
- Rich information model
- Adherence to open technology standards

Optimising Operations

Three levels of defence in getting things right



How does it work?

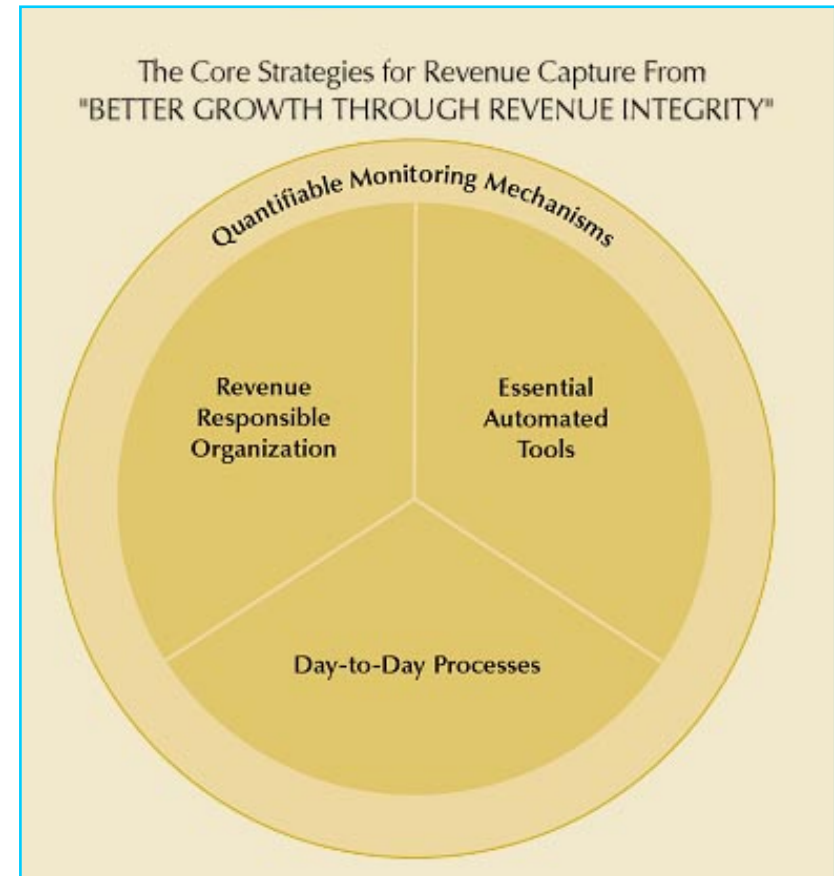


- Leave it to the 'experts' : let people whose core business is revenue assurance develop and manage your revenue integrity operations
- Matches business rules and large volumes of data to provide exact instances of errors for investigation and remediation.
- Executed at a **point in time**, on specific customers, products and item-by-item charges.

Can 'you' do it all ?

You don't have to re-invent and re-invest continually to keep up with the changing dynamics, entrust your operations with who can :

- Design & Manage your **Total Revenue Assurance** Function
- Provide Shared services model to allow distribution of overheads : Capex to and **Opex** model
- Provide Plug & Play model to significantly **reduce time** to Operate
- Provide **On-demand & Best Fit** Revenue Assurance, Management, Fraud Tools and Automation for delivery, Customer Experience Mgmt
- Give you an advantage of "**Economics of scale**" of the shared infrastructure and by regularly improving our billing monitoring methods



RA as a Service

RA as a Service

Hosted delivery model with optimized technology stack to reduce Total Cost Ownership, Hardware and Storage Requirements and Rapid and effective Deployment Methodology with focus on achieving quick wins and realizing rapid ROI

Modular & scalable architecture

Customised & Integrated Service Delivery Platform built on a modular, open framework based architecture allowing for maximum flexibility and scalability to match every telecom operator unique business processes and operational issues

Integrated tools and systems

Integrated Test Call Generation, xDR Simulation, Rating and Billing Assurance Capabilities; Integrated Alarm and Case Management to enable active monitoring and rapid closure

Built-in controls

risk assessment, monitoring of control points, reporting and case management that addresses every generic requirement of telecom revenue chain assurance

Metrics & KPIs

Global Best Practices that provides capabilities to operationalize known KPIs and unique architecture that provides capabilities to operationalize known KPIs and continuously discover new forms of leakage

Thank You

For further information, please contact :
Kasturi Bhattacharjee
Associate Director, Infocomm Practice
Pricewaterhouse Coopers
Kasturi.bhattacharjee@in.pwc.com