

OSS/BSS managed services: the time has come

ASHWIN CHALAPATHY OF SUBEX SAYS BSS/OSS REPRESENTS THE NEXT AREA FOR TELCOS TO RATIONALISE COSTS

In a mature communications market such as Europe, there is a constant downward pressure on price and intense competition to launch new services to win market share. The price ceiling has always been coming down on operators and the challenge has been to dig out the cost floor to make a margin. But what happens after you have made all the tactical cost savings? Where do you go then?

When it comes to the networks, operators have started outsourcing or network sharing and have realized the ensuing benefits. The next frontier to rationalise costs is BSS/OSS, where there is a growing trend for operators to turn to managed services. But it is not just cost rationalisation alone that is driving this trend. Rather, a managed service engagement

for BSS/OSS serves a larger objective of optimising the business and improves customer experience, while freeing significant management bandwidth to focus on core priorities.

A managed
service
provider

(MSP) can be engaged in most areas of a telco's BSS/OSS. The most popular area so far has been retail billing, but there is an increasing inclination to expand its spread to Business Optimisation and Service Fulfilment. Most operators have seen the benefits, others in the industry have realized, through managed service engagements in other areas and hence reasonably agree with potential value through a similar engagement in BSS/OSS:

The MSP's expertise in sweating the BSS/OSS asset to its maximum, having developed the software itself;

- An understanding of the specific BSS/OSS domain having spent significant time operating in the same;
- A one-stop shop (a single contract with a single interface);
- A stringent service level agreement for performance;
- A clear roadmap for the BSS/OSS software to account for new services and scalability for subscriber growth.

This combination of contractual clarity and a common sense belief that the company who designed the software know all the "tips and tricks" to use it optimally is resonating with operators.

In fact, there are three types of operators who are making the move to managed services.

The first group comprise the mature operators who want expert MSPs to come in and generate more value for their business. They wish to accelerate their movement up established industry maturity models through enhanced skills, best practices, improved product usage, etc. For example, a TM Forum report, *Managed Services: Gearing up for moves from CapEx to OpEx*, quotes data from its benchmarking program, wherein the Revenue Assurance function operated by MSP functioned at a maturity level between 'leading' and 'average' across the five major categories of its Maturity Model versus internal maturity level.

Often operators realise they have squeezed enough from their BSS/OSS products already and there is limited incremental benefit by doing any more through in-house teams. In such cases, they

turn to managed services to take their functional maturity to the next level.

The second group of operators moving to managed services are those that experience a shortage of skills – these could be related to operating the BSS/OSS product, the domain or even operations. Growing markets in Europe, Middle East and Africa are all experiencing a shortage of such experienced and skilled staff. The shortage of enough skilled resources can result in poorly architected, implemented or operated BSS/OSS that decreases efficiency and increases error. This group of operators are taking the managed services route for certain parts of their BSS/OSS and concentrating their skilled in-house staff on others.

The final group who are moving to managed services are the greenfield operators starting new operations in new countries or regions. This group does not have any legacy systems, and are keen to launch operations as soon as possible.

These Greenfield operators have the advantage of seeing what has gone before, benchmarking the other operators and then simply picking the best and most cost effective overall solution. This group invariably takes a right-first-time managed service route which helps them ramp up their operations faster and concentrate on launching their services than having to bother about BSS/OSS.

Irrespective of greenfield operations or existing ones, a managed services program can provide substantial returns in the long run if engaged early.

While engaging an MSP, operators need to decide early on the engagement model and its scope. Operators can choose from a range of services from having on-site MSP support staff to completely outsourcing their BSS/OSS (including IT infrastructure, application management and business operations).

Within that range, MSPs can offer a fixed price model or a shared rewards model. Despite having seen the value from managed services in the industry, some European operators are still sceptical about making the move.

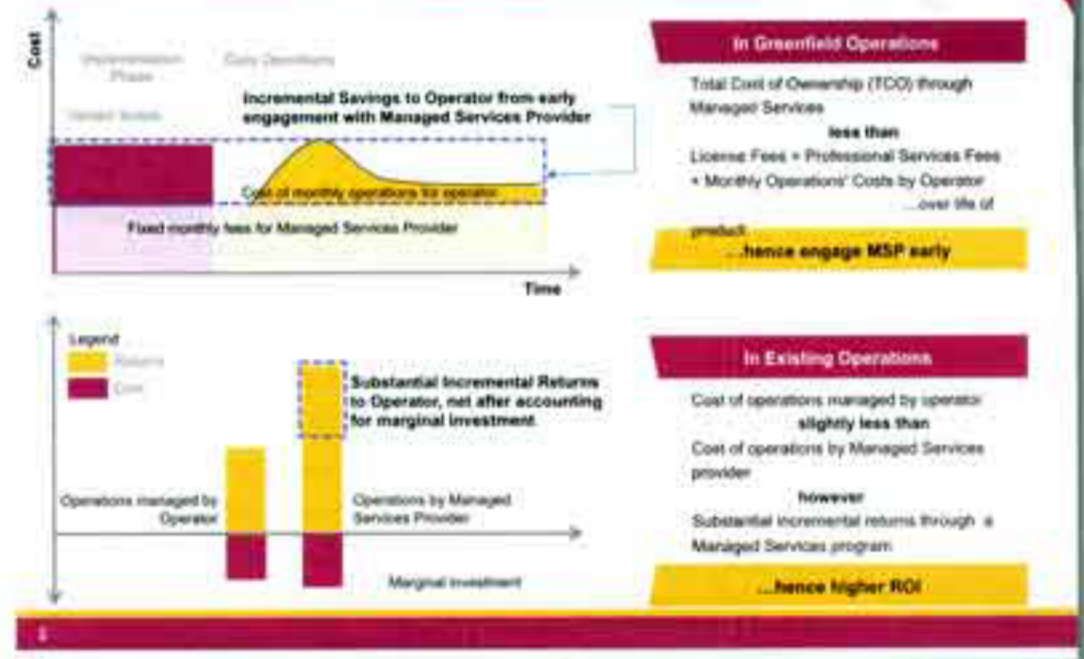
Understandably there are cultural issues, especially those related to staff re-deployment. I would like to emphasise here that not all managed services are transformational; in fact they can complement existing operations. It is extremely important that the MSP adapts its team's behaviour and processes to suit the operator's business culture. There could be concerns over lack of industry standards too, and those can be addressed through SLAs specific to the operator and benchmarks from the industry.

With more and more operators looking at managed service engagements, the best BSS/OSS product vendors are investing in their managed service capabilities. The resultant financial benefits, expertise and

B/OSS Engagement Models



Managed Services Benefits in Greenfield and Existing B/OSS Operations



skills, service levels and efficient contract management are all critical decision factors. Operators want to hear about case studies, talk to other customers about their experiences and be comfortable with the MSP's process. Managed services in the network have been around for a long time, but managed services for BSS/OSS is the rising star.

Nearly two hundred years ago, the French writer Victor Hugo said "there is nothing so powerful as an idea whose time has come." As I travel around the world speaking to operators and telecom analysts, it feels as though the time has come for BSS/OSS managed services.

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