# The time has come

## Managed services for operations and business support systems

The African communications industry has come a long way and is poised for high growth. Unlike others around the world, this market has its distinct growth drivers and critical success factors. Competition is primarily price intensive as service providers strive to win new subscribers.

The region is characterised by a high degree of innovation, whether it's in operators' business models (such as infrastructure sharing) or in its service offerings (eg mobile money). These innovations, while offering substantial opportunities to growth, also pose serious challenges to African operators, often necessitating operators to revisit their strategies.

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 network sharing or outsourcing and have realised the ensuing benefits. The next frontier to rationalise costs is operations and business support systems (OSS/BSS), 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 OSS/BSS serves a larger objective of optimising the business and improves customer experience, while freeing significant management band-width to focus on core priorities.

A managed service provider (MSP) can be engaged in most areas of a telco's OSS/BSS. 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 realised through managed service engagements in other areas and hence reasonably agree with potential value through a similar engagement in OSS/BSS:

- The MSP's expertise in sweating the OSS/BSS asset to its maximum, having developed the software itself
- An understanding of the specific OSS/BSS 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 road map for the OSS/BSS software to account for new services and scalability for subscriber growth.

This combination of contractual clarity and a common sense belief that the company that 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 that are making the move to managed services. The first group comprises 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 and so on.

For example, a TM Forum report quotes data from its benchmarking programme, 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

ASHWIN CHALAPATHY, VICE PRESIDENT, MANAGED SERVICES, SUBEX

level. Often operators realise they have squeezed enough from their OSS/BSS 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 OSS/BSS product, the domain or even operations.

Growing markets in Africa, the Middle East and Europe 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 OSS/BSS which decreases efficiency and increases error.

This group of operators are taking the managed services route for certain parts of their OSS/BSS and concentrating their skilled in-house staff on others. The final group who are moving to managed services are the greenfield operators who are 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 OSS/BSS.

Irrespective of greenfield operations or existing ones, a managed services programme 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 OSS/BSS (including IT infrastructure, application management and business operations).

Within that range, MSPs can offer a fixed-price model or a shared rewards model. At Subex, we have offered such risk-reward share-based engagement models to our customers in Europe and Asia for traditional license as well as managed services engagements.

Despite having seen the value from managed services in the industry, some African operators are still sceptical about making the move. Understandably there are cultural issues, especially those related to staff redeployment.

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 service level agreements specific to the operator and benchmarks from the industry.

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

Nearly 200 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 telecoms analysts, it feels as though the time has come for OSS/BSS managed services. I've heard so many executives talking about this, that I have now compiled a handbook of these anecdotes. If you would like a copy, mail me at ashwin.chalapathy@subexworld.com and I'll be happy to ship one to you.

Subex Limited is a leading global provider of OSS/BSS that empowers communications service providers to achieve competitive advantage through business optimisation and service agility – thereby enabling them to improve their operational efficiency to deliver enhanced service experiences to subscribers.

The company pioneered the concept of a Revenue Operations Center (ROC™) – a centralised approach that sustains profitable growth and financial health through co-ordinated operational control. Subex's product portfolio powers the ROC and its best-in-class solutions enable new service creation, operational transformation, subscribercentric fulfilment, provisioning automation, data integrity management, revenue assurance, cost management, fraud management and interconnect/interparty settlement.

Subex also offers a scalable managed services programme and has been the market leader in business optimisation for three consecutive years. Subex's customers include 16 of the top 20 wireless operators worldwide and 26 of the world's 50 biggest telecoms service providers. The company has more than 300 installations across 70 countries.

Tel : +9 714 214 6700
Fax : +9 714 214 6714
ashwin.chalapathy@subexworld.com
www.subexworld.com

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