

The Top 5 List: *Immediate Actions Service Providers Can Take to Ensure Greater Efficiency, Lower Costs, and Increased Business Performance*

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Today, service providers are under greater pressure than ever before driven by three macro market factors: the economy, technology, and the customer experience. These three market elements have created a “Perfect Storm” that has changed short-term imperatives and long-term goals for providers.

Economic crisis: The U.S. economy has lost approximately 5.1 million jobs since the recession began in December 2007. Companies continue to lower expectations and the economy as a whole seems to be struggling. A greater macro-economic pressure is creating a strong need to lower operating costs, create even greater efficiencies, streamline processes, and secure revenue.

New competition: Everyone from Apple to Amazon to Google to Vonage are fighting for ownership of the customer. This struggle continues to put pressure on service providers as these new players seek to become “lifestyle brands” for the customer. This is not slowing even though the economy as a whole is.

Digital Lifestyle: The rise of the customer-driven digital lifestyle is creating a new and dynamic competitive value-chain and creating new sources of growth. New devices such as the iPhone, the Kindle and the Blackberry have shown what is possible, reaching new markets and creating a more mobile, dynamic customer who wants ubiquitous connectivity. The user demand puts additional pressure on service providers to offer greater agility and efficiency in operations and an even better customer experiences.

However, there are five key steps that service providers can follow to ensure greater efficiency and better business performance. These steps are geared towards immediately lowering costs now and ensuring leadership when the economy turns around.

- 1) **Investigate Outsourcing & Managed Services Opportunities:** By outsourcing elements of their business, service providers can realize immediate cost saving benefits. Plus outsourcing offers service providers a fixed cost, which allows for better overall financial reporting and forecasting. Savings are more immediate in the following areas:
 - Software Development
 - Application Dev Testing
 - Business Process improvement
 - Process Harmonization
 - Process Optimization
 - Process Transformation

- 2) **System and Data Consolidation:** Consolidating multiple systems offers lower maintenance and better efficiencies for the service provider, and drives better user experiences for customers. There is no argument that owning fewer systems, less hardware and fewer applications is good in any economy, but it’s even more critical in these times. For example, data consolidation is currently very compelling because it improves customer experience significantly while minimizing transformation costs and risks. Additionally, data consolidation allows service providers to gain quick wins, which is key in the competitive marketplace. Providers should consider consolidating the following areas to create efficiencies and lower costs:

- Operational Support Systems (OSS)
- Unified CSR Interface
- Data Management Optimization
- Field Technician Optimization
- Enterprise Product Catalogs

3) Reducing operational cost by upgrading OSS: One of the top concerns of service providers today is reducing their cost of service. They can create operational efficiencies by:

- Automating operational processes to deliver 'zero touch' fulfillment
- Achieving visibility across all services and resources to identify 'lost' or stranded assets
- Using trend-forecasting techniques in planning to optimize capacity usage
- Using discovery, synchronization and reconciliation to achieve greater accuracy in service and resource management
- Implementing 'best practice' productized process

It's important to update OSS. Since few service providers have the appetite for a full-scale transformation in the current climate, there are two successful, cost-effective approaches that enable them to achieve efficiencies without a full overhaul.

- Service-by-service - in which providers introduce new fulfillment software for services that are still showing growth now – mobile data, broadband data – and then rolling additional services onto that system over time
- Layer-by-layer - in which service providers introduce new a "service management" layer that enables the service provider to achieve consistency across their operations, but still utilize their existing OSS systems, by orchestrating fulfillment and order management processes across those existing systems

4) Customer Experience: All the efficiencies and cost savings in the world will not make a difference if the customer's experience is poor. Some providers may believe that experience and cost savings are by definition at odds, but it is a myth that better experiences require service providers to spend more money. Everything from moving customers away from paper bills to enabling greater levels of self-service all create cost reduction, but also deliver better experiences to the customer. Service providers should look at the following areas immediately:

- Self service/Portal capabilities – drives interactions with the customer but also provides them greater levels of control
- One Bill – a consolidated bill for multiple-services
- E-billing - Lowers cost spent on paper
- Automated order to activation process – reduces cost, but also reduces time to delivery
- Better planning processes to optimize capacity - means that the customer is able to experience the service when it is delivered, at the appropriate bandwidth
- Customer-centric service assurance – enables faster time to resolve by identifying service impact more quickly
- Enterprise Customer Hubs – help gain a 360-degree view of the customer, and turn customer data into assets

5) New & Current Assets: In times of financial difficulty, the first thing to go is often innovation. It may not seem obvious, but this is the time when investing in innovation may pay off the most. Technologies that support greater efficiencies between partners and the market can be turned into valuable assets or even revenue engines. Service Providers should think about new revenue opportunities as well as monetizing existing assets. Areas to think through include:

- Telco 2.0
- Business models such as ICT (Ex. leveraging your call center to support third party partners)
- Application Stores to drive potential new revenues and build affinity