

# Pipeline

Knowledge Is Power

[www.pipelinepub.com](http://www.pipelinepub.com) Volume 5, Issue 11

## Pipeline's Conversation with Level3 Communications' CIO Kevin Hart

By Tim Young

### *Pipeline: What is Level3 doing in the realm of transformation?*

**Hart:** Well, first a little background on Level3: We operate the largest internet backbones, running in North America and Europe, with probably about 20% of the IP traffic coming across our network. That alone is a challenge to operate. On top of that, I joined in early 2005, and I had run the Global OSS Practices for Cap Gemini, and had done a lot of transformation work throughout my almost ten years as a consultant, so when I joined, I wanted to transform the way Level3 operated, particularly from the quote-to-cash perspective. Looking at reforming our processes. Focusing on profitability from a product standpoint and trying to drive out cost. We launched a framework around systems improvement in 2005, and subsequently went on a pretty significant acquisition run and acquired about 8 companies in about a 24-month time period. That made the transformation effort that much more critical to our success.

Typically, a company is trying to transform from point A to point B, but we had added 8 additional data points. We launched an effort called 'unity,' which was basically about taking some of the TM Forum next-gen framework and simplifying the customer care, quoting, order entry, and putting in more consistent workflow and order management capability using a BPM tool called Savvion, and consolidating our network inventory, both physical and logical, using the Telcordia suite. Those are the core applications, but as you know, it's really about the product definitions, the process definitions, the cleanup, the data conversion, the configuration of that environment, and then really having the culture of the company align around a different way of doing things. It's a multi-year journey, but staying true to the vision and celebrating the successes and overcoming the occasional thing that sets you backward, has really been the summary of what we've been working on the last few years, and we had our earnings call yesterday, and we're cashflow positive for the 4<sup>th</sup> quarter and have generated a net profit for the first time in 6 years. A lot of that is due to good financial management on our company's side, but also simplifying our

Not for distribution or reproduction.

back office, driving out cost, and enabling our employee-owners to operate on this new framework, and it's transforming the way that we operate day-in and day-out.



**EMS TOO MUCH TOIL  
AND TROUBLE?**

Is your element management software a necessary evil? What if you could deploy a carrier-grade, off-the-shelf management solution in just a few weeks?

Wouldn't that be wicked?

**Nakina**  
Systems

Your world-class, carrier-grade management solution.

***Pipeline: It's interesting that you've been able to move in the direction of a strategic vision that's taken some time, but seems to be paying off now. With the economy doing what it's doing, a lot of companies are sacrificing long term strategy for the sake of short-term cost savings. Do you have any comment on that?***

**Hart:** We're at a unique intersection of a lot of dynamic forces here, as the company's basically in its tenth or eleventh year, from a start-up, building from the ground up as a company. Then you add in multiple acquisitions over the last few years, and compound that with the fact that we're in telecom, in the internet, with a lot of dot com customers. We've seen just about everything that a market can throw at a company, given those forces. Our CEO, Jim Crowe, had the vision to be the worldwide leader in IP traffic transportation, using the IP framework, and we've stayed true to that. And because of the ups and downs in the telco sector, some of the things that were good and some that weren't so good, we've got a maniacal focus on cost management. It's part of our strategy to be the low cost transporter of bits, so everything's about driving out cost and operational excellence. Now we're trying to take that approach, and transform the way we interact and support our customers and try to build a world-class customer experience. We're always grounded on cost management, and we've been through some really tough times these last ten years, so this last couple of quarters have been hard on us as well, but it sort of feels like business as usual, because everything's about trying to drive out cost and improve experience and scalability.

That's a long way of saying, for better or worse, this is business as usual for us.

***Pipeline: Talking a bit more about your specific transformation plan, can we be more specific? Are you dabbling in IMS? NGOSS?***

**Hart:** We have a pretty broad array of next-gen and in-leading services, from the XoIP suite, all the way to our content distribution (CDN), large objects, and streaming video. A lot of the emerging technology going across the internet. So, from an IMS perspective, we're putting intelligence in the network. Leveraging gear from Infinera and other equipment manufacturers is always part of our strategy. My role is really to try to simplify the connection between the customer, our back office, and our network, so we're doing a lot of BPM and SOA-based architecture. We're focusing on the service objects, leveraging the middleware, leveraging what exists in the applications, but also doing a lot of leading-edge customization to those applications. For example, we helped to design and build a real-time interface between our physical and logical inventories. On the scale of the inventory we manage, having that kind of capability is something that I don't believe anyone else has in production.

EXCLUSIVE INTERNATIONAL WEBINAR:

**Enabling Service Transformation for Telcos**

**April 28th, 2009**  
10am US Eastern Time  
3pm London  
4pm Paris  
10pm Hong Kong

PRESENTED BY:

 **SIGMA SYSTEMS**  
NEW SERVICES | DELIVERED.

**CLICK HERE TO REGISTER ONLINE**

***Pipeline: If you had to face a single biggest challenge that Level3 has faced in its transformation projects, what would it be?***

**Hart:** There have certainly been some technical challenges, particularly data conversion and data cleanup, and standardization of models around whether something is equipment or product. But, I'd have to say, because we brought employees together from 8 different companies, and are still working on that, getting together with a common framework around what we're achieving and what we're moving to, and what the tradeoffs, both good and bad, are, to take the best of those 8 situations and other leading practices and getting people to rally around a

new approach has been a real challenge. It can be difficult to get people to understand that, in some cases, steps of the process may take a minute or two longer in a certain functional domain, but it may shorten the end-to-end cycle time by days by giving additional information at that step in the process. It's the classic organizational change management, knowledge management, training, and continuous repetition of the fact that there is going to be hard work and suffering along the way in a multi-year journey, but to continue to reinforce the positive. So I would say that organizational change management, because of the multiplier of culture we bring together, is probably the biggest challenge.

**Pipeline: What would you say to other service providers who are considering undergoing similar transformation projects, but have not yet begun that long journey?**

**Hart:** The vision for the company and for the transformation effort have got to be clearly articulated and really owned by the leadership team. Our CEO and all of our executives are visible around their support of the initiative, and help hold people accountable to help drive change and make the improvements. I'd say that having the leadership alignment... and not just for a day or a month or a kickoff meeting, but for the duration, which may be multiple years... to really lead every single day is important. We've had some executive churn, and have had two or three people in lead roles come and go over the last few years, and it's up to the executive team that remains to bring new folks coming in up to speed. That's a big part of it. Also, vendor and partner management is also essential. Most companies are going to leverage third party software or hardware or consulting services in a situation like this, and getting them aligned with your goals has also been an artform, and has been key to our success.



Let us **accelerate** your time to market

ASK CONCEPTWAVE ABOUT ...

- multi-play orders
- exception order handling
- centralized dynamic catalog
- processing millions of orders

 ConceptWave [www.conceptwave.com](http://www.conceptwave.com)

**Empowering Service Orders**  
Proven, high performance order and catalog management solutions.

***Pipeline: Do you feel like you're done? Do you feel like you're transformed?***

**Hart:** We might be halfway there. From a systems foundation, we have all of our applications in production, we have north of 2/3 of our core revenue... but with all the acquisitions we went through, there's still much integration and consolidation work to do. At this point, we also have the business process team within the company. We've shifted our focus to continuous end-to-end process improvement. We've got six-sigma workshops, and we're looking at compressing cycle time on quoting and ordering and provisioning. We're looking at how to improve bill presentation. So we're done with some of the foundation applications, but the real work of driving the business benefit is just beginning. So, I'd say we're about halfway there.

Not for distribution or reproduction.