



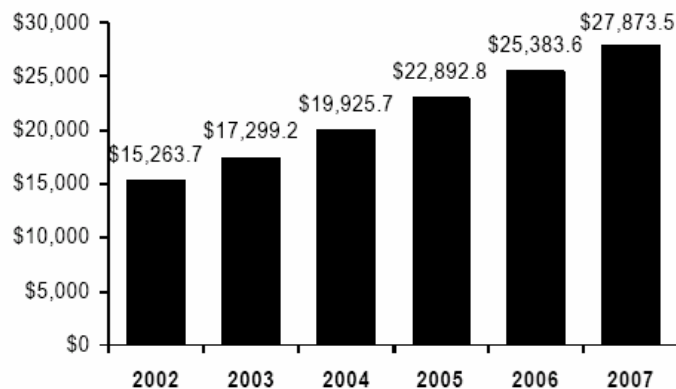
Selecting a Successful OSS Billing Strategy

By Susan Finch, Director Marketing Communications, Rodopi Software

With the emergence of more sophisticated communications technologies (satellite, cable, wireless, etc.), along with government deregulation of telecom on a worldwide scale, the demand for IP services has reached an unparalleled level. This explosive growth has prompted service providers to examine and upgrade their networks to lessen the burden for their IT and support staff without compromising customer care. Enter Operations Support Systems (OSS) software.

It is well documented that the most successful service providers are those that offer a variety of services and bundled service plans that cater to a wide range of customers. An OSS system that is customizable, can seamlessly integrate with other applications, and support new services is crucial for organizational success and service providers know it. With new services being added to their product line-up, providers have invested more heavily in OSS systems year after year and there are no signs of slowing down. In fact, overall sales for OSS software is expected to reach nearly \$27 billion by 2007 (see figure below).

Figure I-2 Total Worldwide OSS Sales Revenue Forecast for Billing and Customer Care, 2002-2007 (\$Millions)



Source: Insight Research

Of course, while OSS software offers service providers the ability to provision and activate services, the billing functionality is the primary reason that most IT professionals give when asked why they selected one system over another.¹ Their concerns about their systems' billing are well-founded. With worldwide telecommunications revenue totaling \$2.1 trillion in 2004 and a projected growth of 9.5 percent annually² there is clearly much

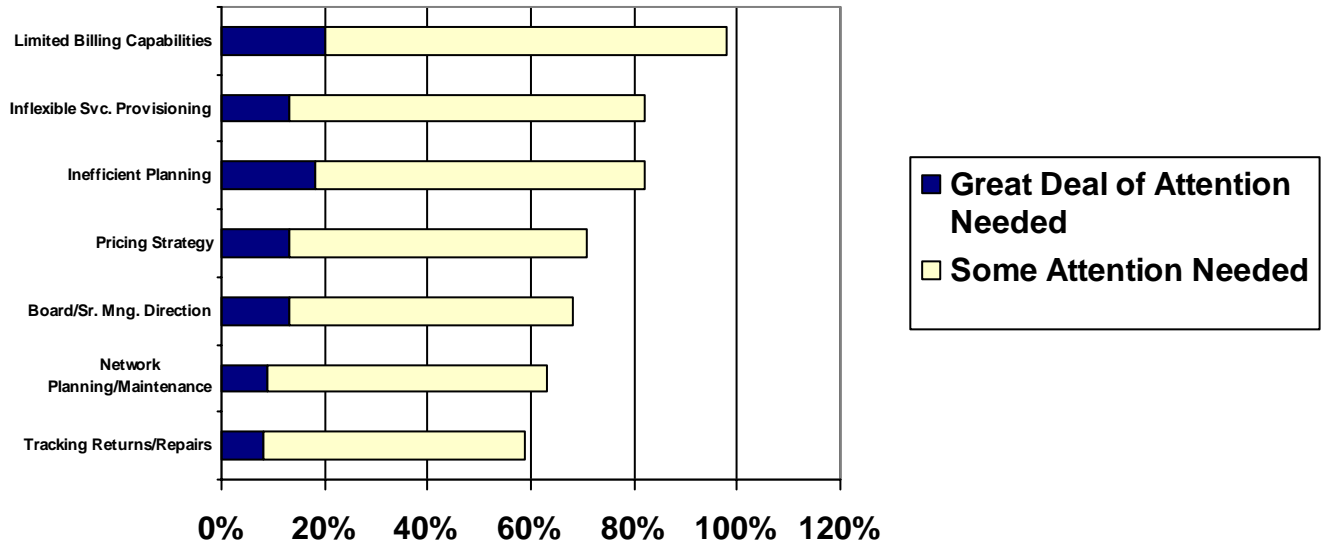
¹ Insight Research, Business Operations Support Systems: Billing and Customer Care 2002 – 2007

² TIA, 2005 Telecommunications Market Review and Forecast

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at stake in terms of finding an OSS system that can scale as the number of customers and services increase.

Additionally, studies have estimated that service providers are losing out on 13.7 percent of their potential revenue because of errors, fraud, and flawed processes on a worldwide basis. This adds up to approximately \$137 billion per year in lost revenue.³ In fact, a recent survey showed that limited billing capabilities are cited as the number one issue among ISP executives when asked about their business concerns (see chart below).



Source: Deloitte

Therefore, the utilization of a solid OSS system that offers flexible integration capabilities, supports all IP services, and features highly automated billing functionality is essential to capture the IP service providers' full revenue earning potential.

Converged Services Billing

The OSS system's ability to combine all services on one bill is a factor that should be examined by any provider when deciding which system to implement. Converged services billing allows providers the means to include all IP services (whether they are measured usage or flat rates) in one comprehensive bill. This translates into great convenience for the customers. It also means that customers are more likely switch services from individual providers offering one or two services to a single company that can offer all services on a single invoice, making these services more "sticky."

One of the most crucial factors in determining an OSS implementation strategy is – How well does the system integrate with and manage new services from a billing perspective?

³ Boardwatch, 12/23/2003

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Regardless if the service offered is VoIP, fixed wireless broadband, web hosting or other IP services, the OSS system must be able to support all current services and then some. Once new services become a part of the projected business plan, service providers must find an OSS system manages all aspects of the billing process. For example, if an ISP wants to add Internet hotspot access or VoIP to the service line up, will the OSS system be able to bill effectively for services with metered usage? Is the OSS system able to function within a flexible integration framework that supports all necessary network components (such as RADIUS applications and various soft switches)? Additionally, can customers with metered services view their bill online in real time? Can the OSS system break down multiple services into individual line items on the bill rather than just one lump sum? These are not just “nice features to have,” but critical in terms of managing all new revenue generating services and building customer loyalty.

Resale Channels

Another factor to consider when in the market for an OSS application is the system’s capacity to manage and bill customers attained through resale channels. This is a need that resellers share according to a report by tech-analyst organization Atlantic-ACM.⁴ Therefore, a solid billing system helps to attract and retain resellers and builds channel markets. A good OSS system can bill resale customers through a branded portal, as well as automatically calculating reseller commissions and generating sales reports. A single configurable portal is an effective aggregation point for customers, therefore a painless method for branding the portal to company’s “look and feel” is of utmost importance. A flexible OSS system enables quick branding through the use of Custom Style Sheet files and logo files so that changes and upgrades are easy to handle. And because a centralized OSS system is being utilized for all services, commissions are easy to implement and can be applied to any service added to the mix. Commissions may be set up to apply to specific services or service plans and may be utilized on a variety of dimensions, including sale type, transaction type, and sales person.

Hosted Systems

While there are many systems and options for service providers to consider when purchasing a system, providers may opt for a hosted application with the same features and functionality of a licensed version. Since hosted systems are web-based, service providers can customize with their logo and branding properties, add or revise service plans, update rate tables or add new customers (or customers can self-provision and activate services, in some cases) from any browser at any time. Plus, system upgrades and new features are routinely offered as part of the monthly service fee. Hosted OSS applications are a good solution for providers that don’t have the expertise or network resources to manage an internal system.

Whether the system is managed internally or hosted, service providers must utilize an OSS billing system strategy that can simultaneously expand with their business needs and offer their customers optimal convenience. A well-engineered OSS system and strategy is an easy way for the service provider to optimize the business plan and realize rapid return-on-investment.

⁴ *Resellers Redirect Strategic Initiatives*, Dr. Judy Reed Smith.

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Suzanne Finch joined Rodopi Software as Director of Marketing Communications in April, 2004, and is responsible for the company's corporate communications, PR, branding strategy and marketing strategy. Finch brings 15 years of high-tech marketing experience to Rodopi, having previously worked in the network and wireless hardware industries. Finch earned a B.A. in journalism/advertising from Iowa State University.