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The BSS Report: Comverse on Transformation

By Ed Finegold

Many large CSPs' billing environments are disaster areas because of a long list of common reasons. Product-by-product organization is a big one. Failure to integrate assets after major acquisitions is up there, too. And don't forget the poor IT governance and reactive architectural roadmaps that so often accompany mad dashes to market with new, me-too offerings. The industry isn't blind to the effects of these causes, which are evident in the number of billing conversions, consolidations, and transformations that have been initiated throughout the decade. One of the major difficulties for IT planners, however, is that even if they can envision and design ideal end-state architectures, they can't necessarily figure out how to move from here to there or win the resources to pull it off. Further, the tools they really need to make their streamlined visions realities down the road haven't matured while they're doing the planning.

The Anchor Approach

Large operators never work with a blank slate. It takes years of persistent effort, executive buy-in, and consistent priorities to pull of a major conversion effort successfully. And sometimes, the conversion effort delivers an end state that was ideal three years prior, but is on the fast track to obsolescence upon launch. This is why many CFOs hate IT programs. Even the few that make deadlines and stay within budget are ultra-risky because no one can predict the future. Often, architectural approaches that look great on paper prove to be troublesome in the real world.

The telecom IT space learned this the hard way with componentized, best-of-breed approaches that were popular in the late nineties. They were complicated. They were risky. They were expensive. Most of the time, best of breed programs resulted in fewer benefits and more long term costs than was intended or anticipated at the outset. Think of it this way – there's a reason golf clubs come in sets. Different manufacturers might actually make the best individual clubs, but they all feel different. Trying to adjust to the difference between a Ping 3 iron and a Tommy Armour 5 iron in the middle of a round is a bad idea. The negative effect it'll have on one's swing isn't worth the slight empirical advantage one might provide over another on a test range. A best of breed architecture is like a golf bag full of mismatched clubs. Each might be the best in testing, but on the course, they make for a lousy set and an ugly score.

Another problem with the best of breed approach is that it can be extremely difficult to govern. There are too many fingers to point, too many overlaps in scope and functionality, and too many distinct projects to manage in the midst of what's already likely to be a complex, high risk conversion or transformation effort. The knee jerk reaction to this set of circumstances could be to turn to a single vendor for absolutely everything. This approach usually isn't possible. Telecom IT architectures are so complex that not only isn't any one company the best at everything, no single company can actually meet the entire scope of requirements that come out of a major architectural redesign. The happy medium is often known as the anchor or mall approach.

Shopping malls are often built around anchor stores. Major department stores like Bloomingdales and Macy's might be the big-brand anchor stores that book end a mall full of smaller retail shops, some of which are major brands like GAP, others of which are so specialized, you wonder how they exist (how many chrome plated, engraved razors or bottles of roasted jalapeno olive oil can one little shop sell?). Transforming IT shops look somewhat similar. One or two major IT supplier's platforms will be selected to cover the vast majority of the functional scope laid out in the architecture. A limited number of specialized components, many of which likely are proven to integrate well with the bookends, then fill in the gaps.

Is Your Billing Platform a Realistic Anchor?

In many cases a robust billing platform is the anchor, or one anchoring bookend, in the mall that is a major CSP's new IT architecture. Billing platforms tend to cover billing, rating, payments, and some level of product management, order management, and customer management. In other words, in

theory they can cover a broad scope. Because billing and payment makes up the lifeblood of most CSPs' businesses, it makes sense that a billing platform would be a major component in any new architecture. Further, the end goal of many IT transformations has been to reduce the number of individual billing platforms, responsible for disparate products, customer bases, and geographies, massively.

It is at this point, however, that what is under the hood of the anchoring billing platform becomes paramount. Can it scale? Can it bundle? Can it handle traditional telecom services as well as it can application-based or even hard goods services? Will it provide a robust enough customer profile to support an integrated CSR desktop? Does it allow customers to use any form of payment through any channel they choose? Can it support personalized promotions? Does it play nicely with other anchor systems? Does it provide a basis for data federation and migration? Given that CSPs are trying to move to an environment where any service is available to any customer device over any available network in real time, answering "yes" to all of these questions – and more - is mandatory for a billing platform to be considered a realistic anchor for an architecture that may need to carry the CSP's business for the next decade or more.

Comverse Seems to Get It

Comverse's Comverse One billing solution is demonstrating in a number of different markets that it's an appropriate anchor for major billing transformations. Part of what's impressive about what Comverse has done is that none of the other major players that owned the technology and intellectual property at Comverse One's core ever managed to bring it to fruition as Kenan Sahin originally envisioned.

The term visionary is bandied about quite a bit, but Kenan Sahin really was one. His ability to cash out of Kenan Systems for a cool billion prior to the Internet bubble's burst is one testament to this fact. The billing technology he produced, however, was clearly another. He understood in the earliest days of the Internet that CSPs ultimately, would need a billing platform that could literally bill for anything. Minutes, messages, elephant feed – it didn't matter. In his vision, a billing platform needed to bill for any product – be it conceivable or inconceivable at the time – with any rating scheme possible. Sahin was arguably ahead of his time.

More than ten years later, Comverse has taken Sahin's vision and fleshed it out into a robust billing platform that will bill for any combination of products a CSP can offer and accept any form of payment a CSP is willing to accept. (You could say any form of payment a customer would choose, but one suspects those customers who might want to pay with baseball cards or Billy Beer would not be accommodated). What Comverse is doing fundamentally is playing into CSP's core business drivers.

Cost, Consolidation, and Capability

"It's almost as simple as two things: new business models and the need to drive cost out," says Alice Bartram, chief marketing officer for Comverse. "We see a lot of operators coming and saying on the one hand 'my systems can't deal with content services and I can't even deal with bundles today," she says. She adds that given how rapidly services are proliferating, and how much the complexity they entail is escalating, it's obvious that the traditional billing platforms aren't keeping up. "If you want content-based charging, or QoS based services for example, you need new capabilities."

The other factor – cost – is exacerbated both by the number of aging billing platforms still in production and the lingering cost and pain associated with unfulfilled, best of breed efforts. "If you have multiple billing systems, getting those down to one, or significantly fewer, well the ROI or

payback on those kinds of projects is pretty clear," Bartram says. She backs it up with the example of ECI in Alaska which realized a 65 percent return on a billing consolidation that resulted in ROI realized within 18 months. As a result of that consolidation, she says, ECI also proved to itself that bundle services do, in fact, drive customer loyalty while making CSR training much easier and cheaper because everyone learns just one system.

On a larger scale, Russian MTS is the largest mobile operator in Europe. The company had been losing market share in large part due to a lack of agility resulting from a patchwork of pre-paid systems the company sought to consolidate. Working with Comverse, MTS pulled off a major conversion in less than month, performing its actual data migration over eight nights. Similarly, one of the largest mobile operators in India consolidated its more than 250 primary offerings down to roughly one dozen, which resulted in massive efficiencies and savings. "We think we're delivering simplification in terms of fewer moving parts, fewer systems, and fewer integration points. There is, however, a lot of process and business model thought that has to go into this first," Bartram says.

Real-Time Transactions

Comverse admits that it is still working on expanding its presence in North American operators, most of which work with one or two well known suppliers. But North American operators also aren't as excited yet about new business models as are players in other parts of the world. "What we see as [CSPs] move to these rich varieties of plans, subscriptions, and service attributes you deal with more information in real-time," Bartram says.

For example, she says CSPs are concerned with monitoring consumption of 3rd party services in real time to limit their exposure to credit risks and fraud. The billing equation isn't just post-paid, or pre-paid, but some combination of the two. Comverse One, she says, aims to deal with "lots of different information about the same customer and offer hybrid, sophisticated offerings that combine pre-paid, post-paid, and other formats." Ultimately there are significant demands put on the billing platform to monitor, collect, and deliver information in real time to various channels, like online customer portals, and processes, like service fulfillment and fraud management.

Personalization Taps into Primal Forces

Personalization is a buzz-word that's thrown around the industry quite a bit, and usually it relates to up-sales that play on Amazon.com's "those who bought this, also bought that" model. But the real

power of personalization taps into something far more primal. There are two major reasons why services like Facebook, Twitter, and YouTube have had phenomenal success in attracting users. One is that they give everyone a voice – everyone has power. The other is that they play into our primal need to manipulate our environment.

Anthropologists say that one of the reasons hominids became so successful was that we developed the ability to change environments to suit our needs. The city of Chicago is a testament to this. If not for heated parking garages, no one in their right mind would live on the shore of Lake Michigan in January. The nut that telecom needs to crack – and these Internet players haven't – is how to monetize that primal instinct. "When we first talked about account control three years ago, there was this hue and cry against control being controlling," Bartram says. "But customers want to have their own control over their account, to turn things on and off or select a personalized package. Alltel has used our system to allow customers to select tailored pre-paid plans over the web and have had great results," she says.

Similarly, in regards to enterprise services, Bartram explains that she sees that CSPs also are beginning to understand the benefits of putting control in the customer's hands. "You think about personalization for SIP-based features. Let employees select certain things online. You can take off a huge administrative burden and give more flexibility to the end user in the process," she says. Enabling that kind of flexibility means the billing platform needs to be able to get the resulting data from the end user and the network and to the general ledger accurately, reliably, and in real-time. Even if the real-time need isn't an actual requirement, being able to handle it means any other performance requirement is covered.

Personalization and control capabilities tied to billing and payment transactions are also attractive to players outside of the traditional telecom domain. The entire BSS space is benefiting from demands coming from non-CSPs that have online services that deliver both electronic and hard goods products. "We've had customers in the e-business space for more than five years with online auctions and automobile sites," says Bartram. "They were the early adopters who realized their old systems wouldn't support their growth…they looked at telco billing as a proven, robust model."

Scale and Performance

The excitement to support new business models is, of course, balanced against a need for proven scale and performance, especially given the real-time transactional demands. Risk is never removed from the billing equation. "Telstra," Bartram explains, "chose only to use software that was proven at other operators. That speaks to scale being a concern. You want to make sure the software you look at is proven to support many tens of millions of subscribers, and do it in an efficient way – in a way where your bill cycles are performing."

Bill cycle performance isn't as exciting as multi-product support and bundling, unless you're the CFO or running a care organization. Staying ahead of monthly billing volume is critical to cash flow, and keeping billing accurate and on time is a key factor in maintaining customer satisfaction. "In China," Bartram explains, "we're doing one bill cycle for 30 million subscribers. That's one of our best proof points for getting a bill cycle out in a very efficient manner."

Taking on the Marketplace

Comverse has now emerged from relative obscurity to take its place among the dominant suppliers in the billing market. As everyone including Comverse continues to chase the biggest of the big dogs, however, the next decade is likely to prove out who's invested in the right approach. The massive changes in the industry's business models have a direct impact on what makes for an effective billing

platform. Making the wrong bets now will have pain repercussions in the near term, and possibly fatal ones in the long term. Comverse is betting that Comverse One is the right approach for where the industry is rapidly headed. Without question, the momentum it has already gained means the company is no longer an also-ran in the billing market.