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Going from CSP to NGO: The Emergence of the Next-Gen Operator

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As much as the communications industry loves its alphabet soup, sometimes the letters need to change. Communications Service Provider – or CSP – is giving way to Next-generation Operator – or NGO. While communications services are still a core part of what the industry delivers, the offerings, value chains, and ecosystems now cover significantly more ground. The industry has been talking about its shift toward application- and content- based offerings for years. Now it's actually happening. Despite this shift in service models, however, many of the industry's operational challenges persist, and these will make it difficult for CSPs to become effective NGOs. In a service environment where customers expect personalization and anywhere, anytime access to applications, disparate customer data, operational silos, isolated networks, and fragmented ordering and support processes simply aren't good enough.

Becoming an NGO

One of the key characteristics that defines the NGO marketplace is competition. It comes from all quarters — telecom, cable, web-based and non-traditional companies. These competitors, along with the Internet's conditioning users to expect free services, means more pressure driving down pricing and margins. Add to this the idea that in the NGO world "Long Tail" economics will dominate in the sense that a vast array of applications will be available for long periods of time that appeal to increasingly segmented groups of customers. In this environment, revenue is derived as much from aggregate sales across many products as from high-volume sales of a few core products.



This shift in revenue and consumption models exacerbates the relative lack of automation in service fulfillment operations. There are still too many manual operations tasks that result in relatively poor, end-to-end service order management and fulfillment. It also takes too long and far too much effort to define, design, and introduce new applications services that leverage the vast capabilities that are built into the network and are already capitalized. An NGO needs to deliver applications on demand across any network to whatever device calls for them. Manual operations can't meet this requirement, and certainly not in a way that enables all of the services in the long-tail product catalog to be profitable.

The Next-generation Operator can't tolerate doing things the same old way. The NGO needs tools that allow it to define new services and create new bundles rapidly and simply. It needs to accept orders — or demands for applications — from any source, be it a CSR, a member services portal, a customer device, or a B2B partner. Visibility of service orders from end to end, which includes many interdependent sub-processes, is also a must-have requirement. These business and operational processes need to be manageable and configurable with standards-based, workflow-oriented tools, as well. Furthermore, those tools need to be equipped with pre-defined, proven service models and delivery processes to help the NGO go from IT implementation to service launch in a rapid timeframe. NGOs will struggle under the weights of cost and extreme complexity if their fulfillment operations can't ultimately meet these fundamental requirements.

Eliminating Network Boundaries

A major difference between a CSP and an NGO is how it looks at its network assets. A CSP sees boundaries between wireless, TDM, IP, satellite, WiFi, WiMAX, SONET, Metro-Ethernet, and so forth. All an NGO sees is access. To an NGO, the differences between these types of networks are less important than how any of them can be leveraged to deliver an application or content service to a customer in a way that best combines cost, reliability, performance, and accessibility. In the CSPs' silo-oriented model, re-using common service definitions across existing and new networks, and on-net and resold resources, isn't possible. Another way to look at it is that service portability across multiple consumer domains — whether cable, satellite, wireless, or telco — isn't possible either. The NGO's service environment, however, demands just this kind of re-use and portability and allows commonly defined service bundles to be delivered across any combination of available networks.

To enable this kind of flexibility, service fulfillment operations must be service oriented and, therefore, separated from network technologies. Services need to be in a service catalog that defines common services but can accommodate fulfillment processes that account for their delivery across any available network. To the customer, cable vs. DSL vs. wireless matters not, as long the broadband connection is lightning fast. Consumers are disinterested in how the HD signal gets to their homes, as long as it gives them the picture and functionality they expected on their expensive plasma TV. Conversely, consumers want the best bundled services deal available and have no interest in how the bundle is actually delivered.

Addressing Scale and Commonality

In too many cases, a CSP is still a collection of disparate organizations that operate under a common brand, but aren't necessarily one well-coordinated organization. An NGO, on the other hand, needs to be streamlined and efficient. Too many existing back-office systems are struggling to scale effectively in order to support the increasing number of service offerings and related orders, and the increasing subscriber penetration rates in growth markets.

Fragmented CSPs are also running too many different operations platforms. This lack of commonality is extremely costly in terms of maintenance, hardware, training, upgrades and integration. It is

redundant and inefficient, often resulting in a lack of uniformity across units as it relates to service offerings, new service launches, and customer support. Even if a great new offering is conceived and defined, it takes too long and costs too much to roll out in a way that accommodates each disparate organization's processes and operations systems.

An NGO requires a highly scalable, cost-effective, and common operations model. The common architecture needs to span all deployment sites. The upside of this approach, in addition to the cost efficiencies derived from common hardware and software platforms, is that it enables the end-to-end visibility and commonality of service offerings across all units. If this common OSS platform incorporates the service-oriented, network-agnostic approach to fulfillment that's needed, it allows rollouts of re-usable services to be orchestrated in an integrated and efficient manner, eliminating the slow and expensive silo-by-silo or organization-by-organization approach of the traditional CSP.

Enabling Personalization, Intelligence, and Real-Time Delivery

CSPs are notorious for offering promotions to people who aren't eligible for them, and trying to sell services to customers who already have them. An NGO is much smarter than this. An NGO uses its ability to collect or mediate data regarding customers and usage to refine and drive its service creation and fulfillment operations. In a real-time environment, service fulfillment depends on the accurate and elegant orchestration of subscriber policies, entitlements, and authorization procedures to get the right application in the correct format to the customer's device immediately, without exposing the customer or the NGO to fraud and loss.

In the long-tail model, with more services available than can possibly be presented on one menu, intelligent personalization is paramount. Companies like Amazon.com and Apple with its iTunes and App stores have shown us the power of contextual sales and up-sale recommendations in a long tail system. NGOs can take this contextual capability to another level because of the amount and depth of customer usage and behavior information that's available to them. A mediation architecture that drives granular customer analytics and feeds back into service creation, fulfillment, and marketing processes is what will enable an NGO to bring its customer intelligence to bear for the delivery of a highly personalized user experience. It will also help the NGO to know which customers are worth spending the time and money to cater to in a highly personalized way.

Perhaps the pinnacle for real customer intelligence, beyond service personalization, is enabling personalized marketing and advertising across all platforms. With extremely granular customer segmentation and the ability to measure campaign performance precisely, the value proposition the NGO can offer to advertisers and third-party content or hard-goods partners becomes unparalleled. The NGO could then run promotions to customers who aren't eligible for them, or up-sell services they do not already have. Also, the ability to segment and target customers intelligently enables the NGO to give customers the power to shape their own experience and communications environment.

One of the biggest reasons phenomena like blogs, Twitter, and Facebook have been so successful is that they play into the customer's need and desire to choose the apps and services they want and to shape their pieces of the world as they see fit. Bringing this sort of control and intense personalization not only on the TV screen but across all of the customer's screens is where the NGO can achieve unforeseen loyalty and revenue growth, while leveraging long tail economics and the Internet's successful psychology. Being this smart about customers, and being able to cater to their whims at this level, is ultimately what will define the difference between a massively successful, market-changing Next-generation Operator and a fading, plodding Communications Service Provider.