



### Triple-play: The Hype and the Reality

By Dan Blacharski

In the world of business, and especially in the telecom business, every now and then something comes along that just makes so much sense, everybody has to get involved. Naturally, the consequent bandwagon effect changes the very nature of that business segment, realigns the major players, kicks out several minor ones, and revamps all related processes down to the core. Such is the case with triple-play. The enthusiasm is overwhelming, and more startups, as well as incumbent telcos, are climbing aboard.

The existence of phone companies, Internet providers, and cable operators as separate entities is coming to an end. With triple-play, providers bundle video, voice, and high-speed data and ultimately, more new offerings will no doubt be tacked on, making today's "triple-play" a platform for quadruple play and beyond. Starhub, the sole CATV operator in its market (Singapore) is already offering quadruple play with its wireless arm plus US CaCos, offering wireless telephony in conjunction with wireless providers.

#### The Competitive Pressure

"The key driver is to get a larger share of the customer's wallet, increase ARPU (average revenue per user), and reduce churn by bundling services..." notes Jeanette Carlsson, Global Communications Sector Lead, IBM Business Consulting Services. "For instance, Starhub claims to have increased its wireless ARPU by 7% in households that purchase wireless, cable TV, and broadband services compared to wireless-only households, along with a 24% reduction in churn."

What's more, in order to stay competitive and move ahead of the single-play telcos, companies offering triple-play will have to offer services that are at least as good as, and preferably better than, existing single-play offerings. Pyramid Research notes that although triple-play is inevitable, the business case may not be as profitable as others would have us believe. The price of a bundled service would have to be set lower than the combined individual prices if a consumer were to acquire all three separately, a factor which makes margins slimmer and thereby eliminates weak players quickly.

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*-Jeanette Carlsson,  
IBM Consulting Services*

"The business case for triple-play is much more complex," says Carlsson. "The strongest driver here is competitive pressures." However, that is not to say that they would have to offer all of those services themselves. "We very much expect to see a proliferation of business models and increasing use of partnerships and strategic alliances to deliver against the convergence vision...we would expect telcos to partner with content

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providers to deliver a piece of the package. The choice of content strategy and business partners will be incredibly important in this space."



### The Nuts and Bolts

Combining three services that used to require three separate pieces of OSS is going to require some serious management and integration. The back office functions, and how the OSS handles things like billing, provisioning, and network monitoring is ultimately going to be what makes or breaks the triple-play advantage. Older OSS software, which was often proprietary and unhandy, has given way to more standardized approaches, but these systems will now have to become even more complex, manage more systems, offer more features, and still retain ease of use.

That's a tall order, but fortunately, the industry is delivering.

Quality of service, order fulfillment, and network performance management are other issues that must be addressed in delivering bundled services. BSS issues, in particular billing, also need to be addressed. "Perhaps around 40% of total service provider OSS/BSS spend is on billing. The challenge for service providers is to build convergent billing capabilities without substantially increasing op-ex. In the next couple years, with the emergence of IMS-based services, real-time charging will be another significant challenge."

Major software firms are already hard at work in solving these challenges. IBM in particular has a portfolio of service offerings in the OSS/BSS space revolving around service provisioning, order fulfillment, quality of service, performance management, and billing in collaboration with its business partners. In addition, Carlsson notes that a critical factor enabling the delivery of integrated services is migration from legacy to IP environments, enhancing quality standards, and achieving both op-ex and cap-ex savings.

Quality of service (QoS) will be a major consideration, and companies are already positioning themselves to provide it. Sandburst Corporation, for example, has begun offering their TME-2000 traffic manager device to early adopters, designed to accelerate the delivery of triple-play services and provide fine-grained per-subscriber QoS across Ethernet networks. The device gives carriers the ability to achieve per-user, per-application, and per-flow bandwidth control, as well as service prioritization - all essential elements for delivering real-time voice, video, and data services over a carrier-grade Ethernet network.

### The Next-Generation OSS

Telcos will need to extract profit and differentiate themselves any way they can. The back office is the most logical place to start. Offering streamlined billing services, quick provisioning with no long wait times, and excellent customer service is what's going to put a telco on top - not offering the triple-play itself.

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Ideally, the NGOSS for triple-play should be able to keep operations expenses down by consolidating billing and provisioning for all three services. The heart of development for the NGOSS is the TeleManagement Forum (TMF), which is promoting a NGOSS standard for easy to integrate and manage OSS components. According to the Forum, the NGOSS defines "a comprehensive, integrated framework for developing, procuring, and deploying operational and business support systems and software." Now in release 4.5, the TMF's NGOSS is really just a framework for complex delivery architectures, which addresses the need for interoperable, unified OSSs that manage multiple services under the same management umbrella.

### **Staying with Single-play?**

According to Joel Cooper, Analyst at Pyramid Research, there is still a business case for single-play providers. In addition to single-play providers staying in business by making strategic alliances, Cooper suggests that "at the end of the day, not everybody wants to take three services. Not everybody is interested in video on demand or expanded channel range.