



Quality-based Services

The solution for high margin revenues?

By Barbara Lancaster

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Quality of Service is definitely the hot new product in every telecommunications service provider's portfolio – wireless, wireline, cable and ISP. It's a straightforward, easy to understand approach that has been used successfully to justify the higher prices of some cars, stereo components, kitchen appliances and other consumer goods for years. Manufacturers whose premium priced products live up to their promises of high quality and great service enjoy excellent customer loyalty, measured by repeat sales, high profit margins and lots of referrals. As consumers and as corporations, we are comfortable paying more for guaranteed quality and reliability.

In the telecommunications business, we can borrow many of the strategies of the high quality, high price and high margin consumer goods sellers, yet we also must tackle some significant differences. Very few of our products are of the tangible variety. With the important exception of physical consumer components like handsets and headphones, the vast majority of telecommunications offerings are invisible to the end consumer. Quality in our world is largely driven by the performance of the network.

Perceived and Measured Quality

The perception of quality comes at the intersection of the network and the specific customer. With today's network technologies, we can have situations where every element is performing within acceptable parameters, yet the performance of the whole is unacceptable. Conversely, we can have situations where a network element is not performing well, but the overall performance for the customer is wholly acceptable. To ensure a high quality experience, we must be able to determine where a problem is, who it is affecting, and what SLAs may be in jeopardy. We must also use that information in real time to apply resources to fix the highest priority problems. Monitoring Quality of Service (QoS) is clearly different than just monitoring Network Performance.

It is therefore not at all surprising that QoS tools are as hot as QoS services. Companies like Quallaby, HP, Agilent, Spirent and Trendium enable the service provider to watch the intersection of customer-specific SLAs and network performance to help ensure that resources are allocated to resolving the highest priority service outages first. But this kind of sophisticated correlation may not be enough.

What Have You Done for Me Lately?

As consumers, we know that great, long standing reputations can be wiped out with one bad experience. To know how and when the customer experience will be negative, we need QoS tools that let us get even closer to measuring the actual customer experience. Tools from companies like NetIQ and Minacom enable the service provider to create something a lot like a User Acceptance Test. By building test scripts of IP Telephony events and having those scripts run on a scheduled basis, probes in the network can report back on specific performance details. In the IP Telephony world, these performance details are called Mean Opinion Scores (MOS). Look for MOS-like capabilities to become the next big thing for QoS in all types of telecommunications networks and all SLA-based services.

There's More to the Customer Experience than the Network

Even if we can gain a near perfect understanding of the network's performance and the event-by-event customer experience, we still aren't done. The remaining stumbling blocks to



earning that high margin, QoS-based revenue cannot be solved by investing in network technology or software applications. New, carefully planned advertising campaigns can go terribly wrong if the promise of high quality service is broken by a poorly designed self-service web site; an endless IVR loop; a service representative unprepared to handle the customer's query efficiently; or an invoice that is late or apparently inaccurate.

Under the pressure of fast time to market in the face of enormous competition, it is tempting to focus on making technology work while skipping over the end-to-end design of the new service and its launch. Thorough new product planning is critical to ensuring a positive customer experience - one that builds loyalty, referrals and happy payment of premium prices for premium services.

The Pragmatic New Product Introduction Plan

Here's how to underpin that great QoS service portfolio with the corporate wide support it needs to achieve your business objectives – as quickly as possible and as painlessly as possible: The Pragmatic New Product Introduction (NPI) Plan.

Key elements of The Pragmatic NPI include:

1. Identify all affected groups early and invite them to participate. Although you may be quite convinced that the Billing Team will always be too slow and too expensive, you might be surprised at how creative they can be in helping you achieve your goals in non-standard ways – if only you asked them at the Concept stage!
2. Have templates developed that enable everyone to race through the logical gates we have talked about in previous issues. Note: each Phase is a “go or no go” gate. You keep moving on to the next phase only if the analysis suggests that the result meets your corporate “go” objectives of cost, time and profit.
 - a. Concept Phase: The “why should we do something?” analysis of demand, internal capability and competitive offerings.
 - b. Feasibility Phase: The “something can be done and this is what it looks like” high level description of the offering. This also includes addressing possible pricing and estimated market share. Within this phase it is also necessary to examine the costs to acquire, launch and maintain the service by understanding the end-to-end business process changes, training requirements, OSS impacts and options, reliability of the technology, and advertising and web site changes.
 - c. Definition Phase: The “here is what we are going to do” with the details filled in. These include procurement schedules, costs, prices, organization and OSS impacts, vendor contracts in place, launch plans built and funded, and whether all affected personnel are ready to perform their roles.
 - d. Implementation Phase: The “do it” stage, preferably with a limited or “soft” launch to ensure you can catch any unforeseen issues in a controlled environment. This is a great time to step back and walk through the whole process and play customer. Logically test if everything is in place to go from request to delivery; activation to billing; and complaint to resolution. It is surprising what little - or sometimes huge - issues surface as a result of this exercise.
 - e. Monitor Phase: The “how are we doing?” stage. This should assess the actual performance of people, processes, systems, costs and profits against objectives.



3. Ensure that everyone is aware of the NPI process and how they can affect the profitability of each product being considered, and of the company as a whole. With everyone pulling in precisely the same direction, you get the total synergy available and the customer gets the best possible total QoS experience.

Quality of Service may just be the offering that creates the high value, high margin product service providers are searching for. The Pragmatic NPI approach can help ensure that you have covered all of the necessary bases to deliver not just network QoS, but QoS throughout the entire customer experience.

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