Pipeline
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Collaboration on Revenue Assurance
by Tim Young

This issue is based around the central theme of standards in the telecommunications space. One way in which standards manifest themselves is within benchmarking studies that track key performance indicators (KPIs) within a given industry.

Recently, the results of just such a study were announced based on an initiative that emerged from within the revenue assurance working group in the TMForum. We took some time to speak to a few individuals intimately involved with the benchmarking study: Morisso Taieb, the Risk, Revenue Assurance & Carrier Relations Manager with Bezeq; Dr. Gadi Solotorevsky, Chief Scientist of cVidya and a member of the TMForum Advisory board; and Assaf Landau, Product Marketing Director with cVidya. Here's what they had to say.

Pipeline: Our issue this month is about standards and why they're important. Along those lines, why is benchmarking in the revenue assurance space important?

Dr. Solotorevsky: From what we've learned in our work with the TMForum on revenue assurance, about three or four years ago, there was a complete lack of standards. Nobody knew what revenue assurance was supposed to do or how it was supposed to do it. We got, from several operators, this request: "Tell us what to measure and how to measure it." It started by building a standard set of KPIs. The primary idea was to develop industry standards and have each operator use them internally. We were surprised because we didn't believe that people would be willing to show information about revenue assurance, even if it was done with a level of security. Several telecoms came to us and said, "Okay, now we have a sense of what to measure and how to measure it, but we want to know how well we're doing." That brought about benchmarking.

Pipeline: Morisso, from a service provider perspective, do you agree with Gadi, that SPs are craving a standard set of KPIs?

Morisso Taieb: I completely agree with what Gadi has said, but benchmarking gave us more than KPIs. At the beginning of the revenue assurance process, what we're doing is bringing a lot of money home. All of our reports to the management are about how much money we bring back. Still, we didn't know where we were

going. Making money doesn't mean you're getting better. You can bring home money and still have bad processes. What we had to do was make a judgment as to the quality of our revenue assurance. If you recover a million dollars, is that with 90% of the losses or is that 10% of the losses? Where are you now, and where are you going?

Let's say I find one million dollars potential loss, and am able to bring 700K back. Before, I wasn't checking for the actual money recovered, I was simply running after potential loss rather than actual recovery. Something that the benchmark process gave us, also, is the ability to see how fast we can get that money back. We're depending on other departments in the company, and they have other priorities. We actually can find leakages, leakages, leakages, but nobody moves, so nobody brings the money back. We were able to explain this to the company. At a board meeting last month, one of the members asked us, "You have five people in your department. Do you want ten people? If you're currently bringing in six million shekels a month, what would happen if I doubled your staff?" For the first time, we were able to prove to them that the limit was not the capability of the revenue assurance team, but that what we need is to get the other supporting departments to actually bring the money back. We can find the leakages, but that isn't instantly bringing the money back.

Pipeline: What was the benefit of approaching this project through the TMForum, rather than cVidya approaching this project individually?

Dr. Solotorevsky: I think it's very important that this came from an independent source. If it came from a single company, you could always suspect that it contains biased information. Without this study, nobody really knows the level of revenue leakage in a company. In revenue assurance, they say the revenue leakage is 14-15% of the revenue. In data, they say the revenue leakage is about 2%. What information should I believe? In the past, the attitude has been that if a group doesn't know the answer, they often just guessed. The only way it can be taken seriously is if it's done completely independently.

Assaf Landau: When we approach the benchmarking as an organization and open

it to all the operators in the organization, we allow the benchmark to be truly between operators. And not merely in terms of technology, because a lot of times, people look at benchmarking and say "well is it mobile industry, or is it content, or is it fixed?" Here it is truly bench-marking that is cross-platform and cross-technology and cross-product. This is really benchmarking of revenue assurance, and not just a specific technology.

Dr. Solotorevsky: One of the important things about the approach we provided here is what we are measuring. As Morisso mentioned previously, most of the people that spoke about revenue assurance in the past were talking about revenue leakage. How much money are you losing? That's very important, but they've neglected very important things. How much can we recover? How much time will it take to recover? If you've discovered one million dollars in leakage, are you looking at all of the data in your organization, or just one percent of the data in your organization? This approach can give us important things, and without them, even the revenue leakage is completely out of perspective. You will not find, in other studies, that they address all of these perspectives together, and only by looking at all of these together can you get a really good picture of the situation.

Morisso Taieb: If I may, I'd like to make another point here about incentives for the revenue assurance team. When we used to use KPIs that were based on recoveries, the incentives were based on the recoveries. That means that if processes were not effective, you will end up with huge recoveries. If you don't take the actions to repair the bad processes, you will still end up with huge incentives from recoveries, and you will be very happy because you will get a lot of money. With our new benchmarks, we're looking at KPIs that measure performance, and base incentives on performance. If we don't bring back all the money we discover, or don't bring it back in time, we'll get less money.

Dr. Solotorevsky: I must add a small story. About a year ago, I visited two operators. Each of them told me about their revenue assurance goals. The first operator told me that they received bonuses if each year they discover more leakages. The second operator told me that they received a bonus if the volume of leakages goes down each year. If I weren't a serious person, I'd have very easy advice for them. For the first operator, just discover leakage, but don't report it until next year. For the second operator, if you don't want to find leakages, take a vacation, go to the sea, sit there the rest of the year, and you won't find any leakages. If you only measure one aspect, you can get the wrong information. Only by measuring several aspects at a time can you get the desired effect.

Pipeline: Do you have any other comments about benchmarking and revenue assurance in general?

Dr. Solotorevsky: One aspect I want to mention is that at this point we are measuring KPIs. The benchmark is on KPIs. There's another aspect of revenue assurance, which is the maturity of the organization regarding revenue assurance. One of our next ideas is to do a benchmarking study on maturity. We want to see how well revenue assurance is working inside an organization. We want to see how well you're measuring things, but from the quality point of view, rather than the quantity point of view.

Pipeline: Well, we look forward to hearing more as things continue to progress.

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