



## **Sending the Right OSS Message To Business Executives**

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OSS valuation is a complex subject. There is no argument against the fact that OSSs are a valuable part of running a telecom business. However, there appears to be significant difficulty in quantifying the value of OSS systems and effectively communicating that value to service provider executives. This difficulty appears to be the result of the technical complexity of OSS functionality and the apparent lack of a standard model to track relevant data before and after implementation. While this model is being developed by some service providers, OSS providers will need to embrace and even further develop this model to communicate the actual value their system presents.

### **Missing the Mark**

OSS providers often miss the basic principles service providers use to evaluate any new business system. This evaluation is based upon the cost to acquire and maintain the system, and the benefit received from it. Understanding these fundamentals is the first step in understanding how the service provider executive evaluates OSS.

The cost to acquire and maintain an OSS system is well understood and relatively easy to determine. The benefit received can be difficult to ascertain, though it happens to be the most important factor in valuing a new OSS system from the service provider's perspective. Documenting, reporting and tracking these benefits in ways that executives can easily digest goes a long way toward justifying new projects.

To get a better clearer understanding of how a service provider executive perceives any OSS discussion, there are a few fundamentals to understand. If one reflects on the last year's worth of OSS wins, a strong case could be made that every major deal won in the United States was a result of observing of these basic understandings:

### **Fact #1: OSS Software Does Not Generate Revenue**

Other than billing systems, OSS systems rarely generate revenue or appear in the direct path between the use of a service and the collection of revenue for that service. Because of this, many service provider executives put OSS in the same "cost of doing business" bucket as notepads and paper clips.

In the case of billing systems, the value of the system is relatively easy to calculate and can be reported in meaningful numbers – cost per bill, total revenue billed, total revenue collected, and so on. OSS systems such as trouble ticket management, inventory, performance management, and element management are much more difficult to quantify, though they represent multi-million dollar investments and control tens to thousands of millions in costs. Being able to quantify these specific costs and benefits and communicate them effectively is one of the most



important missions for both OSS providers and managers responsible for implementing and maintaining these systems for service providers.

If you're not a billing system, here are some ways you may be able to begin to formulate your value in terms relevant to the service provider executive.

[LINK SIDEBAR GRAPH HERE](#)

**Fact #2: OSS software functionality is boring (to most people)**

For most executives, most of time, discussions of how to generate revenue are much more interesting than discussions of how to cut costs. Even when cost reduction is a priority, it is generally equated with head count reduction. In some cases, this can be a persuasive argument for OSS at the executive level.

The concept of purchasing new systems to cut costs is not unknown, but it is a difficult idea to warm up to. Most service provider executives do not understand the details of OSS systems and do not really want to know. Technical details of how they work, and what they do are tedious and boring. For these systems to become interesting to an executive, one must talk about them in terms they use in discussing the rest of the business - financial terms.

To illustrate: A typical network executive's morning conversation with his boss (the CEO or COO) focuses on things like how to increase revenues with new products and services, network expansion, improvements in service that will reduce churn, and how to cut costs. This is the bread and butter of most of the conversations at the executive level.

If OSS systems are mentioned at all, they are in one of two contexts – either systems that must be purchased to support a new product or service - part of the capital cost of those new services - or, as an expenditure that will result in a greater cost savings somewhere in the existing infrastructure. For all those OSS vendors that want to be promoted within the service provider, it is critical to be tied to the support of new revenue generating products or services, or have a compelling case for cost savings in those areas.

It is easier to make a case for new or upgraded OSS when it's necessary to support a new, revenue generating product or service. The incremental value of the overall effort is tied to revenue, and executives can understand it. These projects typically have fully developed business cases that include the OSS system cost as a minor component of the overall project cost. This is how many systems are justified in the first place. In the vast technical array of widgets and gizmos needed for new equipment, OSS expenditures are often barely noticed, or in many cases bundled into the overall system procurement package. That makes the overall business case, which includes a new revenue component, makes sense to an executive.

The case for improving or replacing an existing system is much more difficult to make. The technical differences between one OSS versus another OSS are generally lost on non-technical executives. Although the case can still be made, the best way to do it is to make a serious case for cost containment or cost reduction.



### **Fact #3: You Need to Build a Case for Cost Reduction**

This is the more difficult business case to prepare, primarily due to the fact that there is no additional revenue involved and that the costs involved may not be tracked accurately. Some service providers are going to a manufacturing model to track costs and return on investment, but not the majority. The problem is further compounded because most of the time the only costs tied directly to OSS systems involve people, which means the only way to make a case for cost reduction is to reduce head count. This can be a good argument with executives, but can be a hard to sell to the managers and engineers that will be affected most by a reduction.

Increases in productivity are usually cited instead, but these are the most difficult benefits to quantify. It begins with understanding the full scope of a product and service provider environment. Once achieved, implementing metrics to measure the organizational impact prior to implementation is paramount. Post-implementation data can be compared to pre-implementation data as an ROI tool. More importantly for the OSS provider, it can build a more compelling business case and sales model.

### **Fact #4 You Must Understand the Mindset of your Customer**

In either case, the CEO or COO's first response to the mention of an OSS system will be: "Do we really need it? Why? Can we do it some cheaper way? What's wrong with what we are doing now?" At this level, the fundamental need for the system is questioned, and that fundamental need can sometimes be difficult to explain to a non-technical executive.

To make matters worse, many times the people making the case are the same ones who were responsible for the existing systems. One can imagine how unpleasant it is for a manager to go to an executive with the message that says the systems they bought four years ago are no longer good enough.

More experienced executives will ask the next logical questions: "Will these systems give me any competitive advantage? Will they provide me more reliable or better quality service? Will they allow me to provide more revenue generating services with fewer people at a lower cost?" OSS vendors must be prepared to answer these questions as they relate to a particular business case. The justifications made in response to these questions are very powerful. More and more executives understand the need to spend money for better quality services, for lower MTBF and MTTR, to reduce capital expenditures, and to reduce overall operating expense. If the case for new or updated systems is made in these terms, the value proposition becomes much clearer to an executive whose mantra is "increase revenues, decrease costs."

**Comment:** Spell out

### **The Executive Message**

The difference between executives that get the message and those that don't is usually tied to how well someone has made a case for OSS using real budgets and dollars. It's the OSS provider's responsibility to educate service providers with compelling cost reduction and productivity improvement examples. Executives want to know how they can reduce staff and lower their time and cost to deliver service. If a vendor can make a case answering these questions, executives are more likely to listen and understand:





How will this expenditure decrease costs?  
How will this expenditure increase customer perceived reliability?  
How will this expenditure decrease capital expenditures?  
How are you going to demonstrate the financial results?

The last point is one that bears some examination. This is one more element of the value proposition that needs to be addressed, and it is perhaps the most difficult one to describe, manage, and monitor. Many companies and their executives bought into the Customer Relationship Management (CRM) vendor claims that these systems would provide happier customers who would buy more and cost less to service. In a few instances they were right, but in many others were wrong. The difference amounted to a simple principle – it's necessary to control the cost to acquire and install the systems, and to monitor and report the actual benefits received.

Over and over projects fail or are canceled due to outrageous cost overruns and the failure to account for the true cost of implementation. Even in successful projects, if the actual benefits are not measured and reported, the best part of the new story can be lost. Projects that get executive attention are ones where accurate regular reports of costs and benefits in understandable terms - preferably dollars - are regularly generated and reviewed. Properly determining and documenting all of the costs to implement, train for and maintain new systems, as well as measuring the benefits received in cost, capital savings, and network improvements that can be traced to higher revenue and lower customer churn is all critical in making the strongest case for the value of OSS.

#### **Sidebar Table: Meaningful Metrics**

In addition to direct software and hardware costs associated with an OSS, here are some cost and benefit factors that should be considered. This is of course not an exhaustive list, but provides some food for thought of obvious as well as a few not so obvious cost and benefit metrics.

<i>Type of System</i>	<i>Cost Factors</i>	<i>Benefit Factors</i>
<b>Any OSS</b>	Software package cost	Staff reduction
	Hardware/server cost	Reduced time to perform repetitive business tasks (provisioning, trouble handling, etc.)



Network bandwidth	Improved customer service/customer satisfaction leading to reduction of churn, improvement in ARPU
Developing/training for business process analysis and enhancement/alignment with new systems  Training staff on new system	
Conversion costs	
Auditing data accuracy costs  OSS Customization	
Management reporting & report distribution	
Project management	
Maintenance contracts(software, hardware)	
<b>Inventor y</b>	Recovering lost/stranded assets



	Capex/opex efficiencies in asset management/control
<b>Performance Management</b>	Identification of underused or unused circuits and devices
<b>Trouble Ticketing</b>	Early identification of impaired or failing devices and circuits  Reduced MTBF/MTTR
	Identification of poorly performing equipment, systems, circuits, workgroups
	Staff allocation/balancing due to workload analysis
<b>Provisioning</b>	Reduced time to provision
	Automated provisioning
	Reduced re-work