

How Telecoms Can Profit: The SOA Advantage

By Jerome Dubois

Telecom companies are constrained by IT infrastructures that were built for a different era; one with less competition, slower changes and less-empowered customers. Although the paradoxical mismatch between modernized customers and telecom companies' antiquated architectures is the source of much frustration, it also affords a prime market opportunity and is driving changes in the ways that companies are competing.

Tremendous growth opportunities beckon, but to profitably realize these opportunities, telecom companies will have to change the way they compete, and move from a model that's based on price to one based on value-added service. There is strong evidence that customers are not only ready for competition based on value-added service, but that they are seeking it out. A recent analysis of customer churn in the telecom industry shows that few customers leave for lower prices. The majority are simply seeking better service.

With that in mind, it would seem obvious that customer service is where the focus must be. The challenge for most telecom firms now is to find a way to create visible value for the customer. The simple answer to this problem is to increase the customer satisfaction level, although the most efficient method for doing this – without increasing costs – is not as obvious.

Frost & Sullivan research has indicated that "IT/Telecom service providers have to offer an integrated solution including wireless and wire-line services and products so that customers can employ a single system for administration and distribution. This solution will be even more useful if it can integrate with sales, customer service, and logistics." Frost & Sullivan hit the nail on the head. A collaborative system is the ultimate goal of the integration process, and a service-oriented architecture (SOA) is the most efficient way to enable collaboration. With an SOA in place, information flows from every different service into a central data center that is accessible by all business units.

This article will show how telecom companies can use an SOA to close the gap between themselves and their customers and compete more effectively.

The Challenge: Today's Legacy Systems

Most Operation Support Systems (OSS) were never intended to handle customer orders, not to mention cope with the slew of technological advances and services in the current era of deregulation. Every time a new technology was enabled, it required its own OSS to manage it. This process has created a network of "siloes," or poorly integrated systems that evolved over the years through a series of patches. These ad hoc networks have no way to track orders accurately or maintain any integrity across systems. As industry consolidation continues, mergers and acquisitions compound the problem by creating increasingly complex networks of OSSes, each with their own picture of activities, customers, and products, oftentimes with duplicate systems. The end result is that customer information frequently goes into various systems maintained by providers and cannot be located again. Without easy access to customer information, customer service failures increase and the customer walks away empty-handed.

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At best, telecom companies employ what could be called “company-centric” systems. Every operation has its own process for each transaction, and data is stored in disparate, discrete systems, making effective data sharing a challenge. Or even worse, a “network-centric” approach based on OSS solutions built upon providing support for a single set of network elements and services with a single order-taking channel. Instead, companies need to adopt a customer-focused approach, in which requests may come in through separate channels, but is combined and stored in a singular data bank that is more easily accessible by all units and departments within the business.

Does this mean the telecom industry should just rip out their computer systems entirely and start over with an integrated model? That would certainly fix things, but it would be quite costly and time consuming.

The Solution: SOA Integrates and Adds Flexibility

By implementing an SOA that works with existing infrastructure and systems to enable the customer-focused system, telecom companies will be able to leverage existing infrastructure as well as gain more flexibility in integration. In fact, flexibility is one of the ultimate benefits of an SOA. SOAs provide the ability to react to change, something that the outdated OSS networks lack. Such adaptability makes it easier to identify what steps and people constitute each business process as well as to identify all of the business processes within the enterprise. A holistic view of operations allows for greater control throughout the organization and provides the foundation for effective integration.

By adopting an SOA foundation, companies will also be able to add new services with ease as well as phase out older services due to the “plug-and-play” capabilities of SOAs. Specifically, SOA’s interoperability with many of today’s leading EAI and BPM providers lends itself to a very strong fit in most providers’ infrastructure. With technology changing as rapidly as it is today, the ability to add and subtract functionality quickly and easily is critical to meeting customer needs and service expectations. The goal of integration is not only to create a smoother flow of information, but also to make things easier on customers and, in turn, provide them with greater value.

So how does integrating business systems lead to more satisfied customers? Integrating systems makes everything more visible, which in turn makes it easier to support the customer. Currently, if a customer is a broadband subscriber as well as a wireless phone subscriber, those two records are more than likely kept independent from each other. If the customer calls with a question about both of these services, it turns into two phone calls. With an integrated system, the service representative answering the customer’s call regarding broadband would see that this customer is also a wireless phone subscriber. This makes it easier for the company to determine what bundled rates are available to the customer, and also gives the service representatives access to the information that could help them up-sell or cross-sell a customer to a new bundled package. Retailers do this all of the time. Think back to the last time you were in a store shopping for clothing. Didn’t the salesperson suggest another item to complement what you were purchasing? Business integration via an SOA affords the service representatives of telecom companies’ similar opportunities to offer complementary items in a bundled package.

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Transparency in the form of process integration should not be a priority for growth alone, but rather for the general health of the business. In the highly competitive telecom market, companies need to invest in infrastructure to improve quality of customer service and the increase the efficiency of their network and billing solutions. This investment in infrastructure should be made with the goal of collaboration in mind, as this will facilitate the quality of service improvements as well as the efficiencies in the network and billing. A satisfied customer sees considerably more value in a service than an unsatisfied customer, and integration is the key to regaining customer satisfaction. By providing an integrated solution, providers will be in a stronger position to leverage their existing and developing relationships with retailers – a strategic partner in the growth plans of most today's most admired service providers.

In today's complex, competitive telecom market, battles will not be won through price wars. Customers view telecom service as a commodity, and thus have become somewhat price-sensitive. By integrating its business via an SOA, a telecom company will be able to operate more efficiently and provide better service to the customer, which in turn creates a value beyond the mere price of the services offered.