Pipeline
Knowledge Is Power

www.pipelinepub.com V3i6 November 2006

# Environments get savvy; revenues go missing

*Service providers need the tools to recoup lost revenue opportunities in an increasingly complex network arena*

By Richard Kane
Chairman and CEO, Coastal Technologies

The large, internationally known service provider can provide the quadruple play, differentiate itself in a competitive landscape and boast a highly evolved network.

Still, this high profile service provider hasn't reached its full potential – and the reasons are revenue leakage and fraud. As service providers continue their quest for market share, their networks grow into sophisticated entities that put a wealth of information at the provider's fingertips. How to capture and effectively analyze and use that data is where the challenge lies. This challenge is magnified when the word "revenue" enters the scenario because a wealth of information doesn't always equal a wealth of revenue.

Therefore, today's service providers need network solutions not only to capture and analyze this data so they can both realize and recoup revenues, but also to be able to do so in real time, thus further increasing revenue potential.

**Moving beyond stopgap solutions**

Service providers need to understand a network's architecture, what inefficiencies exist, and what types of missed billing opportunities they can capture. That creates another set of needs. These carriers need to be able to view the records easily so that they can determine who to bill. In that vein, they need the jurisdictional information to make sure everything is done correctly. They also need to know who sent the call and what type of call it was, so that the terminating provider knows what to charge.

All of that leads to the widespread problem that all carriers want to avoid: phantom traffic. Many times, a call-originating provider will strip information that identifies the call's origins – either through neglect or purposeful fraud. That means that the call gets terminated for reduced or incorrect access charges, or potentially at no cost, which, of course, translates into a lost revenue opportunity. What's more, after the call is terminated, the service provider who has terminated the call has no recourse; blocking the call reduces revenue opportunity and invites contractual issues.

Obviously, the problem is magnified as the service provider gains more and more new customers, and is made much more complex with the addition of re-seller plans. A vicious circle begins with more customers demanding more services over a more sophisticated network, which the service provider hasn't yet fully leveraged.

Clearly, a solution is in order.

Consider this: An already large and successful national service provider has increased its call volume exponentially in the past few years. With all that new traffic, call tracking and cost allocation become more important than ever.

The solution could be an in-house system that monitors network traffic. But that solution may not provide all the necessary resources, such as the ability to associate cost to calls. Another important requirement would be the capability to track each call going across the network and apply cost to each call individually. Many solutions can track the calls, but telling the provider how much the transactions are costing from an operational standpoint is another matter entirely. An effective platform would be able to do this in a way that is both user-friendly and customizable.


**Today's answer**

For example, the service provider needs a traffic analysis, management and reporting system that performs comprehensive, network-wide processing in real time. This gives the carrier useful, revenue-recouping, and revenue-generating data about its network.

Thus, the ability to quickly accrue for costs, audit invoices, and perform revenue studies can enable the service provider to avoid costly revenue – and legal – implications. Accurate auditing, accrual, and percentage interstate usage (PIU) studies can further increase revenue opportunities and efficiencies.

This revenue assurance confirms that revenue is being accurately billed. All customer and reference data is accounted for and cross-referenced against billing systems, thus leading to a greater return on investment.
Service providers also seek a solution that can rapidly and accurately accrue for costs by tracking all network traffic, ensuring accuracy of incoming bills and creating error-free operational expense forecasts.
Moreover, service providers should be able to accurately calculate PIU on every trunk group on the network to ensure proper filings, audit defense, and compliance checks.

And because today's service provider always has an eye on the future, the ability to track and manage network traffic in near real time can allow the provider to develop new product offerings and thus expand revenue opportunities, such as offering near real-time call data to customers and resellers or providing balance-control products to credit-impaired customers without requiring upfront deposits.

To be future proof, any solution must process Internet Protocol Detail Records (IPDRs) and exchange data in the industry standard XML frameworks for web services.
What's more, the provider can avoid financial and legal headaches. With a solution that is under contract to manage more than 22 billion transactions per month, and has proven scalability beyond this, the provider can both proactively and cost-effectively prepare for audits. Transactions would be processed within three minutes of receipt and summarized and recorded**.** Unlimited scalability adds to the value of such a solution, which reduces the spot checks and audits to routine processes that require little effort and are run continuously. Accurate reporting per today's financial industry and technical guidelines, such as Sarbanes-Oxley specifications, can help providers avoid legal entanglements.
Along those lines, such a solution can also reduce fraud liability. For example, an intelligent fraud module can be customized to learn each customer's calling patterns and spot anomalies. The module can alert fraud technicians when it detects any abnormalities. The fact that this is done in real time is paramount. If it takes ninety days to investigate fraud under another solution, that's ninety more days of fraud and revenue leakage that the service provider incurs. CDRs or IPDRs underlying the fraud alert are automatically recorded and presented for review and that leads into improved customer service.

Customers today are savvy and want the best. If a provider can immediately access a customers call detail while that customer is on the line, that translates into increased service levels, reduced call hold times, and quicker resolution of problems and a. All of those elements that can create a sticky customer.

**Added value**

A good solution aims to optimize overall network performance by making network traffic information readily available. That means the provider can analyze the data in many different ways, thus getting to the problem's cause sooner and more easily. This process can identify, for example, patterns in traffic so the service provider can determine if routing and topology changes are necessary to create the most efficient network.
In essence, the solution can help providers determine how well the network is both architected and used. The platform enables providers to determine if some switches are forwarding calls to other switches efficiently. Also, the provider can discern if low priority traffic is traveling across high priority links, thus creating unnecessary congestion. Usage analytics allow the provider to architect its network in such a way that high-value traffic is going across the least congested links. That way, the provider can essential prioritize traffic by revenue opportunities.

**The bottom line: Increase it**

The ability to perform a true cost analysis on a network to monitor all traffic can give a provider a significant edge in a crowded and competitive marketplace.

A service provider can recover missing revenue and identify potential new revenue sources by applying a true cost analysis. For example, a provider might be missing from twenty20 percent to thirty30 percent of revenue opportunities. But with a solution in place, the provider can easily realize these revenues as well as find other opportunities to increase the bottom line. Cost

analysis also drives Least Cost Routing; by looking at the cost of overflow and the relative costs of exchange partners, networks may be groomed for optimum cost performance.

With such a platform, the service provider is then able to make some important – and profitable – business decisions. For instance, a carrier might change its entire method for accruing for cost or it might update its pricing model, after comparing its pricing with the actual costs involved in supplying a service.

In addition, a provider can use data generated by the solution to audit bills from other service providers, including the nature and jurisdiction of the calls. With that information, the service provider is equipped to dispute discrepancies and inaccuracies.

© 2006, All information contained herein is the sole property of Pipeline Publishing, LLC. Pipeline Publishing LLC reserves all rights and privileges regarding the use of this information. Any unauthorized use, such as copying, modifying, or reprinting, will be prosecuted under the fullest extent under the governing law.