

Pipeline

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Governing Transformation

by Wedge Greene

Can we develop a new, sustainable, and repeatable business transformation pattern that will guide our NGN, IMS, and NGOSS projects to successful outcomes?

To transform, you need a pattern

For a variety of reasons, the telecom market has changed radically over the last two decades. In reaction to competitive pressures and declines in many business metrics, telecom service providers have decided to undertake significant transformational projects to increase business agility and effectiveness. So far, however, no transformational formula has arisen that can guide senior management through this transformation.



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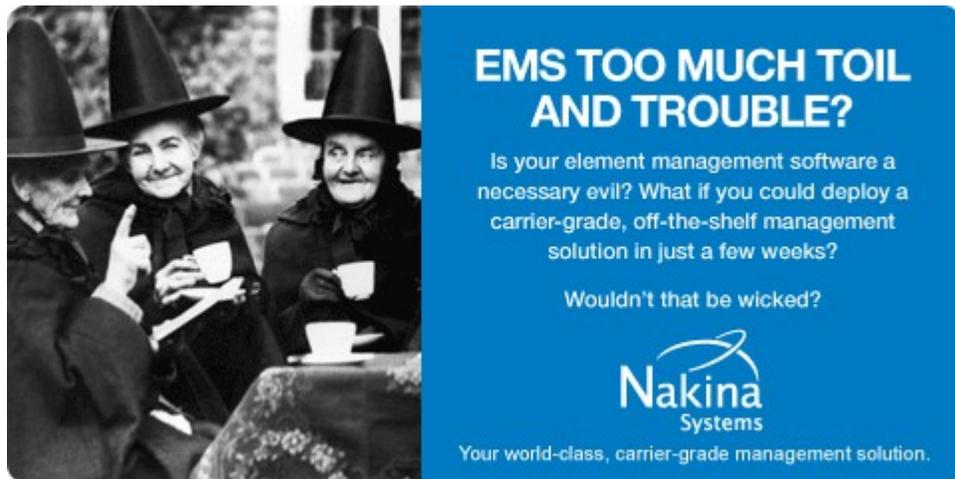
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One reason for this is the structure of the industry: a large number of service providers providing essentially the same products. Most economic and management theory and current application of mainstream industry transformation target industries where a few suppliers dominate. Classic theory says change occurs as either (a) one company changes its approaches or develops new products or (b) a new company enters the market with more efficient process or more desirable

products. In these change scenarios, many companies vie for dominance, but only one or two emerge to dominate a new industry landscape. On the surface, telecom does not fit this scenario, unless the Internet 2.0 companies like Google, software companies like Microsoft, or consumer device companies like Apple are the new entrants that will come to dominate a changed industry landscape.

This generally is not viewed as a good outcome for today's service provider. In a world where consumers and business turn to Microsoft and Google for services, the likely evolutionary track for current telecom service providers will be to become communication utilities supplying access and transport services for IP packets. We have also argued that this is not a bad business to be in, but perhaps this is not your business goal.

Can we develop a new, sustainable and repeatable transformation pattern that will work for most service providers in the existing landscape? One which results in the continuation of an industry landscape where many service providers, mostly regional but with global reach, who have direct ancestors in the old telecom, provide full communication services (access, transport, service product, and even content) to consumers and businesses?



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What we know from what we have tried

Three hard learned lessons of business transformation in telecom learned in the last decade:

One: If you are not ambitious enough, your project will have limited results which do not change the overall survivability of your company. Usually what happens is someone outside forces additional change (often a regulatory agency), or change is driven by an acquisition/takeover.

Two: If you are too ambitious and isolated in the scope and method of change, you might succeed in the prototype project, but be unable to transition this into the business-at-large. Both the project and the prototype usually fade away. A trickle of technology and new processes transition to the older segments of the business, but they still conduct business as usual.

Three: You set goals and hire a large, experienced Systems Integrator (SI) to manage your transformation. However, there is a significant difference between *experienced* and *successful* system integrators. No SI-lead transformation project has yet completed and succeeded. Indeed, these projects tend to drag on forever. This is not because SI's are evil, but rather because it is in the business interest of the SI to keep the project intact so their revenue continues. At best one gains a series of small accomplishments; at worst, both service provider and SI simply claim these accomplishments to avoid the appearance of even partial failure.

What have we found that works?

OSS/BSS transformation projects work best when they are associated with the introduction of a new technology or a new business unit. Transforming only OSS/BSS is an exercise in tool change and not in business change. Solo OSS/BSS transform projects are subject to internal competition from all the other good, well meaning projects in the business. OSS/BSS transformation projects are expensive and they are hard, and these pressures nibble away funds and compromise implementations until little is left to show for the funds that were spent.

However, when OSS/BSS change is associated with a large technology or product change, new OSS/BSS can be developed Greenfield and then integrated into the older systems as necessary for the new product. IMS presents such a transformational opportunity. So it is reasonable to attach OSS/BSS transformation as a goal when undertaking IMS.



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This is even clearer with the recent announcement that the IP Multimedia Subsystem (IMS) Forum and the Next Generation Networks (NGN) Forum are merging their respective activities. *"This partnership enables our members to fully address the emergence of a single [any-to-any] market comprised of information technology, telecommunications and media sectors that formerly operated in separate markets,"* said Michael Khalilian, chief of the new IMS/NGN Forum.

So, as Service Providers look to IMS as a product and service integration technology and NGN for network transformation, they are also seeking to use these deployments as the driver for a complete end-to-end business transformation

project. And just as NGN emerged as the guide for network transformation and IMS emerged as the guide for product transformation, the TMForum's NGOSS has emerged as the guide for OSS/BSS transformation.

Generally, for these projects service providers select and engage a large SI who already is involved in providing business, process, and OSS/BSS tool transformation for other providers. For example, IBM, Accenture, and Satyam all have large and visible NGOSS transformation projects underway. Such an SI vendor has resourced several projects and is likely to be able to resource this project also. They will have developed relationships with specific OSS/BSS product vendors and be able to adapt and customize these tools. But how do you ensure this large vendor will understand your needs and goals and deliver to them? How do you ensure the project will reach your desired conclusion in the specified time?

You can structure the SI contract to be more like those used in highway construction with large performance bonuses or other back-end completion payments. And you can have someone take personal responsibility for the project on both the service provider side and also on the SI side. But how will these individuals be able to make informed, strategic decisions?

What is the successful template for guiding combined NGN, IMS and NGOSS projects? It is clear this is a huge undertaking with large commitments of capital and significant risk. Such business transformation projects should not be entered into lightly or allowed to proceed without guidance and accountability.

Strategic decisions

"Business transformation is all about gaining business process effectiveness to attain strategic goals and the way forward is by reviewing and optimizing the agility and the efficiency of the underlying enterprise architecture and production models. The main challenge for each company remains in finding the best path to follow for their own business transformation. The core issue of this challenge will be to bridge the gap between strategic and operational management of the transformation as most "pioneers" in this domain can confirm," says Serge Garcia of Edelweiss Service Consulting.

How do you determine if you are on the path desired and the way forward? *Strategic decisions* are reached after careful analysis of the facts at hand, the options available, the probable outcomes from possible actions, and the probability of reaching desired conclusions. Many formal methods exist for assessing strategic implications and reaching strategic decisions. What is important is that one of these formal methods is used. Discussion occurs when gathering facts and requirements and later to understand the results of the strategic assessment. When a proper strategic analysis is performed, the result is analytical. At worst, decisions are informed. Usually, the best decision, given the information at hand, is apparent to all.

Strategic and Operational decisions should not be made by debate or, worse, by argument. You do not make strategic decisions by engaging in meeting discussions where opinions are expressed and weighed by personal judgment. While this

approach may provide valuable insight, it often provides no clear evaluation of the best choice of action. Those responsible for the project must rely on consensus or their own experience for making judgments calls.

Scientific studies show that emotion can affect risk-taking. For example, fearful people tend to be less willing to take risks, while angry people seem more willing to undertake activities with significant risk. Both sex and culture also influence decisions. When deciding to attempt a risky project, women are less influenced by fear or anger and more influenced by familiarity and taste. Cultures (either national or corporate) that are historically stable are more cautious in undertaking risky projects. One must be concerned about decisions in meetings that are made based on opinions or "measured assessment" which might be just gut personal experience. Business risk can be computed, and aids for analytical decision exist.

For example, one strategic decision method is *Decision Analysis*. Decision Analysis allows the creation of decision outcome trees with probabilities expressed at each branch. Usually, decision analysis is used to compute the relative likelihood and value of reaching envisioned project outcomes. Germane to us now, what Decision Analysis also shows is the value of concrete information at any decision point. *The value of 'tipping' information is the alternative cost of proceeding down the wrong choice to an undesired outcome.* Frequently, decision makers undervalue accurate and meaningful information. If a fact, status, or alternative choice becomes known, could this alter a decision? Accurate knowledge of your systems and processes leads to good architectural designs. Accurate, timely knowledge of what is happening with projects leads to strategic decisions on what next steps must be taken.

Applying Governance

So you are about to choose a large SI or have already started a business relationship which expects them to implement your business transformation. What you also need is an independent watch dog for this SI transformation. Best practice in Accounting today is to hire one firm to perform the accounting service and a different firm to perform the audit. The existence of an after-the-fact assessment is used to tailor behavior and decisions during the performance of the accounting services. For telecom operational transformations, after the fact assessments are needed to quantify project returns, but come too late to aid the decisions that occur at project milestones. So for NGN, IMS, and NGOSS transformations, an ongoing *assessment service* is needed from an independent contractor.

Once each company has recognized the need to go forward with the project, a thorough assessment must be completed. Many big questions need to be answered to establish where the project starts and how it proceeds. Some of these questions include:

- How to scope the transformation
- How to establish and promote principles of transformation governance
- What methodology will be follow?
- What are the transformation phases and steps (program and project planning & management)?
- What will be the impact on the existing business model (portfolio, process model,

- data model, technological infrastructure and organization)?
- What are the expected benefits? When will they be delivered?
 - How much must the company invest?
 - What are the risks?
 - How to mitigate that risk

One method of risk mitigation is simply to avoid the mistakes that pioneers encountered. Transformation is inherently complex. It is not just a technical exercise of modeling process, data, and architecture. To operate a transformation an intelligent translator and effective project governance is needed.

Your independent assessment team should include domain experts in each of the product, network technology, service standard, and tools used to aid the creation of the new integrated service platform. To assess progress, optimize resource utilization, and alert to issues on this project, include a certified project manager. Additionally, one or more architects with experience that crosses the technical domains are needed to help formulate the big picture; PolyArchitects™ are experienced in both network and network management technologies. They know network technology, software technology, and best practice in telecom operations. They can map and create processes and relate these to business needs and goals. Individuals like this have worked inside both service providers and vendor corporations and are able to bring multiple business perspectives to the project. Lastly, for NGOSS transformations, fully expert and experienced architects are needed to help navigate the thousands of pages of NGOSS specifications and relate this to your business needs and goals.

Early NGOSS implementers came to understand the positive effects of having an architect or business analyst as a monitor of transformation projects, helpfully standing between the service provider and the big SI. Such an individual understands the requirements, hurdles, and pain points of NGOSS. They streamline project plans and supply the information needed for informed, strategic decisions. With them companies could effectively leverage NGOSS. But today, ongoing projects require sustained commitments and there are few fully qualified and experienced NGOSS experts to do the job. Therefore teams are better suited than individuals to help apply governance to NGOSS projects.

Recognizing this need and seeing no existing provider of such boutique services, a group of independent consultants involved with the creation of NGOSS and the delivery of NGOSS projects got together at the 2008 Nice Management World and informally agreed to work together and supply coordinated, expert NGOSS transformation teams. Eventually, John Reilly, Cliff Faurer, Edelweiss, Ahaluna, Marcus Ras, Andrew Chalmers, Alfred Anaya, Andrew McFadyen and many other veterans of NGOSS transformation projects came together to create the **NGOSS-Applied** consulting service. *NGOSS-Applied* provides core expert teams in NGOSS, SOA, and SDF who link the business, the technology, and the project detail. FineGrain Networks, another founder, is engaged for strategy and PolyArchitects™. Lastly, LTC International is contributing its experience with managing and delivering successful projects and its core of Business Operations Analysts ®.

Serge Garcia sums it up: *"NGOSS-Applied is a set of expert services from LTC delivered by an experienced team that includes business transformation pioneers*

who have been deeply involved in many assessments of large scale business transformation projects. They represent a team of experts capable of addressing issues from board governance to daily operational subject matter.”

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