



The Yellow Brick Road: Contracting for OSS Success in IP Telephony

By Barbara Lancaster

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During the hectic days immediately following deregulation the waste involved in the typical OSS implementation became worrisome. Cost overruns, late delivery and a consistent failure to deliver promised business benefits were the rule, rather than exception. The blame could be assigned equitably to systems integrators, application vendors and service providers.

SIs could be criticized for sending in teams of youngsters with no experience in telco operations. This even became known as “the school bus complaint.” OSS application designers failed to engage real, knowledgeable users in the design process – known as the “ivory tower” syndrome. And service providers thought it was safe to leave all of the planning to their vendors, and tended to skip serious requirements definition before placing orders. Vendors were chosen more for popularity than for business fit. It therefore was not surprising when the Standish group reported that less than 9% of IT projects met their targeted objectives.

Things have been quieter in the last couple of years. There have been a few heroically large B/OSS projects that have over-run their budgets by several hundred percent and have yet to deliver their promised benefits. Shareholders, analysts and others in the industry – for unexplainable reasons - still take a relaxed attitude toward irrational spending. There have been enough projects that succeeded, however, to restore some confidence in OSS vendors. Most of these successful projects have been relatively small, focused, well-defined and actively managed by a customer team that is experienced and knows exactly what the company wants.

For the current upturn to become a sustained recovery, service providers must make decisions that deliver on their requirements; support their business objectives, and enable success. Unfortunately these points are not obvious to everyone. There remain a large number of smart people making dumb decisions about OSS - or more accurately, not making decisions at all. Too often vendor marketing departments do their deciding for them, ultimately substituting “hype” and “buzz” for planning and analysis in their selection methodology.

Considering IP Telephony Operations

With major shifts towards next generation networks now underway, it is very important for a service provider to take stock of exactly what it needs vendors to do and what processes, tools and



systems are necessary to achieve its vision. IP Telephony - the fundamental delivery of the next generation of 'plain old telephone service' using end-to-end VoIP technology, presents service providers with some critical decisions that have impacts for the long term. (For clarity, VoIP refers to the communication technology, and IP Telephony (IPT) to the service built on that technology.)

The world's technologists have done a great job of building a way to carry voice calls that is immensely more functional, yet far less expensive than traditional voice telephony - with one exception. It may soon cost more to bill for calls than to carry them. This will happen unless OSS vendors and integrators can decrease the price of their offerings in parallel to the way network technologists have slashed network costs.

When the cost of a billing system is the biggest barrier to entry, service providers will do well to remember that simpler services need simpler systems. Simple service offerings and pricing structures don't need complex mediation and rating systems. Watch out for the rise of cheap, cheerful and effective billing systems with a 'keep it simple, stupid' design philosophy that fit nicely to a web-services XML/SOAP environment, and fit just as nicely into an IP Telephony business plan.

Technology Cost Matters

IP Telephony is a completely disruptive capability that obliterates the historical concept of distance-based costs. It makes it just as easy to have a Dallas number in Rome, Italy, as it does in downtown Dallas. Users can move their 'fixed' IP phones from home to office to country cottage to resort hotel in Spain – anywhere there is reasonable broadband access to the Internet. All of the call management features available for a premium on the traditional PSTN are also there. Above all, it's cheap. Many times more voice traffic can be carried across an all-IP network than on traditional voice networks. Softswitches and SIP servers can be a fraction of the cost of traditional technology switches, and adding and changing features is much simpler. User-control is designed into the technology.

Meantime, most BSS/OSS systems on the market remain expensive and complex and need armies of integration specialists to make them work together. While that might suit some vendors, service providers are no longer willing to transfer billions of dollars to the bank accounts of their systems suppliers. There are lots of older and wiser people in the service provider community today who are more interested in spending their limited dollars wisely. To help get value for money, one should consider some principles from the 'Pragmatic ROI' approach outlined in May's Pipeline (see Pipeline, May 2004) to add some key service provider objectives into a contract for the supply of BSS/OSS applications.

Before You Sign Anything...

The decision to move to fully-fledged IP Telephony from legacy PSTN is a serious one. The service provider has to balance some conflicting motivations, which need to be teased out in Step 1 of the Pragmatic ROI: ***Why should we do something?*** (The **Concept** phase)

- This step should answer some key questions about how IP Telephony progresses the company towards its overall vision and mission.



Having decided that *something must be done*, one moves on to the **Feasibility** phase, in which it is determined what can or must be done and how to handle the resulting impact. This should all be done before asking an SI or application vendor to visit for a sales pitch. Questions to consider include:

- If we need new systems, who offers packages that might work? Who else is using them? What is the list price for licenses? Do we need to integrate into our existing environment? Can we? Should we use a web-services approach to keep most systems separate with a consolidated view provided only via reach-through? What are the pros and cons?

By the end of the Feasibility phase, it's been established that *something can be done*. This then leads to the **Design** phase. First, formal definitions of success for each step in the project must be established, for example:

- The new web portal must enable information access to these systems
- The new applications must not require an upgrade to end user computers
- Customers must be able to create their new service in less than "y" clicks

This should be a rather long list, with as many hard facts can be mustered. Having this clear definition of success is what provides objective control of a project. The items on the list will not only guide the detailed design, they will form the backbone for Acceptance Testing, day-to-day and milestone-to-milestone management of the project, and for 'go'/'no go' decisions at each step.

Contracting for Success

When negotiating contracts with suppliers, all of the earlier thinking and planning needs to be built into the deal. Service providers are generally good at using the high level requirements and vision for their new services to steer discussions with potential vendors and systems integrators. Often the "critical success factors" and even "key performance measures" are stated in an RFQ, or Statement of Work. But these business objectives are rarely incorporated into the actual terms and conditions of the contract itself. Very often, the fine print in the contract sets out quite clearly that the only real commitments are those in the contract, not in any attachments.

Often, the fine print will say things like "*We do not warrant that this work will be fit for any business purpose*". By signing such a document, all attempts to define project success, have clear deliverables, enforce performance-based payments, and define go/no-go decision metrics, will be all for nothing. Given this warning, consider the following suggestions:

- **Read "boilerplate" language as if the project was already in deep trouble.** Your ability to control your project will be affected by the contract language. The contract is negotiated in the "honeymoon phase", when everyone is excited about the opportunity and raring to get going. It is tempting to believe that best intentions will govern the entire project, and that time nit-picking about the words in the contract is just wasted effort. However, when things go off track, every word in the contract takes on enormous significance. Recent disputes over non-performance have shown that many "standard" clauses severely limit one's recourse.
- **Insert specific requirements – rigorously.** The thinking is done, so write it down. Make sure that the contract documents describe exactly what is to be delivered, and what success criteria the supplier will be held to. Document expected outcomes explicitly. Use all of the Pragmatic ROI thinking and ensure it is captured in the contract in terms that are not over-ridden by



boilerplate disclaimers. Describe the post-project environment as accurately as possible, in detail, and clearly specify who is responsible for each item.

- **If the contract includes training, make sure that the scope of training is well-defined.** Training is a go/no-go milestone. If training is not completed in advance of User Acceptance Testing, the ability to test delivered systems is lost. In some instances a vendor's definition of "train the trainer" means essentially that it will conduct one end-user class on using the new systems attended by staff who will then schedule and run classes for everyone else. This means that the development of training manuals falls to those taking the first course. It is critical to specify how training will relate to what's to be tested during Acceptance Testing.
- **Make sure the contract gives you the right to review and reject team members.** Experienced, skilled people in small teams can get much more done than large teams of inexperienced people. Insist on the right to interview each member proposed for a team. Reject those that do not have the right experience and qualifications for the project at hand.
- **In case there's a big problem..** Specify the type of project problems that will cause an Executive Review; an Immediate Suspension of Work, or Project Termination. Specify who will pay for bringing the project back into line, if recovery is possible. Specify what you will pay for, if anything, while the project is under Review or Suspension. Specify who will pay for software bug fixes. Specify who pays for fixing other mistakes made by the supplier.

Getting it Done: The Implementation Phase

Active management is vital. Without real executive commitment and involvement, projects languish, drift and fail. It is equally important to support and empower project managers. Successful projects must be planned and managed by good people firmly focused on their business goals, and with no conflicts of interest. A good project management team will make the difference between mere completion, outstanding success and abject failure. A supplier should never be allowed to take on the overall responsibility for management and thus allowed set their own rules, and be the referee too. Set budgets as accurately as possible and establish a corporate culture that rewards the right behaviors. Further, use "no go" limits aggressively when the project deliverables stray too far from the definition of success. The project will only restart if and when everyone is certain that the project can be brought back into line economically.

This Time, Get it Right

Exciting developments in technology offer the opportunity to deliver great service to customers at greatly lower cost. It will be more exciting if service providers demand B/OSS solutions that fit their needs. All of the great new opportunities for flexibility and profit are at risk if cost reduction in B/OSS does not remain in step with the network. It is important to shop aggressively, using research and analysis, to take full advantage of the benefits rolling out IP Telephony can deliver. Simpler services and simpler solutions can mean dramatically less expensive B/OSS solutions.

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