



It's the Services?

An Article for Network Operator Executives That Recognize Choice Leads to Better Business.

This article presents a simple example of how delivering customers with more choice delivers better Return on Invested Capital.

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“It’s The Mirrors”

I find the new Texas Instruments commercials, where a young girl is speaking to an older gentleman, great. Why, because they penetrated my brain to the point that I remember when it comes to television “It’s the mirrors”. TI actually got millions of other people and me to think about their DLP product, which is arguably something that most people will never see in their lifetime, but we believe it matters.

Why did I bring the “It’s the mirrors” example up? Because, it makes a great analogue for the wireless industry. In the TI example, the masses just want to watch all their television channels with a great picture. In the wireless world, your customers just want to use their services when and where they want them AND they want choices. From your perspective the phrase should be “It’s the services”.

The paradigm within the United States, in virtually every other industry, is customers get what they want, when they want it, and they have lots of options to choose from in the process. This process has proven itself as the mechanism to generate market adoption and ultimately brand differentiation for the companies providing the products and services. This model of success is 180 degrees opposite of that found within the wireless world.

Currently, the capability to provide new services is cumbersome, slow and very expensive. Everyone involved from internal employees to suppliers to trusted partners all incur significant amounts of pain to deliver the most basic of offerings. In the end, the customer is nowhere near being satisfied and your company has been impacted financially.



Faster and Cheaper...The New Paradigm

In a wireless world where data and application related revenue streams drive financial prosperity, choice for the customer becomes paramount and the traditional model for success will prevail. And, to stay competitive, you will need to be able to address the delivery of these “choices” faster and cheaper or risk being made irrelevant by one or more of your competitors that does.

Many challenges exist to achieving the “faster and cheaper” goal. The one that rises to the top in nearly every discussion is the legacy driven vertical silos that make development, integration, delivery and manipulation of services difficult. The silo issue is so important because it significantly impacts 3 key elements in the return on invested capital (ROIC) equation:

- Up-Front Investment Requirement
- Operational Cost Inefficiencies
- Reduced Revenue Opportunities

The reality is I could make a case to tear down the vertical silo’s purely based on the cost aspect (Investment and Operational Cost) but I won’t. I would rather take a more meaningful, strategic approach to the challenge. One that is much more difficult to quantify, especially in the capital intensive environment of the service provider – revenue opportunity and competitive positioning.

Today’s reality in the wireless business is that it takes 12 to 18 months to bring a new service to market, costs millions or tens of millions of dollars to deploy and once in place has limited capability to be enhanced or manipulated without significant cost. This doesn’t even address the fact that as service provider’s move into a converged world each of these services will need to be replicated again and again to support the varying networks! All of these elements serve to impact ROIC in a significant way.



Notwithstanding the above, it is my belief that the single most strategically important capability a service provider can deploy is a means by which to integrate and deliver large numbers (100's or 1000's) of services to customers in a quick and cost effective manner. Why? Because customers want choice. And, when customers get choices, the market determines product success or failure. The service provider who is first to market with the ability to give choice to the customer will generate significant competitive advantage.

And, not just services that you think matter. Customers, both consumer and enterprise, are reasonably fickle about what they like and don't like. The system must be capable of quickly, easily and cheaply integrating 3rd party applications and services. Enterprises already know what they want; it's in their back office. Consumers want the choice that is available to them on their computers and the internet, anything less delivers disappointment. You need to keep in mind that as markets become more mature, like the wireless market, customers become more segmented and demand offerings that are tailored to their particular group's likes and dislikes. As of today, service providers can only address very large population segments.

Delivering On the Promise

Partners matter! In this environment, two types of companies have a significant capability to impact ROIC – Service Delivery Environment (SDE) providers and applications and services providers.

SDE providers are the enabler. They provide all the technology and integration to make sure that you bring applications and services to market faster and cheaper and have the ultimate flexibility in billing, cross network utilization and other great functionality. If they do their job right you get a system that makes it easy to give customers what they want, when they want it and at an affordable price.



Two additional value propositions can be realized if the right SDE partner is chosen - enhanced channels and alternative cost/business models. Larger companies such as HP, IBM or Accenture, who have a strong presence in either or both the consumer and enterprise markets, can provide an extension into those markets if a relationship can be structured appropriately. Also, those same companies typically will have more flexibility in the way in which they partner with a service provider. By providing hosted or managed solutions, where deemed appropriate, these firms have the capability to change the ROIC model for the Service Provider.

Existing applications and services companies are also critical for two reasons. First, these companies provide the brands and offerings people know and love. Creating an extension of these brands into the wireless world will facilitate adoption of the service versus a much harder to sell generic brand and can also serve to reduce churn if exclusives can be arranged. Second, these brands have channels to market and marketing capabilities that can augment internal service provider capabilities or can drive sales completely in highly segmented markets.

Leading the Market

Soon, in the United States, a service provider will see the opportunity to dominate the wireless market. They will deliver on the promise of choice, flexibility, and cost effectiveness. They will be able to serve every segment of the market in ways not fathomed today. And, the funny thing is, everything that is needed to deliver on this opportunity is ready and waiting.

Don't forget "It's the services".

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About Converged Network Solutions – CNS is a leading business and technology consulting firm focused on delivering emerging service enablement, through strategic and operational support, to companies participating in the communications and content value chain. Our extensive wireless and wired telecommunications and digital content domain knowledge coupled with our Unisonsm business planning framework, UnisonMCSsm business simulation tool and UnisonIPSsm information and process simulation tool ensure that our clients receive the best support available to bring new services to market. CNS clients range from industry-leading, Fortune 50 companies to emerging product and service providers.