EXPERT OPINION:

Multinational enterprise contracts at risk from poor reporting and analysis

Carriers have been actively targeting multi-national corporations (MNCs), attracted by huge regional and global contracts. However, before they award them, MNCs need to know they are going to have transparency of spend and access to in-depth data in their communications usage. George Malim explains MNCs' requirements and details how carriers can rise to the challenge.

Andy Wilson, CTI Group: Merging contracts more complex than it sounds

With multi-national corporations demanding a more centralised approach to their telecoms purchasing that will see a single carrier provide them with services across a region, or potentially globally, carriers need to raise their game to support such demands. Being strong in a corporation's headquarters market isn't enough and, as MNCs struggle with controlling their spending in a recession, there's a real danger that large contracts could be lost if carriers don't alter their propositions to address the MNCs' need for a holistic view into their telecoms spend.

Complex to merge contracts

"MNCs want to access the bulk purchasing discounts, centralised billing, currency exchange, taxation reporting and policy control across their entire business that selecting a single provider should bring," says Andy Wilson, vice president of Sales and Marketing International at CTI Group. "However, while the concept of merging multiple, national contracts into one deal with one provider sounds straightforward, in practice it is highly complex and alien to the way in which carriers currently conduct business."

"If the carrier doesn't provide it, its account (with the MNC) is at risk."

The appetite MNCs have for this type of proposition is clear. Earlier this year, **Deutsche Post Worldwide Net**, the owner of courier firm **DHL**, signed a five-year deal for fixed and mobile enterprises, reportedly worth €350 million, with **Telefónica**. Telefónica has been targeting the enterprise sector across Europe and hailed the deal as a strategic move signalling its intent to pursue further similar deals.

The scope of the contract is huge. Telefónica will supply DHL with more than 100,000 LAN ports, 60,000 fixed voice devices, 80,000 mobile connections and 24,000 smartphones. The carrier will provide services to 125,000 DHL employees in 2,400 offices across 28 European countries.

Telefónica's ability to provide integrated fixed and mobile services across those countries is significant because it meant DHL selected it rather than Deutsche Telekom's **T-Systems** which already provided services for DHL in Germany. The days of carriers expecting to win business from companies headquartered in their home markets – for that reason alone – are clearly at an end. Failure to be able to provide what MNCs want will see contracts end and business leave.

Billing analysis

However, it's not just a case of stitching together an apparently unified, multinational offering wrapped up under a single brand. The point for MNCs is to gain greater control of their telecoms costs and services and, to do that, centralised billing analytics that enables a holistic view of the MNC's entire communications usage is critical.

Recent research from analyst firm Ovum suggests there is a disconnect between the capabilities of carriers and the priorities of enterprises. Among the shortfalls between MNCs' expectations and carriers' ability to deliver that the report highlights, the gap is greatest between expectations of billing and analysis tools and the capabilities provided.

As MNCs shift towards managed mobility services contracts – the **Ovum** survey found 60% plan to do so in the next two years – billing and analysis tools will become of greater importance as enterprises assess the effectiveness of their provider, get a holistic view of their usage and mine data to determine the best use of their budgets.

That's an easy concept to grasp but to do it in reality involves great complexity. It necessitates the ability to integrate disparate data feeds from different networks – and network layers, in different currencies, taking into account different tariff structures and cross border taxation. "The ability to report on individual countries and regions and analyse that data to a highly granular level, and have that data available immediately rather than as part of a monthly or quarterly bill, is the depth of information MNCs require," says Wilson.

Single currency reports

For instance, static reporting in disparate currencies is unacceptable because it does not provide an entire overview of the MNC's costs. Delivering data in Euros, dollars and pounds, for example, fails to provide a global view of an organisation's consumption whereas reporting in a single currency means an MNC's headquarters function can assess a holistic report of its telecoms spend.

Systems need to take account of the different ways in which organisations perform their accounting and provide the data they need. Many MNCs operate using agreed currency rates within their organisations. For example, there might be an agreed dollar rate between the European operations of a company and its US headquarters. That may not be the daily exchange rate but carriers will need to be able to provide the MNC with reports according to the way the MNC operates.

This might sound unappealing to carriers. After all, empowering MNCs with data that they can use to decrease their communications spend runs counter to the imperative carriers face to increase ARPU. However, the game has moved on and failure to offer this functionality now equates to failure to win large MNC business.

Carriers cannot miss out on business of this scale, regardless of a potential dip in ARPU, explains Michael Lightfoot, business development director at **CTI Group**. "Carriers are beginning to accept that reduced ARPU from massive deals involving tens of thousands of MNC employees is better for their business than gaining none of that revenue by failing to provide the billing and reporting capability that MNCs demand," he says.

That's not to say systems that address these issues are knocking on an open door. Such systems must make the case for their own deployment and demonstrate their business value to the carrier.

Appeal of managed services

Flexible approaches are required. In this capital-constrained climate carriers don't want to make large upfront investments, so offering such capabilities as a managed service is an approach that resonates well. Some carriers are keen to access this functionality as a hosted managed service, but the definition of these large contracts means that it is large carrier groups that are the main players here. As a consequence, the relatively low investment – certainly in comparison to network build – required to deploy such systems can be balanced against the potential to differentiate from the competition and win this high volume business.

Selecting an advanced solution that provides the capability for MNCs to slice and dice data and identify problems early – such as excessive cost in one area of their business –involves more work to implement and more upfront cost to set up. However, the greater the value to the MNC of the data provided, the more reliant they become on it and the more difficult it becomes for them should they want to change provider.

"Greater complexity means there may be a little more work in terms of set-up but it will result in a longer contract – which is exactly what the carrier groups are setting out to achieve," adds Lightfoot. "In addition, once a system has been implemented for one MNC much of the work can be replicated for future deals."

Mature systems, such as CTI Group's Analysis 7 also provide operational efficiencies to carriers. Although more in-depth than a single country system, it has a web-based look and feel and is easy to use with minimal training required. A further benefit is that, once deployed, the carrier's own sales team can use the system to analyse MNC usage and identify opportunities to upsell, cross-sell and serve their customers better, thereby generating opportunities to extend contract or life or increase ARPU.

Carriers simply have to do this now, as Lightfoot demonstrates: "One carrier recently told me their MNC customers in the current economic climate are demanding transparency of spend; if the carrier doesn't provide it, its account is at risk."

Michael Lightfoot, CTI Group: Work can be replicated for future deals