



EXPERT OPINION:

Turbulent markets demand integrated billing and BI

Turbulent economic times have the effect of raising the competitive stakes for all businesses including communication providers. Becoming ultra-competitive really could make the difference between staying in business and going under. So if you thought competition was fierce back in the good old days, it just got a lot tougher.



The author is Dr Jens Trötscher, chief technical officer of LHS.

In difficult times, communication providers must do two things: satisfy their customers better than ever before, and transform themselves into more aligned and agile organisations. Fortunately, integrating their billing systems with business intelligence (BI) enables success in both.

The fundamental value of billing information

A communication provider's billing database is often described as the 'crown jewels' of customer information – *all* details of *all* transactions with *all* customers across *all* their services represents a strategically important information asset.

Communication providers are uniquely placed to capitalise on this privileged position but, despite this, all the evidence shows that communications providers actually use their customer information for analysis far *less* than, for example, the retail industry.

Unlocking the potential with business intelligence

Historically, communication providers held huge quantities of billing data, but it was difficult to access and interpret except by database specialists. Analytics came along later and provided access and interpretation, but still required experts in statistical analysis to provide business users with real insight.

Business intelligence unlocks this data and for the first time makes it available directly to business users across different departments as a *single version of the truth* they can all understand and act upon.

The technology behind unlocking this data is a behind-the-scenes mapping between the underlying schema of the billing database and an 'abstraction layer' designed specifically for business users, employing straightforward business terminology such as 'customer identifier', 'business unit', 'tariff', 'product' and so on.

Unlike static reporting that can only present a flat, retrospective snapshot of the state of your business, BI enables you to drill down and uncover the reasons for problems in time to solve them proactively.

How to take control: Key performance indicators (KPIs) and dashboards

Key performance indicators (KPIs) are the vital

signs of your business: the metrics you have selected to measure the strategic success of the organisation. Typical examples of KPIs for a communications provider include:

- New contracts
- Revenue per business unit
- Average revenue per user (ARPU)
- Revenue per rate plan
- Revenue per service

The major BI innovation is the addition of a simplified 'presentation layer' usually called a dashboard which uses the 'abstraction layer' (also referred to as a metadata layer) to hide the underlying complex data model, and highlights the status of the KPIs required to take productive business decisions.

The status of these KPIs is displayed by visualisation tools such as pie-charts, line charts, histograms and speedometers. Coloured 'traffic lights' show which KPIs are currently running as expected (green), slightly outside expectations (yellow) or worse than a predefined critical level (red).

You wouldn't dream of driving a car just by looking out of the window, and similarly these dashboards provide a central point of view and control over your business KPIs.

Business users can see at a glance where problem areas exist and rapidly drill down into the underlying information to find out the causes and take appropriate decisions to get the business back on track.

Dashboards make a huge contribution to decision-making productivity because they are highly intuitive for business users. They present a single shared view of the truth for the whole organisation, being based on the same underlying data. They help users visualise the bigger business picture before zooming in to investigate the specifics, and help to uncover future trends, not just past events.

The benefits of integrating billing and BI

The many applications of BI can range from customer intelligence, customer care, tariff planning and management up to enterprise performance management, which means mapping the enterprise's corporate strategies to manageable KPIs from corporate level down to all operational levels. ▶

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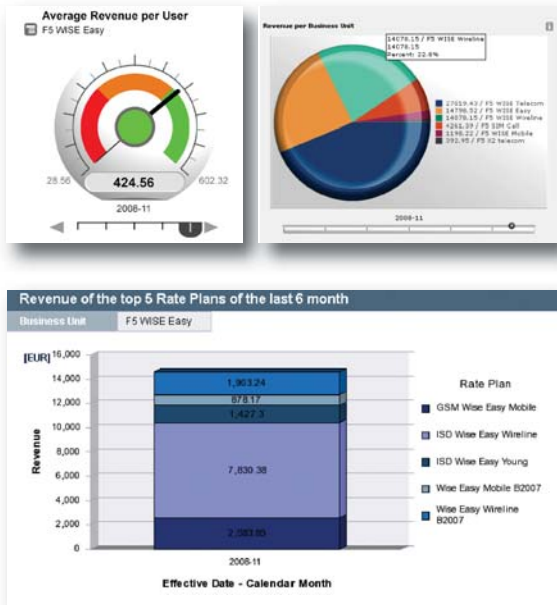


Fig 1: KPIs and dashboard examples

Customer intelligence

In tough times, it is imperative to understand your customers and direct their buying behaviour. Do you know who your most and least profitable customers are – it may not be those you immediately think of? Do you know what motivates their behaviour and how to nurture that? Can you tell which customers are about to leave and how to keep them?

Customer care and relationship management are critical in a competitive environment, to ensure customer problems are dealt with immediately to increase satisfaction.

BI provides the insight to improve your customers' experience, increase revenue, and reduce churn. For example:

- Know which services to offer to which customers to get the best return on investment.
- See which customers to target with exceptionally relevant and desirable content and advertising to bolster shrinking revenue streams.
- Uncover exactly which services, customers, and geographies yield the highest profit.
- Find out which customers are losing you money and decide what to do about them.

Churn management

It is cheaper to keep existing customers than find new ones, so use BI to decide which valuable customers are at risk of churning and target them with attractive promotions and discounts.

B2B user reporting

Offer a BI-based service, reporting back to your corporate clients, highlighting their end users' usage behaviour and how they could make savings.

Enterprise performance management

Are your business units working together, sharing common goals and objectives, or shooting off at tangents? With a performance management system you can see immediately how the organisation is performing and align all units around common goals using KPIs and dashboards. This top-down approach ensures all levels of the organisation are aiming in the same direction and arms them with the information necessary to measure their own progress. For example:

- Understand which products and services are outperforming the others.
- See which of your business units (or even your MVNOs) are winning and losing in the marketplace.
- See which business partner offerings (such as content partners) are performing well and provide this value-added information to them.
- Assess which tariff or rate plans, product bundles or discount packages are performing well operationally and which others need modification.

Revenue analysis

Slice and dice your billing data with BI to analyse your revenue by product, time and business unit to identify and address the under-performing areas.

Revenue assurance:

Use BI to drill down into billing information to investigate potential sources of revenue leakage such as unbilled revenue or stranded assets.

The way forward

Integrating billing and business intelligence is the best way forward to ensure you survive and thrive in the fiercely competitive, turbulent markets of the future.

Do not underestimate the strategic importance of billing data and the need to make it easily accessible for business performance analysis and strategic decision making.

Keep in mind that billing software vendors are not usually experts in business intelligence, so check that your billing software vendor has a strong partnership with a specialist BI software company.

Building competence in BI across your organisation takes time because there are usually cultural obstacles to overcome to get departments fully aligned and working together. So start now, by using BI to satisfy your customers better than ever, and develop your enterprise performance management competence in tandem.

As your BI competence grows, you'll be able to exploit the latest advances in other BI applications such as predictive modelling, fraud detection or risk management. And the sooner you begin, the sooner you will reap the competitive rewards, as a highly aligned and more agile organisation.

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VanillaPlus Jargon Buster

BI = Business Intelligence

KPI = Key Performance Indicator