


**Jan Wäreby, Senior Vice President and Head of Business Unit Multimedia, Ericsson**

Jan Wäreby has been Senior Vice President of Telefonaktiebolaget LM Ericsson and head of Business Unit Multimedia since January 2007. From 2002 to 2006 he was Corporate Executive Vice President and Head of Sales and Marketing, for Sony Ericsson Mobile Communications where he played an integral role in establishing the joint venture. Between 1981 and 2001 Mr Wäreby held various managerial positions, mainly within Ericsson's Sales organisations in Sweden and the US, and headed the company's mobile phone business. Born in Karlskoga, Sweden, in 1956, he joined Ericsson in 1980, as a trainee in marketing management, after graduating from Chalmers University of Technology, Sweden, with a Master of Science Degree in Electrical Engineering.

Wolfgang Kroh, Chief Executive Officer, LHS

Wolfgang Kroh received a diploma in mathematics and computer sciences at the Technical University in Hannover in 1978. Thereafter he worked at Control Data GmbH, ultimately as Sales Director. In 1987 he moved to Convex Computer GmbH, becoming Managing Director Germany and Vice President, Sales EMEA. In 1997 he joined LHS GmbH to become Managing Director Germany and Senior Vice President EMEA. From 2000 to 2001 he was Managing Director Germany, Senior Vice President & General Manager EMEA at Digiquant Deutschland GmbH, in Neu-Isenburg, and subsequently became Managing Director at EMC² Deutschland GmbH. In January 2006 he returned to LHS and was named CEO in July 2006.



Ericsson and LHS launch a unified charging and billing suite

VanillaPlus: How would you summarise the challenges in the business support system (BSS) industry during 2009?


Jan Wäreby: It depends on the market. In our experience, operators in emerging markets primarily need solutions for managing their growing subscriber base and voice traffic, whereas operators in mature markets need solutions for managing the growing subscriber base in mobile broadband and introducing new multimedia services and new business models.

From a technology perspective, the ongoing migration to converged all-IP broadband networks, combining broadband Internet, voice and video traffic, is a near-term challenge for many service providers. They are also demanding cost efficient, energy-efficient and future-proof, multi-technology solutions.

From an operational perspective, service providers are looking for solutions and support to gain flexibility, reduce their operating expenses and improve efficiency.

From Ericsson's perspective, our revenue management business was performing well, despite the tough economical situation in the world last year. In 2009 we gained real momentum from our acquisition of LHS and won several convergent charging and billing contracts during the year, leveraging our combined competence in prepaid and postpaid.

LHS' results have been strong over the past years since you were acquired by Ericsson. To what do you attribute this performance?

Wolfgang Kroh: We are very pleased with the performance of our business over the last two 



“At Mobile World Congress this year we will be launching our new unified charging and billing suite.”

– Jan Wäreby,
Ericsson



years and during the economic crisis. In both 2008 and 2009 the Ericsson and LHS revenue management businesses have achieved good growth and we have signed a significant number of new deals.

I think this can be attributed to a combination of factors. We are benefiting from the geographical distribution of our business covering a number of growth markets such as the Middle East, Africa and Asia, as well as successes in Western Europe, helping convergent communication service providers transform their charging and billing solutions.

In addition, we are benefiting from the synergies in our go-to-market model, with LHS now enjoying considerable success through its Ericsson channels. We have also built LHS product competence within the Ericsson services organisation which is helping this success.

I also think we are now seeing the benefits from the combined strengths of our companies coming through. We have enjoyed further success with our joint convergent charging and billing solution.

What has been the most significant change to Ericsson’s revenue management business since the acquisition of LHS?

JW: We have focused on leveraging our combined offering and know-how, the strength of our charging and billing solutions and also our go-to-market synergies.

At Mobile World Congress, this year, we will be launching our new unified charging and billing suite. The suite is designed to provide any service provider a business support platform for their specific market requirements and provide the tools for all their charging and billing needs.

The suite is built around a set of pre-integrated modules developed by Ericsson and LHS, thus providing the best technology and expertise from both the postpaid and prepaid worlds. It will also provide our customers a competitive advantage with a clear path to a fully convergent solution, no matter what their starting point is.

I believe that the new Ericsson charging and billing suite will help our customers to stand out from the crowd, enabling them to offer innovative and attractively priced offerings tailored to their customers’ specific needs. We have created the new Ericsson charging and billing suite to support our customers in growing their revenues, enabling new business models and allowing for full monetisation of network and data assets.

So is convergent charging and billing still fundamental to Ericsson and LHS’s revenue management business, even though there are

still relatively few examples of service providers that have taken this step?

WK: Absolutely. In 2009 we have sold several convergent charging and billing solutions. In addition, I can say that the majority of proposal requests received last year contained a convergence requirement.

It is true that over the last few years there are only few examples of incumbent operators that have taken the step to convergent charging and billing.

However, service providers have spent this time educating themselves about what convergence really means and how it can be implemented. Even if operators do not wish to directly move to full convergence many insist on seeing a clear evolutionary path, which as Jan said, is the philosophy behind our new charging and billing suite. We are increasingly seeing our customers take a step-wise approach to convergence, with different starting points and different business objectives steering the evolution.

I am convinced that over the next couple of years most remaining greenfield operators will launch their businesses based on fully convergent systems but more significantly we will see incumbent operators increasingly converge their charging and billing systems.

JW: As more and more service providers plan to converge their charging and billing systems we are seeing that cost reduction is an increasingly important driver. This was made very clear in a study we recently commissioned. The study was based on a survey covering a range of different operators’ businesses in markets at various levels of maturity. It concluded that charging and billing systems convergence can enable cost savings of up to 20%.

Convergence is also being driven by continued consolidation within the communications industry, the rapid uptake of consumer multimedia services and the increasing emergence of multi-play offerings. Convergent systems are required to enable service providers to innovatively package, price and support these services in a way that provides real value to the subscriber. At the same time, operationally, it makes little sense to maintain multiple service specific systems.

What do you expect the future business of next generation service providers to look like, and what sort of revenue management solutions will they need?

JW: We believe in an all-communicating world; a world in which any person can use voice, text, images and video to access and share ideas and information whenever and wherever they want. Within a few years, we foresee communications



extending beyond places and people to devices. As a result, we believe that the ICT industry can be a key enabler for a sustainable and prosperous society and to bridge the digital divide. This will have significant implications on service providers' business models and, of course, the BSS solutions they need.

WK: At the same time, I believe increasing revenue, minimising costs, increasing innovation and driving customer loyalty will always remain as the service provider's core business drivers. There will, of course, be different flavours of these drivers depending on maturity and economic development of the market.

I believe we can make three basic assumptions about the next generation of communications businesses and the BSS implications. Firstly, I think communications companies will increasingly be multi-play businesses; much less reliant on single network services. Competition and decreasing ARPU will mean that the only way a service provider can grow its business is through acquisitions or by horizontal expansion into different services such as fixed mobile convergence, possibly including IPTV and Internet services.

Clearly convergent charging and billing solutions are vital to support this type of business, enabling service providers to offer subscribers a truly integrated multi-play product. But it is not just about being able to offer a single invoice or a single point for customer care. Much more important is to have a billing and customer care system that truly serves as a marketing platform that gives the subscriber the feeling of an integrated communication experience with cross-service packages and promotions that are tailored to their lifestyle of business needs.

Secondly, business models will change, including the introduction of new players into the value chain. I have often heard the question asked: why do charging and billing systems need to be increasingly sophisticated when in fact offerings to subscribers are becoming simpler with a trend towards flat rate plans?

The reason charging and billing systems need to be increasingly powerful is because of the complexity of some 'behind the scenes' business models that will need to be supported. These will include a range of content partners, each with different business terms to be supported. Although operators have been working with content providers for a number of years, the evidence suggests they still have not fully got to grips with this type of business model. Advertising services, IPTV and other B2B business models such as machine-to-machine will also present different types of challenges that need to be supported by increased BSS flexibility.

Finally, I believe that the communications


experience that subscribers demand will be different. They will expect personalised experiences based around their profile. This will affect the prices they pay for the package of services they receive. Moreover, they will expect offers and promotions to be in context and relevant to them based on their personal profile, usage history but also other information such as location or even handset type. For that reason I think business intelligence combined with powerful predictive analytics, integrated into the charging and billing environment will be vital to delivering this experience, ensuring subscribers receive information about the right promotions and services at the right time and in the right location.

JW: I also believe that all services will need to be monitored and to a larger extent charged in real-time. As service providers increasingly offer different types of services, subscribers will need to feel they have full control over their spending. Operators will also need to minimise credit risk by putting real-time cost control measures in place, which is particularly relevant when third party partner payments are involved. The demand for real-time is further driven by legislators that are requiring spending control for consumers, for example European Community directive for real-time data roaming spending control for all customers.

Communications providers will be offering new services and will have an array of new competitors and partners, particularly from the Internet domain, being able to leverage the billing relationship they have with their customers and the data they possess within their billing and charging environments. This information will be crucial for their success in the new communications market.

In today's market environment, what do you see as being the main expectation that a service provider has of a BSS software vendor?

JW: Obviously, service providers look to a vendor to cover all their business requirements and in particular to help them reduce OpEx. However, we see that service providers increasingly seek a partner that understands everything; from the consumers to the technology.

A vendor, therefore, needs to be able to provide both the right solutions and help deliver them. The first part includes a clear roadmap, demonstrating how future market needs will be supported by their products but moreover to show the service providers how they can easily evolve from their current system to future releases. On the other side of the coin is the capability to facilitate the transformation they have undertaken. This is fundamental to our strategy in helping service providers to achieve a fully convergent charging and billing environment. 

"BI combined with powerful predictive analytics, integrated into the charging and billing environment will be vital."

- Wolfgang Kroh, LHS



**VanillaPlus
Jargon Buster**

B2B = Business to Business

BI = Business Intelligence

BSS = Business Support System

IPTV = Internet Protocol Television