



EXPERT OPINION:

Operators want to enhance their powers of analysis

The demand for revenue assurance and fraud management tools has grown significantly in recent years, and operators' needs are always evolving. To learn more about the growing need for business analytics, VanillaPlus spoke to Alon Aginsky, the President, CEO & Founder of cVidya Networks which last year acquired ECTel and has further growth plans in the coming months.



Alon Aginsky is the President, CEO & Founder of cVidya Networks, with 21 years of management and marketing experience in telecoms, software development and network management. Alon is a 'serial entrepreneur'.

VanillaPlus: What impact has the global financial crisis had on fraud and revenue assurance in communication services?

Alon Aginsky: The CFO of one of the world's largest telecom operators told me a year ago, as tough as the financial situation is, he's much more concerned about fraud attempts and revenue leakage. The harder the financial crisis gets, the more fraudsters there are out there trying to make a buck. Operators are now more concerned about protecting their networks, their customers, and the services they offer. The dealer network that they have is also more vulnerable.

The other aspect is that operators are facing shrinking margins on voice services and every penny counts. They can't spend much money on building new services, or transforming completely from one generation of technology to another – everything has to do with the business case. Fraud management and revenue assurance falls perfectly into this timeframe, where we are (in most cases) helping the operator to build the business case for new services. The ROI that telecom operators get from revenue assurance and fraud solutions usually is so high that they can fund other growth areas in their regular business with these projects.

So, I think that the economic climate encourages operators to invest more in the analytics of their existing business and invest more in improving the back office fraud management and RA systems, and increasing their efficiency in handling all of their back office BSS and OSS components.

VP: How are revenue assurance software vendors able to help CSPs overcome these challenges?

AA: I can give you the example of one of our

customers in the interconnect business. One of their services is a BlackBerry™ service. They found out through our revenue assurance solution that a large amount of BlackBerry users ceased using this service because of the financial climate. But RIM (the owners of BlackBerry) were charging them recurring fees although those customers were not paying the operator any longer.

A few years ago maybe nobody would have looked at this number of customers who were not being charged because they had so much profit from other types of data services. But these days the amount of money paid to RIM can be substantial. Over one year it was millions of dollars. Vendors such as cVidya can look into those types of costs, analyse in near real time these transactions, and mitigate the financial risk.

VP: Evidently, CSPs are spending a lot more time analysing their profit margins these days – and the challenges to them. Are there any other examples of this today that weren't seen a few years ago?

AA: Profit margins have always been important. In traditional voice services margins have been low for several years because of competition. Additional services have had to offer higher margins that the operators could sustain and grow. One area that has been a strong profit generator on the voice side has been roaming. That's still a high profit engine for operators. But in national services – fixed and mobile – the profit margins have in some cases evaporated, especially with the introduction of VoIP.

The number one issue that is missing for operators is visibility. It's the ability to understand what you have: What is your pattern of usage in your voice network; how you can group customers by geography, or by



amount spent; and what specific pricing plans you want to offer to those groups. The days of 'one size fits all' are long gone, so cVidya is helping operators through our Business View® product. This gives the ability to analyse existing usage of voice and data services and then to offer the segment a more tailored, profitable price plan.

We have a strong success story with a European tier 1 mobile group who have been using our Business View product for some time. They are enjoying higher margins in voice since using it, because of the segmentation and personalisation for different groups.

VP: Another fast growing area – particularly in developing telecom markets – is the provision of mobile payment and money transfers. What are the revenue assurance needs in this arena and how well are the operators' needs being met?

That's a market that's picking up quicker now, but it's definitely not there yet. If you have banks and mobile operators that need to receive and send small amounts of money across borders, we can reconcile a specific transaction, so that neither party is putting too much 'skin in the game', they're not losing any money in this transaction.

By using our technology and techniques in fraud detection – looking for patterns, or identifying blacklisted subscribers or transaction holders – we're helping the banks, operators and retailers to avoid dealing with them. So the challenges are around detecting it, putting in some controls (KPIs and alarms), and thirdly reconciling settlements between the parties so that they are all working off a single data repository.

VP: You've talked about external fraud, but for a long time the elephant in the room for operators experiencing revenue losses was internal fraud. Is this now adequately recognised, confronted and tackled?

AA: It's an excellent point; it's an open secret that's been around for years. The operators didn't admit the magnitude of the problem that they have. And they didn't want to discuss it in case it leaked into the media and put them in an awkward position about their own employees. But with so much fraud in other sectors like banks and insurance

companies, telcos see that the scale of the problem is such that with our tools and processes you can fight it.

We see that especially around billing-related areas where a CSR could assign his family and friends into the lowest price plan available. We see roaming calls being deleted, or SIM cards that aren't registered and all calls are assigned to a bucket called "testing", or in subsidies for iPhones that are only given to specific business customers. We see it also in premium content services delivered free to people that aren't even permitted to receive it.

All of that is done internally, by employees – sometimes temporary ones. It doesn't mean anything about the culture of the company, it could be contractors or third party vendors. But if you don't have controls, KPIs, and real-time visibility of the data, as an operator you put yourself at risk of losing a lot of money.

VP: We've already reported extensively on the merger of cVidya Networks and ECTel (see vanillaplus.com and VanillaPlus, April/May 2010, page 5). But what does the merger enable cVidya to do now that it couldn't before?

AA: That's a good question, because I think size does matter in this market. I think that the benefits are the ability to be in the face of 145 CFOs, CEOs, and CIOs, the ability to cover the market, the ability to compete better in all geographies, the ability to finance what you want to do – for instance financing another acquisition that we're planning.

It's also enabled us to reach high up into every operator in the world and in the financial industry. Some of the largest banks in the world are now approaching us to work on our next transaction. And it's the ability today to look beyond the existing revenue assurance and fraud management business into the next generation of telecom analytics which is where we think the growth is coming.

VP: Can you put a timeframe on this planned acquisition or tell us anything about the target areas?

AA: I can't give you the timeframe because we're not in a rush to do it. We want to do the right deal, and with the right target. We are looking into growth markets and technologies that can bring our existing 145 customers real financial value. **\$**

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- Alon Aginsky, cVidya Networks**

VanillaPlus Jargon Buster

BSS = Business Support Systems

CSP = Communication Service Provider

CSR = Customer Service Representative

KPI = Key Performance Indicators

OSS = Operations Support Systems

RoI = Return on Investment

VoIP = Voice over Internet Protocol