



EXPERT OPINION:

Business analytics deliver differentiation and cost savings

Provision of business analytics tools is now becoming a means for operators to differentiate as well as to drive cost from their operations. However, the operator sector is recognising the value of such propositions as large corporate customers are increasingly demanding richer and deeper insight into their complex contracts.



Dr Alastair Hanlon,
Convergys
Smart Revenue
Solutions

Until recently, large corporations have been provided with remarkably little in terms of analytical capability by their communications services providers (CSPs). Applications such as e-billing and telecoms expense management tools have been provided by operators to enable their customers to gain some insight into their usage and costs, but there is now scope for more efficient processes and greater functionality. Too often in the past, effective business analysis of telecoms consumption has been confined to the provision of historical data on CD or even paper spreadsheet print-outs.

Now, as corporations select increasingly complex portfolios of services from operators, they are demanding greater granularity of analysis into their contracts. They want easy-to-use, online business analytics tools that provide real-time reporting into their usage. For operators, massive, long-term deals are at stake if they fail to provide this.

Clients want control

"Clients are demanding these types of applications to control their expenditure and have visibility into their usage," says Dr Alastair Hanlon, Global Director of Telecommunications, **Convergys Smart Revenue Solutions**. "In the multinational corporate (MNC) market in particular, the services margins are large enough for service providers to offer this greater analytical capability."

For Michael Lightfoot, Director of Business Development and Strategic Alliances at **CTI Group**, there is a real return to core billing analysis and reporting in the market. "The reason why that's happening is that operators across the globe are having to deal with more services and more data hits on their networks. Businesses consuming those services are becoming increasingly demanding and want to understand their spend better," he says.

"Every RFP or tender contains a significant area around online reporting and analytics, and the market is stepping out of the e-billing paradigm now – everyone expects it and it is ubiquitous, so

vendors that can provide the complexity of analysis across the operator's entire estate have the advantage," he adds

Hanlon points out that approximately 80% of operator revenue from business customers comes from about 3% of their customers, so there are a small number of very high value customers that operators need to address with a differentiated proposition to retain or win new business.

Telefónica's deal maker

A classic example of business analytics being used to underpin a high value customer win was last year's successful bid by **Telefónica International** to run an international logistic firm's European communications. That saw Telefónica awarded a contract for fixed and mobile services in more than 20 countries. The Spanish operator used the ability to provide business analytics as a differentiator to help it win the deal.

"From the logistic firm's point of view, the advantage of single sourcing from Telefónica is that they can get economies of scale," adds Hanlon. "Our billing is part of the solution delivered by Telefónica and it supports the opportunity for an operator to offer promotions and global pricing. So the operator, for example, can get price records from a single country operator and apply the 'customer's price' to them. Equally, a customer can have the ability to identify where its costs are higher and lower, and fine tune accordingly."

That deal, whilst boosting the profile of analytics across the industry, also saw Convergys take up the data analytics self-care application, Analysis 7, from CTI Group. "The CTI solution adds a lot of value as a data analysis front end," says Hanlon. "We've signed a global reseller agreement with CTI and we are now in the process of integrating the products together for enterprise clients and making a productised proposition."

Lightfoot thinks the integration will address market demands effectively. "Convergys sees the

Michael Lightfoot,
CTI Group: "There is
a real return to core
billing analysis and
reporting in the
market."



Michael
Lightfoot, CTI
Group



same things we see in terms of the heightened desire for reporting and analysis," he says. "The work we did together at Telefónica has really been the blueprint and, in the longer term, we want our solution to be essentially totally white-labelled within their solution."

Reduced OpEx

That productised approach will move the market on from its traditional approach to analytics solutions. "In the past there have been one-off, custom solutions and, while the data has always been supplied or been available to customers, the challenge has been in how easy it is to use," says Hanlon. "Having an easy-to-use, online tool makes the capability accessible to more people within the client community and also reduces the cost of operations for the service provider because it is a self-care solution."

That's an important point from the perspective of operators' cost of operations. Not only does providing analytical tools enable operators to differentiate, it means that they no longer need to maintain large teams to help customers understand and analyse their bills. "Online analysis is utterly essential because without it you will be swamped in the CSR environment and your customers will leave," says Lightfoot. "These are where the real cost savings are."

Nevertheless, Hanlon cautions that the market remains at an early stage. "There is still a gap within service providers between the theory and the reality," he says. "The data is very much available and as a billing vendor we hold huge amounts of it, but very little is being used other than via the classic data warehousing approach. When I speak to operators, in spite of having huge amounts of information, they still have limited insight into that data, and the talk has been about understanding what a small sector of the customer base does."

Hanlon would like to see that widen to the retail and smaller business sectors of the market but thinks the market is still some way away from that. "I can see the analytics capability we are providing quickly becoming sought after in the business sector, but in retail the market is bigger and broader and it is not clear to me that people understand the value of analytical tools yet. It is not just about technology, it is about the way operator businesses are run today," he adds. "The technology exists but do the marketing processes? Do the people in operators have the mindset that allows value to be maximised?"

For Lightfoot, providing analytics in the cloud and the development of analytics applications for smartphones are the future development paths that CTI Group will progress along.

"The evolutionary path is in how providers of these solutions and services get up into areas such as the cloud," he says. "It will also be critical to enable reporting to a smartphone or smart device application. Pushing out to new platforms is key to the development of analytics and reporting in the next 16-18 months." \$

Dr Alastair Hanlon, Convergys: "A customer can identify where its costs are higher and lower, and fine tune accordingly."