

2013 | www.tmforum.org

SPECIAL SUPPLEMENT

tmforum QUICK INSIGHTS

CAPTURING THE DIGITAL REVENUE STREAM : BUILD YOUR CORe FITNESS

Sponsored by:

This supplement is
exclusive to Oracle

ORACLE[®]

CAPTURING THE DIGITAL REVENUE STREAM : BUILD YOUR CORe FITNESS

This supplement is exclusive to Oracle

Although it is happening at different speeds in different markets, voice and SMS are increasingly becoming commodities, and the decline in operators' revenue from these core services is accelerating. Earlier this year Ovum stated, "Voice and messaging revenues will come under increasing pressure, but mobile data revenue growth won't be enough to fill the gap."

The research house found operators collectively lost more than \$23 billion in SMS revenue in 2012 to customers preferring to use apps like WhatsApp. Informa Telecoms & Media (ITM) found that over 19 billion app-based messages were sent in 2012 compared with 17.6 billion texts.

Clearly operators need to look to creating new services, business models and revenue streams to have sustainable businesses in future. The good news is that there are lots of opportunities, such as the growth in machine-to-machine communications (M2M), which according to research from ITM in July 2013 forecast 315 million public cellular M2M connections and mobile network revenues of \$12.82 billion from M2M services.

Old approaches won't work

Operators have no time to lose in addressing these new opportunities – but one thing is clear: they cannot take the same approaches to launching new services as they did in the past. Formerly they typically set up separate organizations and infrastructure to offer new services, as fixed line operators did when they moved into mobile or IPTV.

This created silos, often involving lots of proprietary software and interfaces. These had high capital and operating costs, slowed the introduction of new services and inhibited innovative pricing and bundling and the operator's overall ability to react to changes in the market.

A new approach to the next generation of services – cloud-based applications and storage, M2M, car-based telematics, content delivery, security, home automation, remote health monitoring, assisted living, smart grids and cities, and environmental monitoring to name just some – cannot be developed, provisioned, delivered and monetized using the same implementation models.

Operators are only too aware of this. In October, 2012 TM Forum surveyed¹ more than 50 service provider members to find out how they plan to become digital service providers. It found that 55 percent of respondents believe their legacy systems are too complex or expensive to integrate into the development of new products. Of those who were concerned about integration difficulties and cost, 83 percent saw Business Support Systems and Operational Support Systems (BSS/OSS) integration as the major concern.

Partnerships are key in the digital world

Add to this serious issue the fact that in practice operators will only be able to provide many of these services by working with at least one external partner and operational complexity spirals – particularly as the trick of offering sustainable, profitable services will be down to constantly evolving combinations of established and new digital services.

As IMT's analysis of opportunities for operators in the digital world spells out in the forthcoming edition of TM Forum's Digital Life², operators have a huge, center-stage opportunity if they can bundle connectivity (the essential ingredient) with other components, from whatever source, economically to offer great benefits to specific customers and segments.

This simplifies the situation for enterprise customers – dealing with one, trusted brand from procurement to service consumption and

¹Results of this survey can be read in full in the 2012 edition of Digital Life which can be downloaded free from www.tmforum.org/digitallifepub2

The 2013 edition of TM Forum's Digital Life will be freely available for anyone to download from the Research & Publications section of TM Forum's website www.tmforum.org from mid-October.

invoice – and puts operators in a strong position when competing against the raft of single-service, specialist providers.

Exploiting opportunities

However, to exploit these opportunities, operators need to move to robust, scalable, secure, horizontal, standardized platforms to which services can be added almost at will, with minimal customization and fast, simple integration. Depending on circumstances, they might opt to migrate established services to the new platform, in a phased, prioritized manner, or leave some they will gradually phase out (or deliver differently in future) running on their original systems.

Whatever route an operator chooses, based on its business priorities, the all-important economies of scale can only be gained by ‘industrializing’ BSS/OSS. In this context,

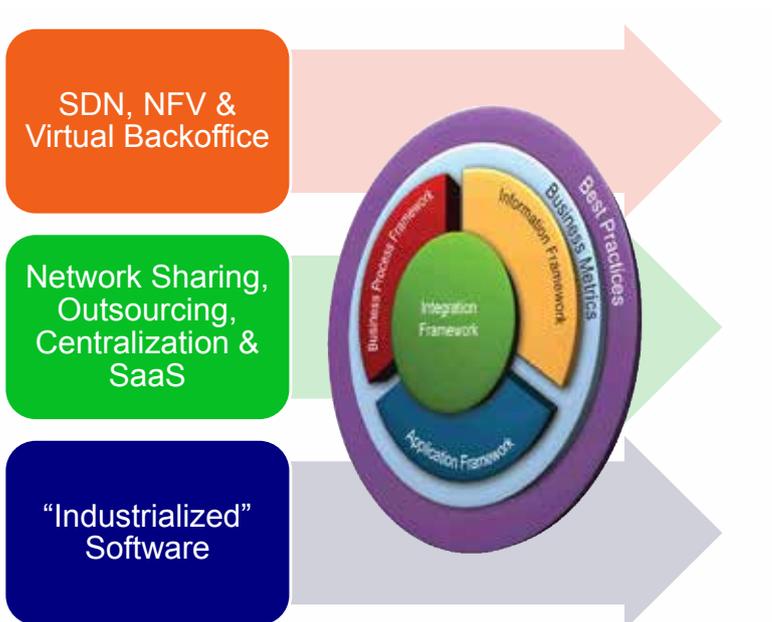
industrialization is a shared responsibility between the vendors and the buyers, as they jointly work to exploit economies of scale.

Changing landscapes

TM Forum recognizes that service providers’ decision-making processes around investment and their procurement landscape are changing rapidly. The first obvious and visible trend that has emerged in recent years is service providers buying commercial, operations-ready (CORe-like) solutions. To support its members through these big, complicated operational and cultural changes, and to smooth their transition from being communications service provider to digital service providers, the Forum has launched the CORe project.

The project builds on the Forum’s far-sighted program to certify products and solutions which conform to its Framework suite of

Figure 1: Shaping up for the digital world: Three critical trends identified by TM Forum



CAPTURING THE DIGITAL REVENUE STREAM : BUILD YOUR CORE FITNESS

This supplement is exclusive to Oracle

standards-based best practices (Frameworkx is used in whole or part by some 90 percent of the world’s operators). How the Forum sees this progressing is outlined in Figure 1. The TM Forum Conformance Certification program is steadily gaining traction in the market (go to www.tmforum.org/ConformanceCertification for more information).

In other words, CORE-like solutions are pre-integrated, productized solutions that have been certified by TM Forum as being Frameworkx-conformant to implement a broad range of business processes. The goal is that as BSS/OSS systems move toward becoming a standardized platform, CORE solutions will be ‘industrialized’ at a higher level than traditional solutions.

Building on success

The purpose of the CORE project is to better define details of the CORE approach, building upon the experience gained from early CORE-like

implementations and their benefits to service providers and vendors. The goal is to formalize the definition of CORE solutions and maximize the value buyers and vendors can derive from Frameworkx certification.

Oracle has demonstrated its commitment to Frameworkx conformance certification and industrialization by being the first vendor to achieve certification for solutions and has the largest number of solutions certified (see Figure 2). They include:

- Rapid Offer Design and Order Delivery (metrics cover offer-time to-market, order cycle time and operational efficiency);
- Rapid Service Design and Order Delivery (metrics cover service introduction time, order cycle time and cost of ownership);
- Unified Customer Relationship Management and Billing and Revenue Management (metrics cover customer lifetime value, acquisition and retention, and cost to serve the customer).

Figure 2: Oracle’s suite of Frameworkx-conformant certified solutions and their relationships with each other – see Figure 3 for how they map to TM Forum’s Business Process Framework

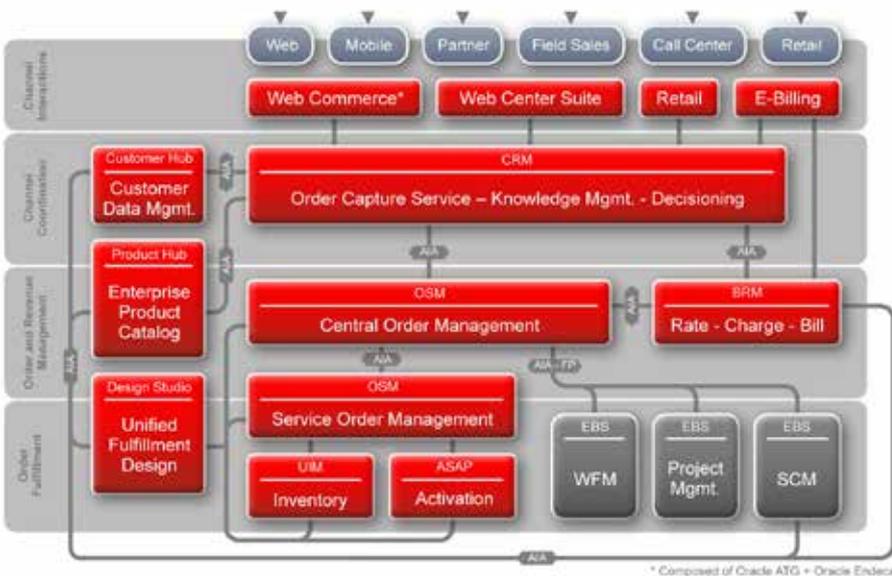


Figure 3 shows how the standardized processes at the core of Oracle’s productized solutions map to TM Forum’s Business Process Framework (eTOM), a core component of Frameworkx.

Oracle is playing a key role in progressing the Forum’s CORE project, with the aim of benefiting the Open Digital Economy espoused by the Forum. The company is drawing on its experience of and conformance with Frameworkx, not least from a number of highly successful, early CORE-like deployments. They include enabling Telekom Malaysia (TM) to succeed in its NOVA project, a company-wide initiative to optimize end-to-end processes for launching and delivering next-generation services. A standards-based IT approach allowed the service provider to launch metro Ethernet services in fewer than 10 months and kept customization to under 20 percent.

Likewise, Verizon Telematics was able to realize an additional \$30 million in new revenue by implementing Oracle’s Business Process Framework-conformant Rapid Offer Design and Order Delivery (RODOD) solution within 100 days . This significantly reduced the amount of customization necessary to integrate an end-to-end customer relationship management, billing and order management functions.

Both were finalists in TM Forum’s Excellence Awards 2013 and you can read more about them in TM Forum’s just-published *Quick Insights* report, *New services: Bridging the gap into the digital world* from www.tmforum.org/bridgingdigitalworld.

If you are interested in learning more about Oracle Communications solutions please contact us directly at oraclecomms_vwv_grp@oracle.com, or visit www.oracle.com/communications.

Figure 3: Standard processes at the core of productized solutions, with how its concept-to-cash solutions map to TM Forum’s Business Process Framework (eTOM)

