

Co-sponsored feature: cVidya Networks

# Losing revenue by the packet

**Operators could be losing 10-11% of their broadband revenue, warns Alon Aginsky of cVidya — and it will get worse as broadband services expand. Even assuming a more modest figure, tools are available to tackle the problem, with a return on investment measured in months**



**Alon Aginsky: "CFOs don't know how big the problem is, they just have a gut feeling that it's serious"**

Revenue assurance is a segment that is hot in the market today, and the rapid development of broadband is making it more important, says Alon Aginsky, the president and CEO of cVidya Networks.

He is doing the rounds of CFOs to warn them of a serious revenue leakage problem. "CFOs don't know how big the problem is," Aginsky says. "They just have a gut feeling that it's serious."

Aginsky tosses in something else to worry about: 60% of worldwide IP traffic is data, but that generates only 15% of the revenues. Two years ago data accounted for under 5%. "The market estimates that by 2007 revenues from data will be 40-45%." So operators need to look at broadband data revenues, "when the problem is still small".

Operators' future is tied up with the revenue they can earn from broadband, Aginsky points out.

Take a moderate-sized European telco, with say 500,000 broadband customers. "The ARPU for broadband services in Europe is €60, so that means we're talking about a monthly broadband revenue of €30 million." Aginsky believes operators are losing up to 11% of that revenue, every month and it will get worse.

"Broadband is the largest growth area for every telecom operator. Most of the new services, such as VoIP, IP VPN, online gaming and other value added services are all based on data packets and not on standard TDM PSTN architectures."

There's more. At one time, operators used consultants in order to devise a strategy that will help them reduce the risks of revenue leakage. "Today it's not enough, since operators need a 24/7 tool to monitor revenue leakage events and reclaim lost revenues, especially as broadband services are a very dynamic market — the churn rate is high, people constantly change their profile, you have a lot of different pricing schemes and — although a lot of them are flat-rate — there are a lot of different options." Operators are looking for a tool. And tools are cVidya's business.

The cVidya idea emerged from the need for an OSS-BSS reconciliation engine, recalls Aginsky. "We recognized there was a good opportunity, and we spoke to over 20 operators around the world, including Korea Telecom, Sprint, Deutsche Telekom and many others."

The MoneyMap platform is "a highly sophisticated engine that reconciles OSS information which is net-

work-oriented — meaning IP address, network topology, information about DSLAMs and packets — and from the other side, BSS information.

The MoneyMap solution is really "a highly sophisticated database, which we call a data mart."

The data mart combines information about the business processes as well as the network resources and the billing records, all into one place, "With one click of the button, you can see every network resource directly connection to an invoice item — that's the MoneyMap technology".

That way you can understand, Aginsky continues, "Which customer is using which service, how much the customer is paying, what is the year-to-date revenue of this customer, is it a strategic customer, a pre-pay or post-pay customer, and so on."

But there's another side to it. "We know every customer and what network resources each is using," says Aginsky, thus creating a real-time picture of the network, "not from a technical point of view but from a financial point of view".

Given that wealth of information, cVidya is able to provide revenue assurance by identifying what Aginsky calls "mis-billed customers, no-billed customers and stranded assets in the network".

Where customers have been overcharged, not only does that risk creating unhappy customers, but will probably be in breach of regulatory conditions. "You can lose your licence," warns Aginsky.

In addition, provisioning is "maybe 100 times more complex" than for conventional voice networks, so it is not surprising that errors occur.

How big are these billing errors? "Our estimate is that operators are losing 10-11% of their revenue in broadband services," says Aginsky.

What's the return on investment? Aginsky set some challenging targets earlier in the interview. If the loss is not 11% but 3-4%, "you're talking about €10 million absolute loss" on broadband revenue for that moderate-sized telco he talked about earlier. "No question about it. And we offer a solution, through a traditional license fee purchase or through a revenue share model, capped by the license fee, which will be roughly a quarter of that. For €2.5 million you can get four or five times the return." cVidya believes that 3-4% is on the low side. That's the return on investment he's talking about. ■