

Q&A: Revenue Intelligence Takes on Focus in New World of IP Content and Apps

By Tara Seals, Executive Editor; <http://www.billingworld.com/>
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Life is becoming wireless and all-IP, and carrier business models are shifting to become more complex, to accommodate multiple partners, over the top content and applications and on-the-fly rating and promotions changes. It's no wonder revenue management has become a hot topic lately, particularly since many service providers are still feeling the effects of the recession, while needing to make that transition to the mobile, all-IP world of cloud, content and apps. These are not easy waters to navigate.

B/OSS Executive Editor Tara Seals sat down with Eran Wagner, president of North American Operations at cVidya Networks, to discuss how the roles of revenue assurance and revenue management are changing within the carrier enterprise, to ascend to a "revenue intelligence" function for a brave new world.

Tara Seals: Why is revenue management suddenly taking on the limelight?

Eran Wagner: Carriers are still finalizing an old transition from being telcos to being very, very competitive players in a privatized market. How, when and where to invest, and any transformation in thinking — everything has to be justified by commercial needs. The recession intensifies that even more. Operators don't have immense amounts of cash like they did 10 years ago, and that forces the financial side of the house to push the envelope in terms of how you can get more out of legacy infrastructure.

TS: What about the way services and the consumption of them is evolving?

EW: That's the other thing impacting the market. Users are changing their expectations for what a telecom service is. It's all about video over the top and even audio over the top, apps, other types of multi-partner experiences than the traditional voice and data. So operators need to find strategies to redefine their value proposition amid significant transformation inside the carriers, in terms of VoIP and IP in general. All these factors together makes revenue management a very important aspect of the business.

We're seeing an era of revenue intelligence. The finance organization needs to focus on that. In fact the entire organization needs to focus on that during this period. Revenue assurance, brand and business intelligence are all coming together in a time like this with very clear short-term goals—fraud prevention, revenue assurance, business intelligence applications.

TS: What kinds of tools should carriers be looking for?

EW: There needs to be a very broad range of tools for the finance and marketing organizations to deal with the rapid changes in infrastructure that are happening, because both are changing accordingly. It's revenue intelligence, but also customer experience management. We are seeing a mass transformation in the value chain. For instance, all of the sudden, wireless carriers sell through dealers. That certainly wasn't the case 20 years ago. Now they sell devices through dealers, and then there's the content, for which they are dealers. All are trying to build app stores, so all the sudden they're a marketplace. All these changes to the telco business, during a period where money isn't in abundance, and you have the mass potential to adversely affect customer satisfaction.

TS: So what are the biggest challenges for telcos when it comes to revenue intelligence at the moment?

EW: First of all, when you come to define a complex tariffing plan, it's quite difficult for you to know what to expect. It's ever more difficult to try and extrapolate what your revenue would look like under the new plan. And even experimenting has a cost to it. Unless you have the tools to play the what-if scenarios, defining those new pricing plans is a daunting task. If I were a carrier, would I have a sense as a marketeer of how the new plan ranks compared to other plans I already have? Carriers have many, many rate plans, to the degree it's difficult to manage. They need to be able to predict what an intelligent consumer would do when facing that new price plan. It's an area that is lacking those tools. It's become complex to a level—forget about rating engines—that just from a management perspective, doing it on a spreadsheet or a piece of paper is no longer enough. Our Business View out of our portfolio is a great tool.

TS: What about more traditional revenue assurance functions, how are they being impacted by the shifting role of the carrier in the market?

EW: The pricing plans, complex as they are, require a lot of flexibility from the underlying infrastructure—especially rating needs in the prepaid world and pricing before they purchase types of applications. Whether it's Amdocs, Convergys etc., you must make sure the engine can do all these things, because there are potential errors on many levels. Human errors, integration issues, bugs, all kinds of new situations with more and more partners in the value chain, which makes the billing and rating verification component of things much more of a focused area. When rating tables change multiple times a week, bringing in a third-party verification engine is a necessity.

Also there are multiple data sources at play, and a lot of systems that carry data from one place to another, that need to be verified. The data needs to be tracked accurately so that at the end of the day the raw data is accurate. That's the more traditional RA side of things. The most important aspect of those traditional tools is that people understand more about revenue assurance now. The coverage, taking an enterprise-wide approach becomes an important aspect of things. If you don't have the coverage you can only cover part of what goes into the bill and that's less effective. Point solutions of five years ago were much less comprehensive and would never cut it today.