
Integration of fraud, risk and revenue management

The triumvirate will be a foundation for helping both business and technical execs better assess investments in areas that impact service provider customers and the bottom line.

February 1, 2011
by Susana Schwartz

cVidya is engaged in embedding risk management into revenue assurance and fraud management—three elements it believes are inter-related now that revenue assurance is moving from a primarily technical focus to an equally important financial focus as well.

Working independently as well as under the auspices of TM Forum's Revenue Assurance Program, cVidya is assessing where revenue assurance and fraud touches in order to provide a unified view of risk—whether induced by revenue assurance environments or from fraud environments.

“Rather than focus solely on how many CDRs are lost or corrupted, service providers have many internal audiences that want to see the actual impact on revenues in dollars and cents. They want to make decisions according to risk rather than just leakages,” said Moshe Zolotov, senior revenue management consultant for cVidya.

Telcos today face financial, operational, reputational, regulatory risks, and so on. Meanwhile, the growth of e-commerce and advent of mobile payments makes telecom a “greener pasture” for fraudsters, according to Zolotov. “With so many components—operators, banks, clearing houses, international banks, regulatory bodies, microfinancial institutions—there are many regulatory and liability issues that would benefit from ‘risk mapping’ so that CFOs and decision makers can have knowledge of where risks lie and where to invest time and energy.”

Driving the consolidation of revenue assurance, fraud and risk are trends like increased pressure on organizations to comply with Sarbanes Oxley or regulations emerging around mobile commerce and transparency—programs that carry their own regulatory and reputation risks. “Risk wasn't really something that was a play in the telecom arena when revenue assurance and fraud were involved, but now we see interest in things like ISO 31000, the core of risk management.”

Today, service providers are increasingly asking if they can convert findings for revenue assurance and fraud into monetary and financial terms. “CFOs and finance people are now interested in what traditionally has been information interesting to operations and security departments. They now want translations of risk with their own views,” said Zolotov.

He noted that different lines of business in telecom—such as corporate, small-to-midsized business, MVNO, etc—each have their own processes to examine vulnerable processes, including CDR event generation, ordering, provisioning, order management, customer and partner management, accounting and billing.

Each are has its own risks that should be mapped from two planes: revenue assurance/fraud, and risk. “For the first, you would want to know how many service entities were affected; how many usage records were lost; to what percent were revenues affected? And for the latter, you’d ask what is the risk level for each risk plane so you know how much money and revenue is affected,” explained Zolotov.

These planes will have different levels of importance for a technical person versus a business person. “When you are talking about risk mapping or revenue assurance, the data is sliced according to a data model tree that generally has two branches—the technical one deals with processes, switches, trunk groups, call types; the other is the business branch where talk about money issues important to management and CFOs, marketing, billing, and customer relations.”

The next step is determining which leaks in those different nodes are the ones most likely to hurt a company from an IT perspective and which ones harm it financially or in terms of reputation—areas of concern to the business folks. This helps put the right emphasis on most valuable customers and helps direction opex and capex strategies.

(Link to the original article: http://connectedplanetonline.com/bss_oss/news/cvidya-integrating-fraud-risk-and-revenue-management)