Communication and Content

Unleash Telco Revenue Assurance Potentials

BearingPoint’s 360 Degree Approach

Management & Technology Consultants
Telco Businesses is Losing Money Everyday

In many organizations the Revenue Assurance Processes don’t have the attention of management anymore. Today, the focus is on gaining new customers by developing and deploying new business offers for customers to gain new customers. This removes focus from the revenue assurance processes and systems, although they remain an important facet in the overall organization. BearingPoint believes that by improving the existing revenue assurance environment an average Telco can gain as much as a 10% revenue gain - more than is achieved by reaching the growth targets for increasing the customer base.

Telcos compete in a Saturated Market

Today, companies act on a playing field that is composed of thoroughly saturated markets – in the fixed line business and in the mobile market. Because of the very intensive competition, Telcos need to cope with decreasing ARPU (average revenue per user). New revenue sources like mobile payment, content aggregation and distribution are being implemented. At the same, an enormous increase of mobile data traffic volume (caused by rapid distribution of smart phones) can be observed in the last few years. In effect, the mobile world’s infrastructure has partially reached its actual limits, demanding new and expensive investments in network infrastructure – e. g. introducing LTE technology and increasing available bandwidth.

Similar investment needs occur in the fixed wire telephony area. In order to satisfy the very high (> 50 Mbps) broadband demand in the mass market, network operators have to rebuild their copper cable networks, providing last mile access via fibre or coaxial (DOCSIS x.0) technologies.

In parallel, the number of billable events is expected to grow significantly in the future, resulting from M2M-traffic, mobile video and audio broadcast, cloud-services, and peer-to-peer (e. g. HD video) communication, and potential introduction of QoS (quality of service)-based billing. In addition, new types of events besides the “classic” telecommunication business - like mobile payment and video on demand - will be handled by telecommunication billing systems.

In recent projects, BearingPoint has discovered that most market participants understand the prime tasks in product sales. This works quite well in industries where margins and growth are high. Obviously, to gain a bigger market share it is most important to build new products, which are competitive to a competitor’s offerings. However, in a saturated market environment this approach can fail. New customers can only be gained by wooing them from competitors - or by upgrading existing contracts. An additional factor is that very price-sensitive customers affects the overall margins. It seems simple. To acquire new customers, companies put their focus on doing whatever it takes to remove those customers from the competition.

Billing and Revenue Assurance Processes are neglected in this model

Additionally, to generate new products and offerings, Telcos need to be able to bill the products they have sold. These products are complicated and get more so as time goes on. Still, being the first on the market with the newest product is important, however - the billing services on the back-end have to work perfectly to derive the revenue from these sold products. Additionally, as the complexity of these products increases (by aligning them to each person’s needs) - billing has to be ready for individual arrangements, private pricing models, and new business models.

The customers, residential and business, have become price aware. They are looking for a clear, concise, and correct bill every time. The bill needs to reflect the products the customer has subscribed to accurately and comprehensively.

In the future, a Telco’s company will only successful if it is able to provide state-of-the-art services to its customers and manage its own costs efficiently and effectively.

Revenue Assurance

The current market situation leads to the necessity of implementation of a Revenue Assurance (RA) organisation within the Telco Company. Losses in billing, due to the inability to charge for all services and events delivered cause immediate loss. If cash receipts are postponed, interest realisation should not be underestimated – notably, other industries realise their profits only with these payments.

Today, a company receives less from its individual customers and/or pays more for acquired services. Other costs can also occur, such as disputes or provisioning. To minimise these costs, it is critical that a to focus is put on Revenue Assurance and to build a structure that works efficiently in the areas of cost and time efficiencies. The organisation needs to be able to fulfill its tasks quickly and completely.

The reality is that small amounts not billed to a customer will grow to significant amounts of revenue lost due to the number of customers billed. Because of this, even
small issues with an internal billing process can create significant issues in the books.

A Revenue Assurance organisation has to be set up in the proper way, based on agreed-upon processes, necessary IT support, and clear governance within the company.

In order to satisfy this market need, BearingPoint has developed a standard solution which allows telecommunication companies to assess their health in the billing and Revenue Assurance area, to identify potential quick wins and elaborate a state-of-the-art long term strategy.

Cornerstone of BearingPoint’s Solution

Our solution is based on a 360-degree approach, addressing different aspects of revenue generation. It starts with product definition and business processes to support by IT systems and organizational design of the responsible Revenue Assurance department.

BearingPoint recommends a 3-Phase approach:

1. A short assessment
2. A “Quick win” implementation strategy
3. Development of a long term strategy (if necessary)

This approach ensures that the necessary improvement steps will be identified quickly, that potentials from quick wins will be seen, and that a roadmap for long term vision will be defined in the early stage of the program. A clearly defined and agreed upon roadmap helps to ensure that the desired results are achieved quickly and efficiently for the organization.

Our teams consist of consultants with long years of experience. Our customers are able to take advantage of a jump start and a short assessment phase so that practical, realizable goals are achieved quickly.

Our Toolkit

Our solution consists of a number of tools which have been developed and applied during projects performed in the past. These tools can be easily adopted to the needs of a particular client. This allows for a shorter project duration and guarantees the quality of deliverables and recommendations. Our toolkit includes:

The Revenue Assurance Maturity Model has been adopted from the TM Forum standard (“TM Forum is a global, non-profit industry association focused on simplifying the complexity of running a service provider’s business through a wealth of knowledge, intellectual capital, collaboration and standards”- www.tmforum.org). This supports a quick “health check” of an organization’s current RA status.

Fig. 1: Interconnection of Revenue Assurance with organizational departments

Benefits for Clients

A Revenue Assurance initiative offers Telco companies several opportunities. Among them:

- An assurance that all communication services delivered to customers will be invoiced promptly and correctly
- High accuracy of issued invoices
- Improved cash flow
- Improved customer satisfaction and reduced churn rate by lowering the number of complaints, and reducing disputes
- Ensuring the cost effectiveness of the internal Revenue Assurance organization
- Ensuring adequate IT support in complex and evolving markets

Projects conducted in the past have shown that companies implementing a proven and efficient Revenue Assurance projects are able to improve their income by an average more than 5%.

Fig. 2: Definition of maturity levels
This model encompasses five dimensions: Organisation of Revenue Assurance Responsibilities, People, Influence, Tools, and Processes. For each dimension, five maturity levels from 1 – initially up to 5 – can be achieved. Our experience shows, that each company has to define its own target levels.

- **Process Analysis** using standard process templates. As a result, the gap between the “as-is” and the desired “to-be” processes can be defined and necessary actions can be captured.

- **A Technical Assessment Interview Questionnaire** allows us to understand the current application landscape, including current and planned projects to identify weak points.

- **A Leakage Black List** based on the TMF standard which has client-specific adoptions. By using this tool, the customer knows that they are being measured against industrial-level standards.

- **A Product Catalogue Analysis**. Some Telcos do not retire products and tariff not being sold any more. They may be used by a limited number of subscribers. Pruning of the product portfolio allows cost cutting in the billing and revenue assurance area.

- **KPI**. Our experience shows that effective Revenue Assurance organisations use only a limited set of KPIs (Key Performance Indicators) for which target values are defined and known within the entire organisation. While defining KPIs for our client, we apply industrial standard extensions.

- **A Benchmark database**. Results of projects (as provided by TMF) with client-specific targets conducted by BearingPoint in the past have been consolidated within a benchmark database containing important facts (e.g. KPI or cost overview) and data.

Our teams have extensive experience in applying all of these tools.
**Contacts**

Would you like to evaluate the maturity of your Revenue Assurance organisation? Are you going to conduct a Revenue Assurance Assessment in your company? Do you need any additional details on BearingPoint’s solution?

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