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Podcast Document

Business Transformation: Key Guidelines for Transformation Success **From the Series: Top 5 Steps Service Providers Need to Take to Remain Profitable in Tough Economic Times**

This document is based on the podcast “Foundation for Successful Business Transformation: Key Guidelines for Transformation Success”, presented by Satya Parakala, NetCracker’s VP of Global Solution Delivery. It is part of NetCracker’s podcast series “Top 5 Steps Service Providers Need to Take to Remain Profitable in Tough Economic Times”.

The podcast was originally broadcast on January 29, 2010 and is available at www.NetCracker.com.

NetCracker offers comprehensive telecom operations and management solutions through its software and service expertise. We are the global leader in transformation projects for wireline, mobile, cable, and converged service providers. Service providers around the world use NetCracker solutions to build agile Product, Service, and Resource Layers that enable them to reduce costs and improve operational efficiencies.

Over the past years, we have led the implementation of a significant number of transformation projects around the world. This has given us unmatched experience to ensure successful outcomes for very large and complex transformation projects.

Broadly speaking, transformation projects fit into three major categories:

1. Programs that are driven by a significant upgrade of infrastructure, predominantly on the network side, to accelerate the delivery of services
2. Programs that are driven by migration to next-generation IT capabilities in order to produce more agility and responsiveness and to reduce costs
3. Programs that are driven by business transformation — transformation that fundamentally alters the traditional business model and gives service providers a new way to engage with their customers along with the ability to rapidly create, deliver, and manage new services

Regardless of the nature of these transformation projects, NetCracker has found that six key factors are common to the success of all of them. These six factors, along with examples, are discussed below.

Six key factors are common to the success of all transformation projects.

1. Understanding & Articulating Business Objectives

Business objectives must be clearly understood and articulated — objectives that are applicable to the end-to-end business processes of a service provider, that are measurable, and that drive all the transformational components including architecture, roadmap, and technology choices.

The following example illustrates the importance of this factor. One of our strategic customers in Asia needed to improve their operational efficiency by 30 percent from the very outset of the project. Because this critical objective was clearly understood and articulated at the beginning of the project, it defined the way the project was phased — and this, in turn, led to a successful implementation and the successful realization of the business goal of improving operational efficiency by 30 percent.

2. Strong Ownership & Support of C-Level Executives

Ownership and support must come from both the customer and the partner to ensure sustained funding, governance during the transformation project, and long-term governance of the program — all of which are essential to success.

By way of example, one of NetCracker's Tier 1 customers in North America took steps to ensure that the CIO and CTO worked together through the entire lifecycle of the program in order to manage conflicts. This resulted in synergy among the various areas of responsibility in the service provider's organization as well as synergy with the vendors that were supporting the program.

3. Flexible Architecture & Technology

The architecture needs to be flexible enough to adapt to changes — changes driven by technology as well as internal and external factors. The architecture and technology must also be future proof, scalable, and standards based.

Again to demonstrate this, one of the key Tier 1 operators in Europe, who is also a strategic NetCracker customer, focused on having service components built in a way that would support any type of product over any type of device. This key functionality, which was a focus during the implementation of the program, enabled them to create and market new service bundles in significantly less time, putting them far ahead of the rest of the providers in the market.

4. Choosing the Right Partner

Transformation projects are complex and large scale and depend on the expertise and experience of all the vendors that are involved. To this end, service providers should choose partners who have proven product capabilities as well as service capabilities that include data migration, integration, and all other complex areas. They should also choose partners who understand business as well as technology and who can scale to the needs of the transformation project and provide sustained support for the duration of the program.

As an example, one of NetCracker's customers in Asia PAC wanted to make sure that only partners with a proven track record were involved in delivering the transformation program. This not only ensured that outcomes were aligned with expect results, but also brought in best practices from around the world.

5. Implementation & Execution

Implementation and execution must be guided by strong project governance to ensure that the project is completed on time and stays within budget. This builds the credibility of the partner who is involved in

delivering the program and ensures that the business value of the program is realized on time as expected.

One of NetCracker's fastest growing enterprise service provider customers in North America has release cycles every quarter. This enables the approach of "quick-win" implementations, ensuring that the business value is realized in shorter time frames with multiple releases that are planned ahead of time throughout the year.

6. Thinking Outside the Box

When implementing large programs, service providers should be open to new models for engaging with partners and vendors — models that could involve managed services, risk sharing engagements, and joint ownership. These various models — some of which have successfully demonstrated their value in other domains — bring in much more commitment from all of the partners that are involved in delivering transformation projects.

One of NetCracker's key customers in Asia wanted all of its partners to work in a joint ownership mode where the risk and reward were shared among all the parties involved in delivering the project. This brought a much stronger commitment from the providers and resulted in a very strong track record of successful deliveries during multiple phases of the transformation project over a long period of time.

The six focus areas presented above are critical to delivering successful transformation projects, with predictable outcomes, on time and on budget.

Hopefully this quick synopsis provided you with insights into where you can make a significant impact to reduce costs, build operational efficiencies, and drive revenues through successful implementations of large-scale projects.

If you need more information, or if you'd like to hear more about the capabilities offered by NetCracker in this area, please contact NetCracker or visit www.NetCracker.com.

We look forward to hearing from you.