



## Next Generation Services for Next Generation Customers

### *Enabling the Transformation*

In Telecommunications, “transformation” is a much-used (and abused) term and often describes relatively minor changes. In actuality, however, the transformation affecting the telecommunications industry is fundamental and encompassing. And to survive, Communications Service Providers (CSPs) need to understand and act on its implications.

Simply put, transformation is the change from the old network-focused business model to a new service- and customer-focused model. In the twenty-first century converged communications world, competitors will be many and will appear from unexpected directions, change will continue to be swift and merciless — and those who focus on the customer will survive.

The transformation to a service- and customer-centric model requires more than an investment in technology. It requires a reinvention of business culture and practices.

#### Four Vital Transformational Areas

CSPs that commit to cultural, business, and technological transformation must:

- **Position** an organization that adds value in a fast-changing, complex environment
- **Build** an organization that understands its customers and gives them a quality experience
- **Engineer** core technology into a seamless, converged, IP-based network
- **Merge** the power of Network and IT to enable converged services

These four areas address the transformation required to implement next generation technology and next generation services for customers who have also become “next generation”.

Legacy customers were conditioned to be network subscribers who accepted simple, unchanging services. Next generation customers are the complete opposite. They compare services and exercise choice; they demand the ability to select and tailor services to meet their personal needs. They have high expectations because communications services are now crucial to both their work and play. They are also tremendously diverse, highly brand-aware, fashion-conscious — and fickle.

And while next generation customers are cost-sensitive, they will pay a premium for an exciting

service or the most fashionable brand, as shown by the remarkable success of the iPod®.

The new CSPs will meet the needs of their next generation customers — and ensure their own survival — by remaking themselves in all four transformational areas.

#### 1. Position for Value

CSPs need to be more than dumb pipes.

They receive little or no revenue from today’s content services if all they provide is connectivity. A service like iTunes®, for example, practically eliminates CSPs from the revenue stream. Out of every dollar spent, the CSP receives about one penny.

Moving forward, CSPs need to become meaningful facilitators, coordinators, and enablers of service delivery to the benefit of all players — customers, content providers, and of course, themselves. By contributing to the service value chain, they can earn a revenue share based on the value they provide.

To become essential players, CSPs need to leverage the wealth of information to which they have unique access. They know what devices customers are using, they know customer downloading habits, and they know customer locations. Through network monitoring and management, they can also analyze the quality of service customers receive.

By delivering the right service at the right quality at the right time on the right device, CSPs can build a rich customer experience and become essential links in the service delivery value chain.

## 2. Build Customer Relationships

Transformation also involves understanding and getting closer to the customer. It's not just the network or the service that needs to be managed; the quality of the customer's service experience must be managed as well.

CSPs must understand exactly what the customer is experiencing — listening to music, surfing a website, or making a phone call. And then they have to ensure that service quality actually matches the commitment made to the customer. An investor, for example, who is tracking a stock for purchase or sale expects a specific service quality — in particular, he expects quotes to be streamed in real time, not lagged by 30 seconds.

Giving the customer control over services is also essential: CSPs must empower users to interact with their services any way they want — in person, on the phone, or over the web.

## 3. Engineer Convergence

Managing network transformation and the migration from legacy to next generation, converged infrastructures is critical. In the past CSPs have been network specialists: specialists in the fixed network, mobile network, or cable network. They must now become service specialists and network technology agnostics.

Today pure mobile or pure wireline providers are disappearing because CSPs must deliver converged services. To do so may require that a wireline company buy or partner with a mobile company or vice versa.

No matter what their starting point, CSPs are beginning to deliver converged services that run transparently across multiple network types. The end-to-end network will continue to transition from IP at the core with a multi-service edge to an all-IP, fully converged network.

## 4. Merge the Power of Network and IT at the Service Layer

Services are now dependent on IT components such as email and voicemail servers, content servers, and

video servers, and are responsible for an increasing portion of the service value. A transformed CSP, therefore, needs to engineer and manage IT components — just as it currently engineers and manages Network components — so that IT and Network work together seamlessly to provide converged services. This requires a fundamentally different approach from the past — when the Network *was* the service.

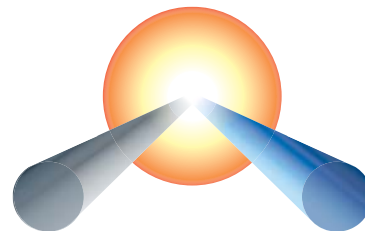
Services are delivered and monitored at the Service Layer, which is where OSS reside. The Service Layer has received the least amount of attention and investment. It is often old, siloed, and un-integrated and must be transformed into tightly integrated logical clusters capable of merging the power of Network and IT. When transformed, it becomes the crucial interface between the next generation infrastructure and the next generation customer.

### Survival to Those Who Transform

When faced with revolutionary change in technology, service value chain, and customer behavior, CSPs need to be flexible and adaptable. And they need to act quickly.

CSPs who intend to provide next generation services to next generation customers would do well to remember Charles Darwin's *The Origin of Species*: It is not the strongest or the most intelligent who survive, but those who adapt fastest to the changing environment.

### NetCracker's Integrated Approach Merges the Power of Network and IT



Based on

“Next-generation services for next-generation customers”  
by Andrew Feinberg, NetCracker President and CEO  
Published in *Connect-World*, Europe Issue I 2008.