

Optimization Services

- Shared Delivery
- Regionalization and Centralization
- Outsourcing and Managed Services

WHAT'S IT ALL ABOUT?

In the majority of worldwide economies, the telecommunications industry is entering into a more mature life cycle phase. Saturated markets, increasing competition and higher end-user expectations with regard to quality-of-service (QoS) and innovation are the current market challenges facing operators in the more mature telecommunications markets – they need to identify new ways of real differentiation and unique value proposition. Complexity is ever-increasing, yet time-to-market considerations with regard to network roll-out and new service launches are of crucial importance.

At the same time, end-user prices and average revenue per user (ARPU) are trending downwards. Operators' focus is therefore shifting from subscriber and revenue growth to cost optimization and profit protection. The telecommunications companies' survival depends on how well profitability is understood and managed.

Managed services, outsourcing and out-tasking of business activities are therefore attractive options that allow operators to change their cost structures, reduce costs, mitigate risks and focus on the critical success factors. Concurrently, the rise of multi-country telecommunications network operators drives the demand for innovative, cross-country delivery platforms for network operations. Both strategic and economic aspects need to be taken into account when determining the optimal, resource-sharing re-design of network operations processes.

We developed a comprehensive framework for assessing a broad range of operational models and options for providing network operations, including internal process improvement, shared in-house delivery platforms and outsourcing, which we evaluate from both economic and strategic perspectives, in order to provide our clients with sustainable, effective and efficient operations structures.

OUR APPROACH

Key economic goal of modifying the telecommunications operator's delivery strategies is the sustainable reduction of network operation expenses. This can be achieved via process improvements and economies of scale, due to better utilization of resources, either across different geographies and operations belonging to the same shareholder, or by serving multiple networks with overlapping footprints (in the case of an external party with non-exclusive service provisioning agreements). We capture this economic dimension with our financial-model-based quantitative analysis.

We use benchmark-based top-down approaches to estimate the economic impact of a broad range of options on a budgetary/indicative basis. The relatively fast computation allows a large solution space to be initially investigated. Inferior strategies can then be excluded from further research, reducing the number of alternatives to be investigated in greater detail. These are then further evaluated with a bottom-up approach, comprising highly customized, specific business plan development, based on detailed quantitative inputs for all genuine cost drivers.

When modelling network operations, we break down infrastructure and processes in order to subsequently apply various delivery options to the single clusters, until strategic prerequisites are fulfilled and overall effectiveness and efficiency are optimized.

In terms of infrastructure, our framework incorporates fixed network segments, radio access and transmission networks, core and backbone networks, value-added services platforms, operations support systems (OSS), business support systems (BSS) and enterprise IT systems.

With regard to processes, we differentiate between front-office processes, back-office processes, maintenance processes and support activities. Non-addressable items – such as radio site rentals and energy supplies – are identified and marked for exclusion from our analysis.

CLIENT BENEFITS

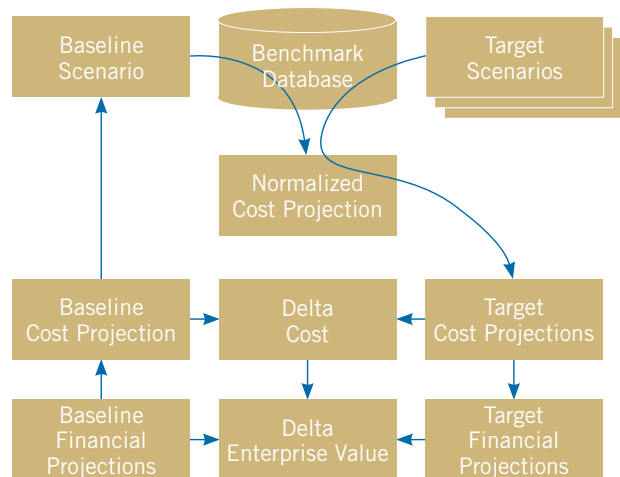
We consider a broad range of delivery options for the individual activities around the various network elements:

- Local delivery – in-house service provision focusing on a single geography
- Regional delivery – in-house service provision focusing on a region
- Central delivery – in-house service provision at the highest applicable level of centralization (or globalization)
- Outsourced delivery – service provision by an external party on individual equipment and operation basis, achieving economies of scale by resource leveraging across multiple contracts with similar footprints
- Multi-vendor managed services – service provision by an external party covering several network portions across multiple operations, thus harvesting major economies of scale

However, apart from pure cost considerations, outsourcing and managed services provide further advantages in terms of the avoidance of fixed costs (both operating expenses and capital investments, in own tools for instance), better cost predictability, sharing of risks, especially for a “greenfield” operation, access to skills and a better focus on the operator’s critical success factors. Strategic aspects focus on the technical suitability of a solution, expressed in terms of availability (little down-time), redundancy (risk mitigation), and high quality of service (QoS) levels, combined with the goal of maintaining the ultimate control of critical assets and activities. In the long term, these aspects equally impact the economic side, in terms of customer acquisition and retention, revenue assurance and cost control. Thus, we always perform a thorough qualitative, strategic assessment of the available transformation options.

Operators benefit from a thorough, holistic analysis of available operations strategies, customized to fit their individual situation. They receive a detailed evaluation of a broad range of internal measures and external alternatives, where both economic and strategic aspects are considered.

We provide our clients with dedicated recommendations on target scenarios, as well as migration paths, and we assist them in subsequent implementation, including internal process re-design and negotiation with external providers.



Our financial model for shared delivery options

OUR SERVICES

We offer a broad range of advisory services, as presented in our portfolio matrix. We position our individual solutions alongside services practices and service clusters.

	Strategy and Marketing	Corporate Finance and M&A	Operations and Technology Management
Transaction Services	<p>Strategic Investment Management · Feasibility Study</p> <p>Strategic Due Diligence · Management Assessment</p> <p>Licensing and Regulatory Affairs</p>	<p>Commercial and Financial Due Diligence · Business Plan Analysis and Benchmarking · Asset Valuation</p> <p>Investor Business Plan Development</p> <p>Bankable Business Plan Negotiation · Project Finance</p>	<p>Network Infrastructure and Operations Due Diligence</p> <p>Roll Out Plan Review and Benchmarking</p> <p>Operations Plan Review and Benchmarking</p>
Optimization Services	<p>Going-to-Market Strategy · Segmentation · Target Marketing · Product · Pricing · Promotion · Sales Channels · Customer Care</p> <p>Organization Development</p> <p>Partner Selection and Sourcing</p>	<p>Financial Performance Measurement and Benchmarking</p> <p>Forecasting and Budgeting</p> <p>Service and Process Costing</p>	<p>Network and Process Performance Measurement and Benchmarking</p> <p>Business Process Reengineering · Process Audit and Improvement</p> <p>Shared Delivery · Regionalization and Centralization · Outsourcing and Managed Services</p>
Innovation Services	<p>Business Development · Growth and Transformation</p> <p>Mobile Virtual Network Operator · Mobile Virtual Network Enabler</p> <p>Value Added Services</p>	<p>Financial Modelling and Financial Engineering</p>	<p>Technology Appraisal and Roadmapping</p> <p>Network Planning and Migration</p> <p>Network Infrastructure Sharing</p>



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