Is a Service Bureau the Magic Answer?   Barbara Lancaster
blancaster@LTCinternational.com

Telecommunications is a complex industry involving rapid change in technology, regulatory frameworks and business models across a global marketplace. We've seen a parade of promising magic bullets over the past few years aimed at easing the pain of the service providers' operations support systems. The article looks for the magic in the Service Bureau solution and finds it where you'd least expect it.

Can outsourcing your IT department solve business problems?

Telecommunications is one of the most complex industries on the planet. Service providers – having chosen this challenging market as their vehicle for generating profits – must contend with rapidly changing technologies, government regulators, and large numbers of real-time partners carrying traffic. At the same time, they must maintain global connectivity while providing great customer service.

Given the degree of challenge, it is not surprising that service providers are constantly looking for ways to simplify their environment and improve performance. One critical enabler is an effective, cost-efficient and automated means to support customer orders, service delivery, service assurance, billing, collections and settlements. Service providers expect to be able to acquire an Operations Support Systems (OSS) environment that does, in fact, support their business requirements and improve their bottom line. The reality is that simple solutions do not exist, and this in turn has set the stage for the search for the magic bullet.

It's been a long search:

- With deregulation came the expectation that some enterprising software vendor would have built the **telco in a box**, ready and waiting for a new start to just drop it in.

- When that magic solution was found not to exist, the search criteria changed to looking for **best of breed point solutions**. This resulted in a maze of stand-alone systems with different data structures and operating platforms, unwieldy and cost-intensive to acquire, implement and manage.

- Focus for the magic answer then shifted to **middleware**. This ushered in the era of software products acting as super smart traffic cops, seamlessly directing system messages in real time, translating fields and formats instantly to meet the needs of the next recipient system, presenting the right answers back to the inquiring system, all without any human intervention. Yes, definitely magic – but the magicians didn't quite pull it off.

- Next came a tweaking of the middleware idea, **Enterprise Application Integration** (EAI). This would be the important evolutionary step beyond middleware that would make the magic work. Several implementations of products like Vitria, CrossWorlds, Neon, and others have unfortunately demonstrated that the magic solution has not yet been found.

Given the largely disappointing experiences associated with in-house OSS environments, it is not surprising that much attention is currently being given to outsourcing this whole mess.

Surely, the **service bureau** will be the real magic answer.

Our hypothesis is that the real magic is firmly within the grasp of the service providers. In order to utilize a service bureau, the service provider must

- be able to articulate in clear and specific terms exactly how they want their business to run

- have processes, policies, escalation rules, exception handling rules, reporting requirements and performance standards all aligned to support their specific business objectives,

- have accurately documented these in a format that can be used and understood by both the business and IT groups.

Wait a minute…that's not magic. It is really hard work. True. And it's not something the <u>service bureau</u> can do, it must be done by the <u>service provider</u>.

Whether in-house or out-sourced, these business specific operational elements must be developed and communicated. If they are, then the service provider is well positioned for either scenario to work rather well.

However, working with a service bureau actually adds one more layer of complexity. In order to manage performance of its service bureau, the service provider must also know exactly

- how the service bureau functions,

- what its staff will do,

- and how to manage the relationship with the service bureau team.

In short, <u>in addition</u> to having its own house in order, the service provider must also have the processes in place to manage the service bureau.

If the service provider does, in fact, have a clear business vision, detailed operating policies and well-developed processes, and the means to manage the service bureau relationship, then there are tangible benefits available to a service provider through the service bureau:

- Reduced capital investment in software and hardware resulting in lower cost of entry.
- Reduced staffing requirement in the IS/IT group reducing dependence on critical resources.
- Reduced real estate, power, and security costs.
- More robust, redundant, processing environment than could typically be cost-justified.
- Well-defined monthly operating expense.
- Ease of transition to new software releases with reduced burden of testing and training.
- Potentially, increased responsiveness to increased business as a result of greater flexibility and scalability of the service bureau.
- Elimination of the constant search for new tools

Perhaps, then, the service bureau does offer a degree of magic – at least for those service providers who can create and manage an effective relationship with their service bureau partner. The magic, however, comes from the hard work the service provider would do anyway, in defining its business vision, establishing and documenting its business policies and processes and measuring performance.

While not a magic answer, Service Bureaus do offer a viable option for those service providers ready to work effectively with their mission critical partner.

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