



## **Building the business case (for better service delivery)**

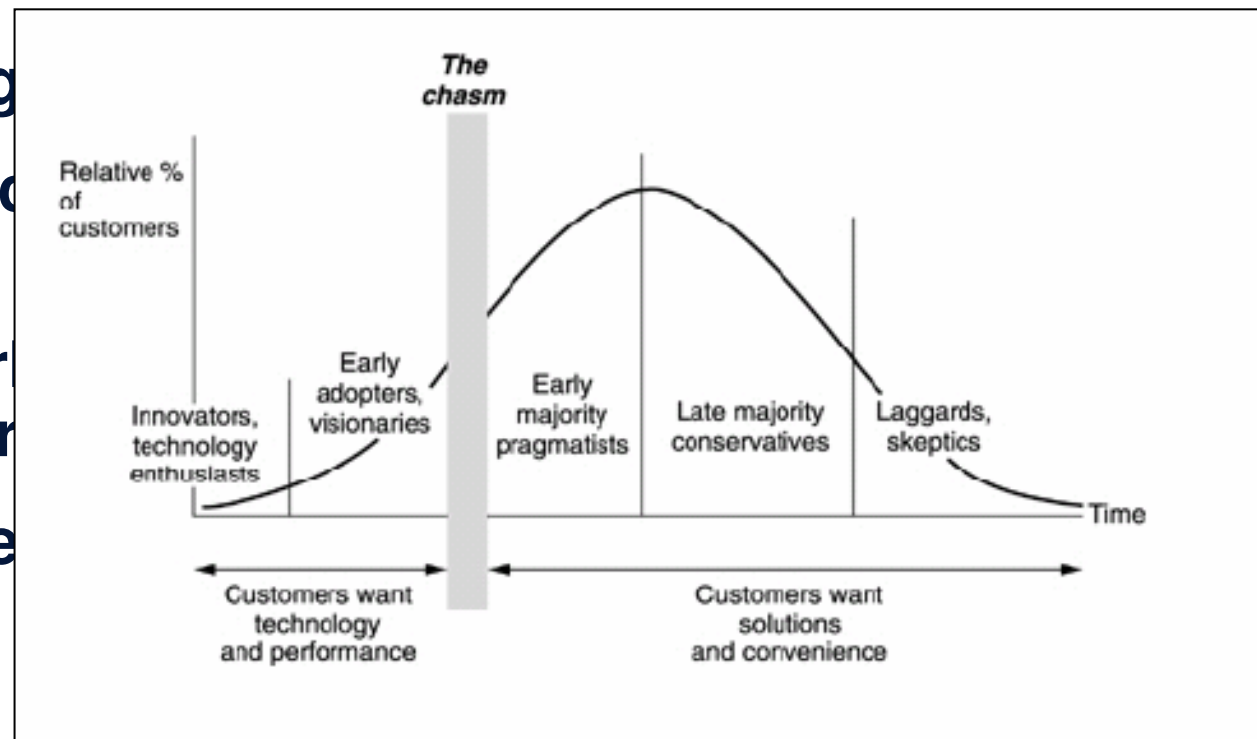
**Jonathan Downey**  
**Product Marketing Manager, OPENET**

# Changing business dynamics

- Differentiation will be service based
- Many products
- Build strong partner eco-system
- Prioritizing communications becomes very important
- Time to market is key: average life cycle of a product is from 12 to 24 months
- Context-relevant communication just makes sense.

# Changing business dynamics

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- 1. Evaluating the total cost of ownership**
- 2. Ensuring lower CAPEX and OPEX**
- 3. Achieving optimum price/performance**
- 4. Enabling immediate ROI from 'ready-to-go' applications and services**
- 5. Examining the economic benefits of a product and SOA based SDP implementation**

# 1. Evaluating TCO

# Different financial measures

- Return on Investment
- Payback
- Internal Rate of Return
- Total Cost of Ownership

**It is about better decision making**

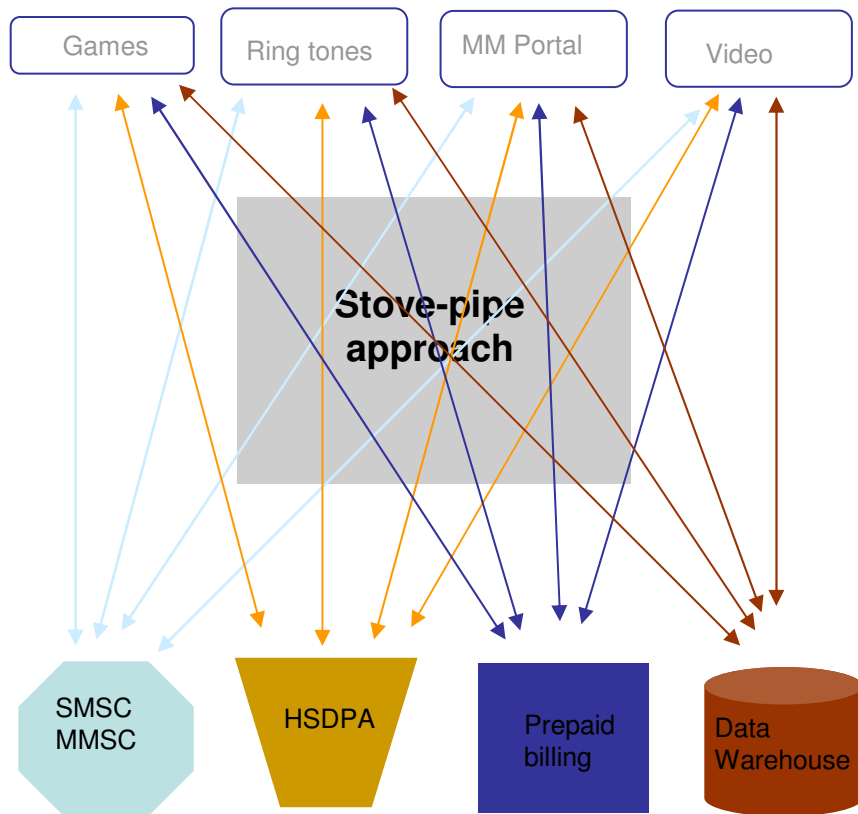
# Stages TCO Life Cycle

1. Initial, one-time costs
  - Evaluation
  - Planning and process engineering
  - Implementation and rollout
2. Annual, recurring costs
  - Software, hardware, external services, internal time
  - PCs, local servers
  - RE-WORK AND CHANGE REQUESTS
  - Training
3. Exit, one-time costs
  - Not assumed relevant in software TCOs

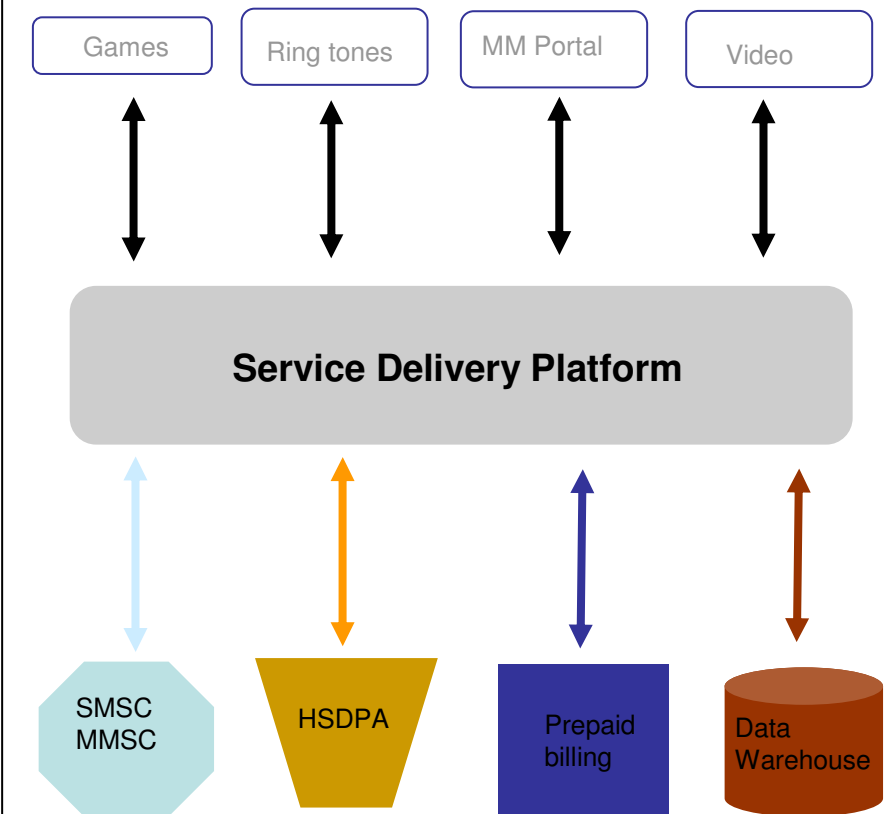
**Each company and product yields a unique TCO**

# The 'accidental SDP architecture'

## Current service deployment approach



## Architected for Exponential Increase in Services





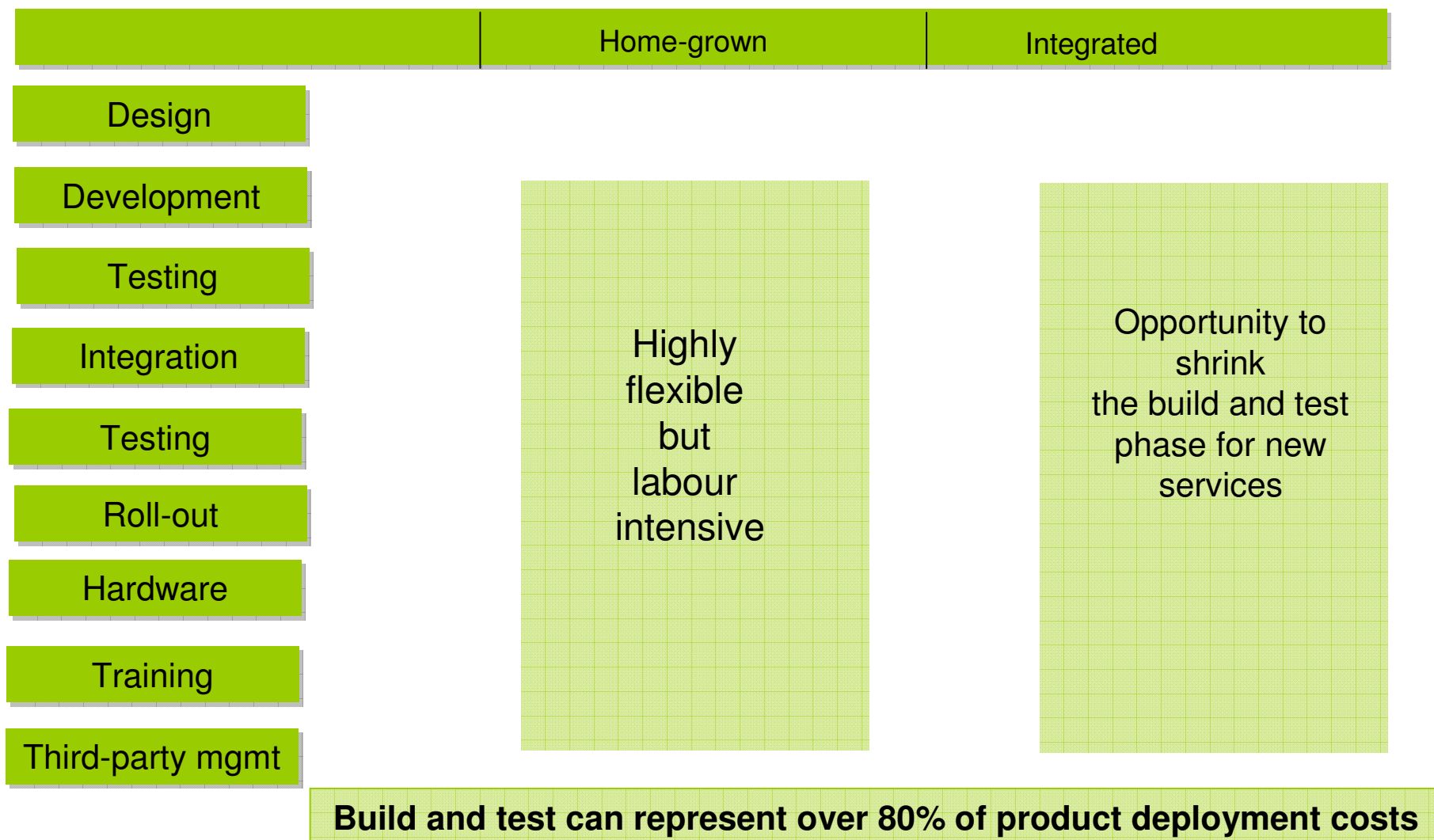
# TCO Components

- Software – incl maintenance
- Hardware - incl costs and maintenance.
- Personnel hrs x people x fully cost
- Consulting / implementation cost
- Training. People x hrs x trainer time and expenses.
- Other. Here's where you come clean about that conference in Hungary!!

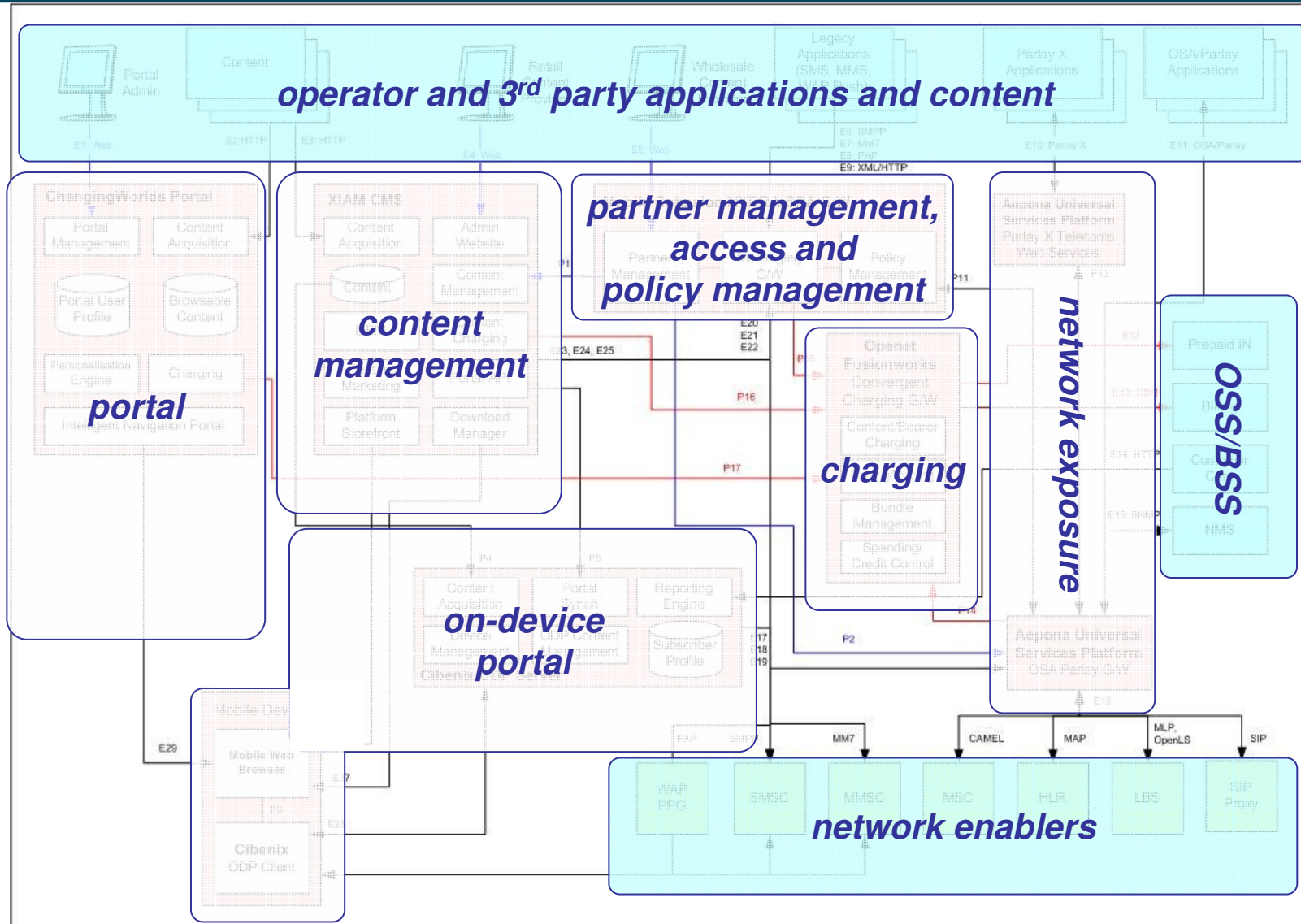
**TCO > acquisition costs**

## 2. Ensuring lower capex & opex

# Major cost categories & drivers



# SDP Logical Architecture



# Lower Capex Through: Open Standards. Open Hardware

- **Run on standard HW & OS**
  - Sun / HP
  - Opteron / Itanium
  - Linux
- **Run on off-the-shelf SW**
  - Oracle / SQL Server
  - Veritas
- **Exploit the HW & SW properly**
  - Multi-threading model
  - Multi-core chipsets
  - Grid Architectures
  - Virtualization (reduce footprints)

Save Data Centre space  
Reduce electricity costs  
Reduce hardware costs  
Reduce maintenance

Up to 80%\* of IT's budget going towards maintenance

\*Source: Forrester

# Pre-integrated to reduce Opex

- Integrating custom APIs into a network is uneconomical and does not contribute to increased profit margins
- Integrating custom APIs introduce inflexibility
- Integrating APIs will slow down service delivery

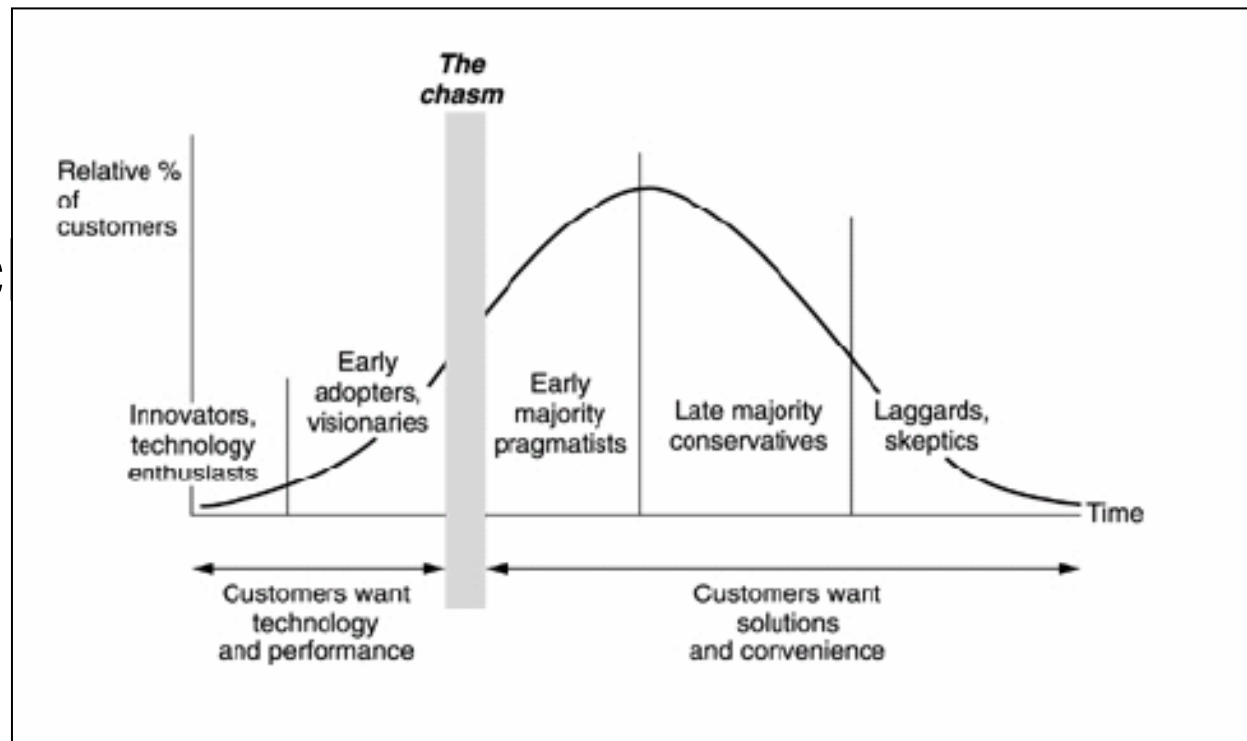
**US\$5 is spent on customization for every \$1 spent on software**

Source: TM Forum

### **3. Achieving optimum price/performance**

### 3. Adoption

ance



5-7 years

6mths-2 years



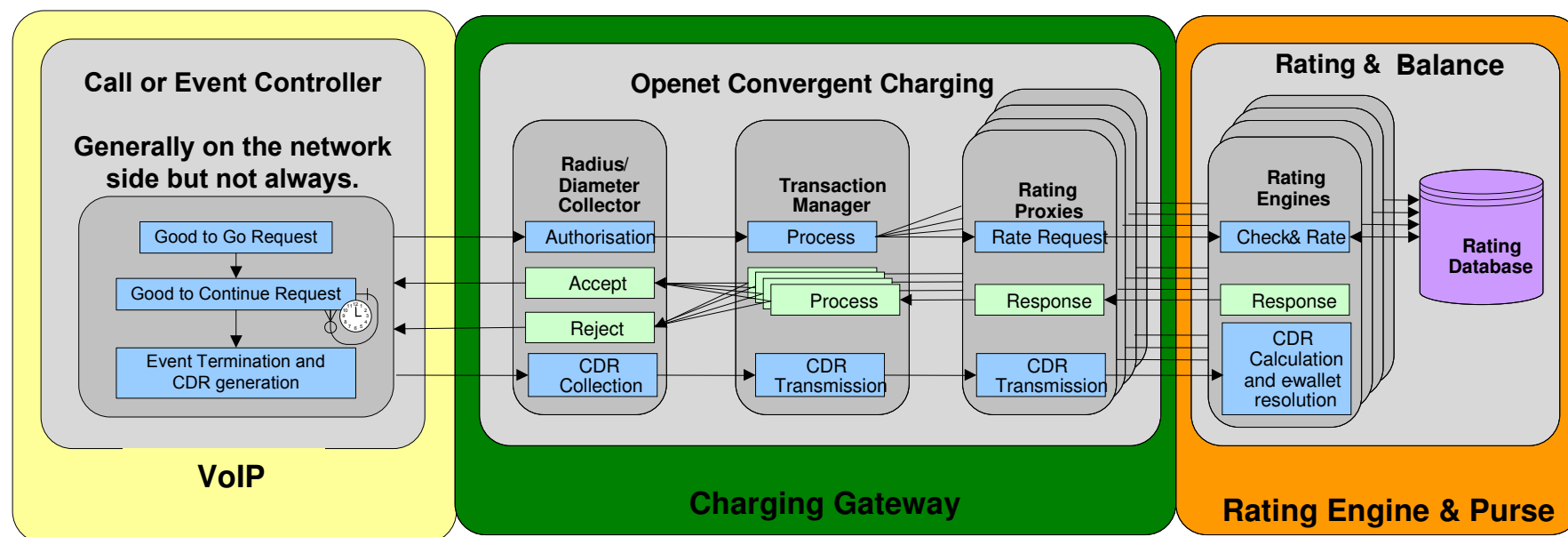
# A Template Driven Approach Based On Open Standards

- Re-usable components
- Built on a shared infrastructure
- Compress launch cycles
- Simpler management of launched services
  - Faster and less expensive change requests
- Higher quality work, that works first time everytime

Use the Network as an enabler

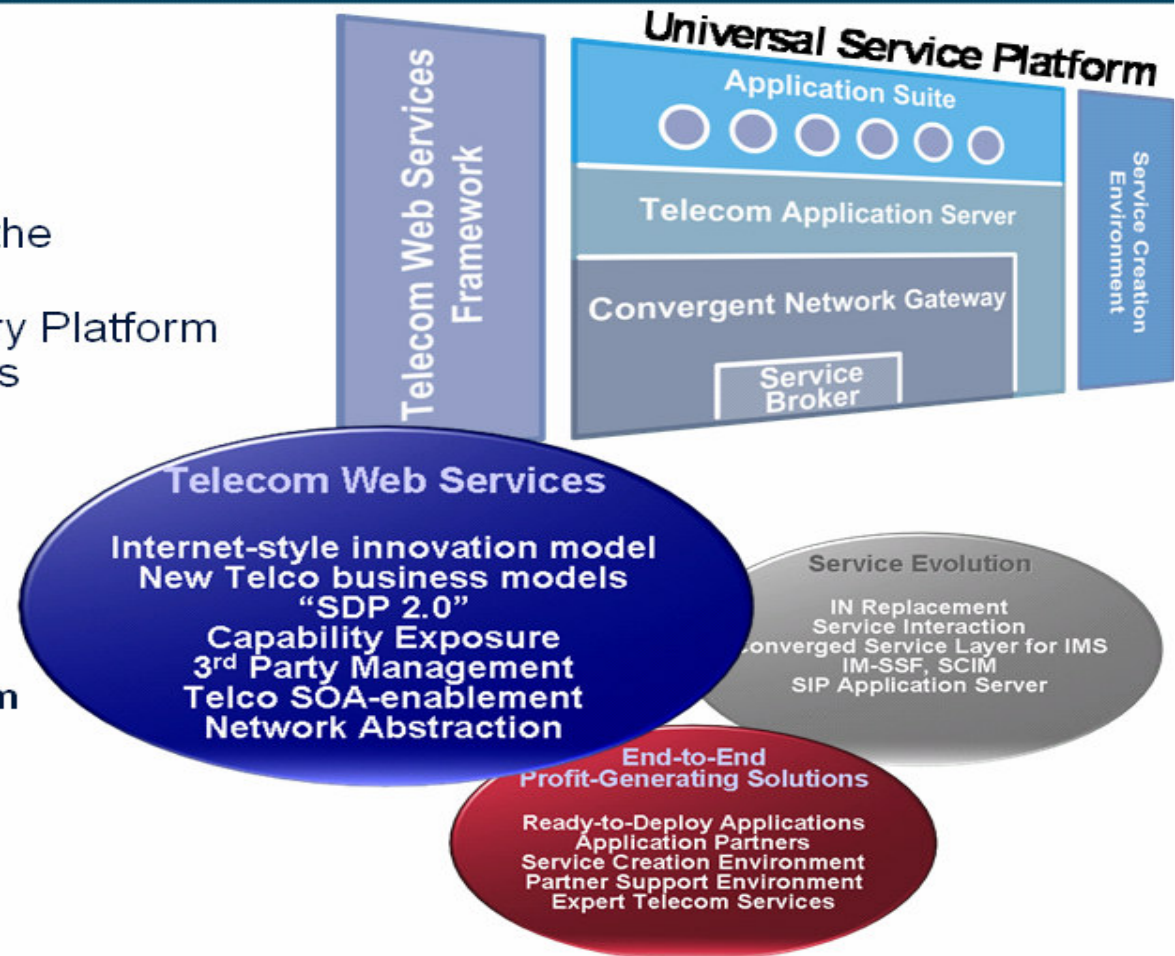
# It's About Faster Service Deployment

- Rollout new services in 90 days from inception
- Re-use charging interfaces and billing applications
- Enable third party access to charging infrastructure



# It's About Accessing Network Capabilities

- **Core Product: Universal Service Platform**
  - Connecting the Internet / IT domain with the Telco domain
  - Real-Time Service Delivery Platform for rich converged services
  - **Including Telecom Web Services**
- **Sprint**
  - Rapid growth of Business Mobility Framework
    - Underpinned by telecom web services
- **European operator**
  - 14% increase in service revenue following USP installation



# It's About Better Partner Management

## Reduce OPEX by 60%

- **On average it takes about 25 person work days to manage one partner relationship annually**
  - enrolment, service implementation, service deployment, reporting, SLA management, ...
- **HYDRA automates the processes of the management tasks**
  - typical decrease of effort with HYDRA is 60 %

100 content provider partners  
→ 10 staff

# It's About Context Increasing Data Service Usage

## Success Story 1: O2

### – 2003 O<sub>2</sub>

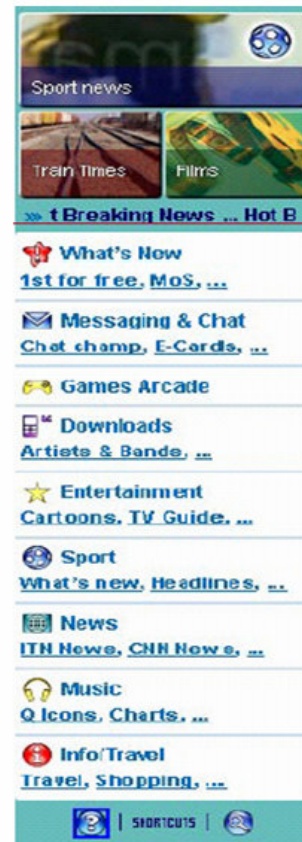
- Launched ClixSmart June '03

- ClixSmart products

- Portal Management
- Intelligent Navigation
- Auto Profiling
- Device Manager
- Image Server

- Prior to ClixSmart:

- Only supported 25 Devices
- Dimensioned for:
  - + 1.5M subs
  - + 40 reqs/sec



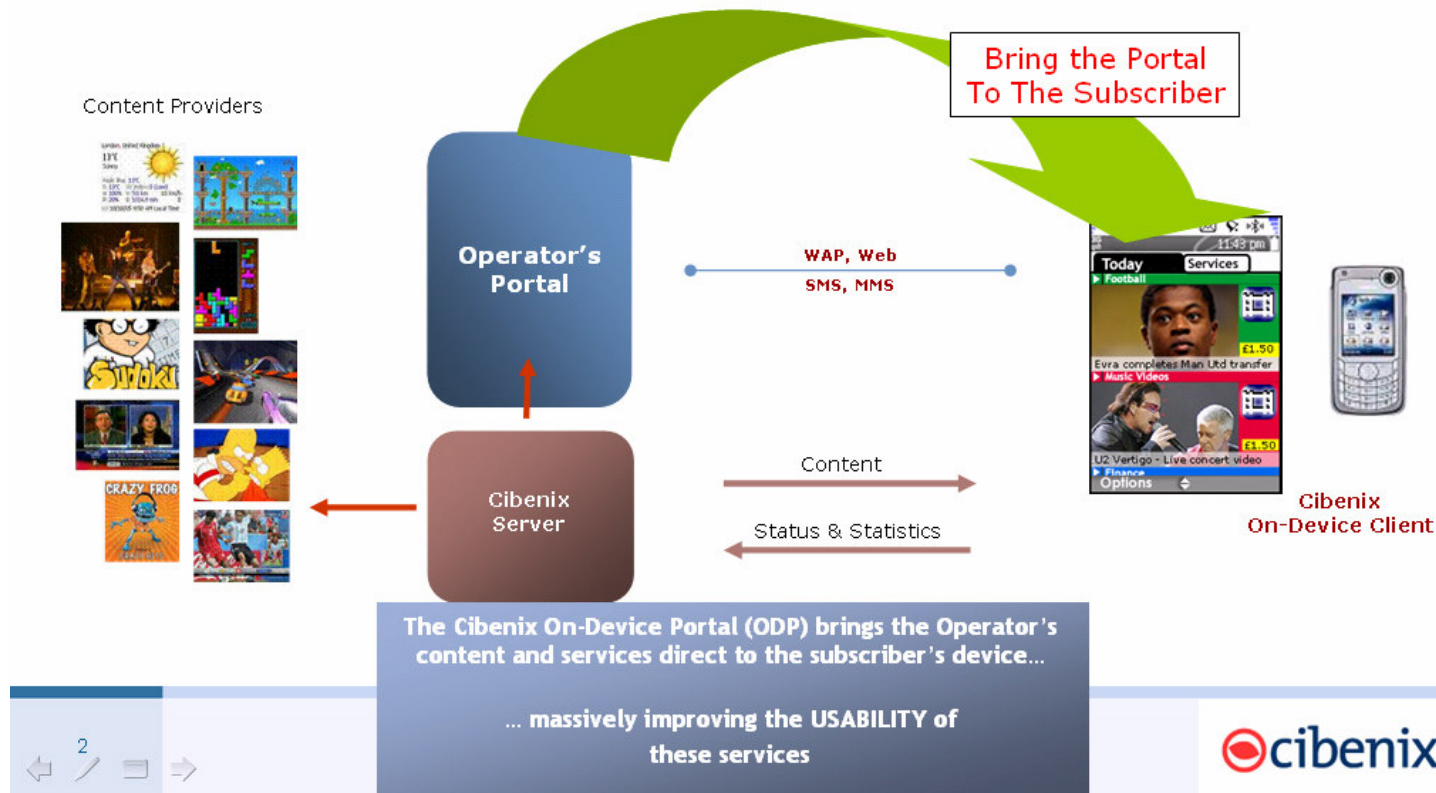
### • 2006 O<sub>2</sub> with ClixSmart:

- 3 months after launch:
  - >30% revenue increase
- Today:
  - 25% of revenue now from non-voice services (up from 4%).
  - 53% of total data traffic in UK goes through O2 portal
  - O2 only implicitly profiling Operator in UK
  - 4.5 Million active data users
  - *95% of users choose profiling*
- Now supports all devices
- Handles 300+ User reqs/sec
- Over 1 Billion pages accessed per quarter



# It's About Ease of Use Increasing Data Services Usage

Cibenix On-Device Portal (ODP)  
Increasing usage of & revenue from data services



## **4. Enabling immediate ROI from ‘ready-to-go’ applications and services**

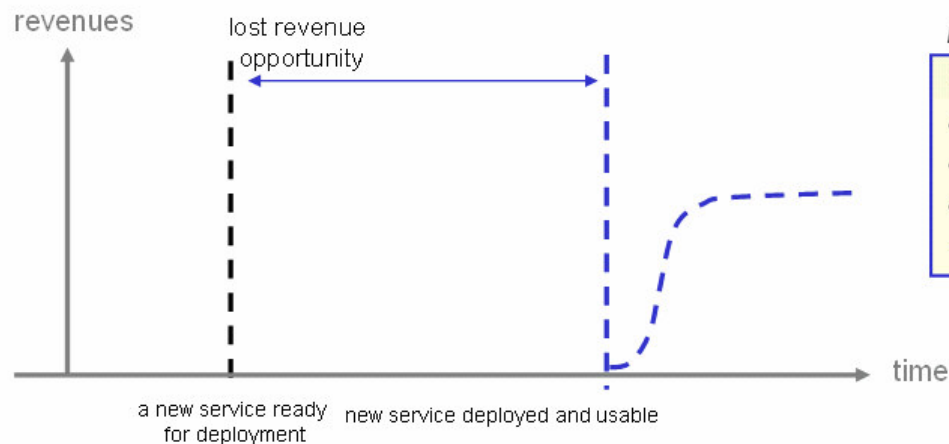
# It's About Saving Time and Integration Costs

- Deploy hardware and software installed
  - APIs tested and integrated
  - for simple integration with OSS/BSS systems etc
- .....



## Reduce time to market by 70%

- **Automated processes enable a faster service introduction → shortens the time to market of new services**
- **Typical service deployment time reduction is 70-90%**

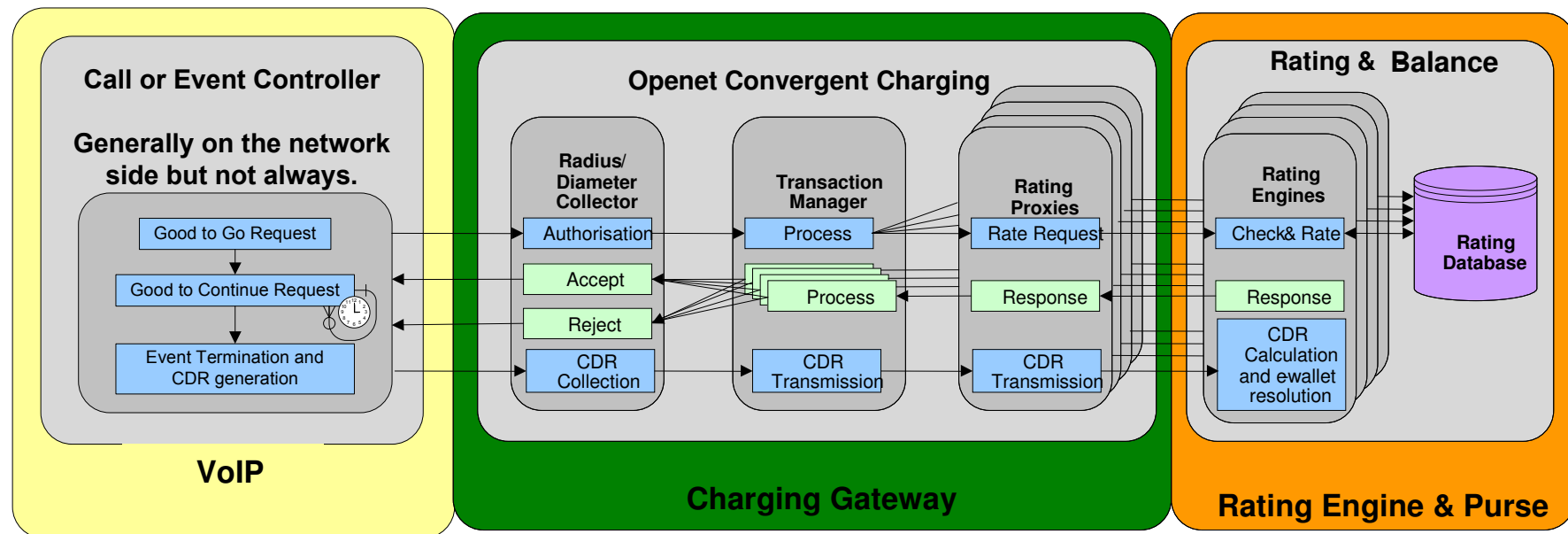


### Example scenario

- 100 new services per year
- per service ARPU ~200k€
- deployment time ~30 days
- with HYDRA reduced to 10 days
- +500k€ revenue opportunity

# Getting Services Deployed

- Rollout new services in 90 days from inception
- Re-use charging interfaces and billing applications
- Enable third party access to charging infrastructure



# Economic Benefits of A Product and SOA Based SDP Implementation

- TCO is driven by acquisition and ongoing costs
- TCO is influenced by the size of hardware
- AND the different number of data services and size of the user base
- Decouples service delivery from the OSS/BSS development cycle
- SDP gives best of breed performance, but is integrated
- Designed to scale to support more services and growing amounts of network events/transactions
- SDP will reduce your time to market and your cost per service

# THANK YOU

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