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TELECOMMUNICATIONS COMPANIES ARE FALLING OVER EACH OTHER IN THEIR RUSH TO PROVIDE A ONE-BILL, ONE-STOP-SHOPPING SERVICE TO CUSTOMERS. AND FOR GOOD REASON.

THIS BILL'S FOR YOU

Known as convergence billing (also called composite billing or combined billing), this trend is nothing short of a revolution in how telecommunications providers interact with their customers.

By collecting more information regarding a customer's use of all telecommunications options, providers can learn far more about customers, and as a result, they can create more targeted marketing offers.

Phone companies view convergence billing as a competitive weapon with which to attract more customers and to decrease "churn," or customer turnover. They reason that bundled services will make it less tempting to switch from one provider to another.

With telecom service providers in the region looking to provide a raft of services on a single pipe, it's imperative for them to move to converged systems for billing. "While there is little experience among Middle Eastern operators, many are investigating its benefits. An important driver for this is increased competition in the Middle Eastern market. Payment solutions have a considerable impact on the services than can be deployed, their speed to market, fraud management and the user experience," says Nabil Y Khalil, Director - Telecoms, LogicaCMG.

K Nandakumar, CEO of SunTec echoes a similar opinion: "Competition and consolidation are forcing regional telecom operators to wage fierce battles to keep their customer bases intact. New operators like du in UAE and Wataniya in Kuwait have already launched advanced next generation content services over wireless network. Cheaper phone and less expensive networks are imperatives, but billing systems that let operators charge for, control usage, manage customers and earn a profit are equally important."

"As the number of mobile operators in the Middle East increases, subscriber demand for differentiation will grow. Converged billing solutions will become a strategic asset that allows operators to differentiate their service offerings and rate plans, and therefore satisfy that demand," says Jeff Popoff, VP of Marketing, Redknee.

PLUG THE GAPS

Several factors have contributed to the surge in demand for convergence billing systems.

Apart from service differentiation, converged billing systems can help operators to address many ills that plague the industry. Telecommunications industry analysts estimate that between 2% to 5% of all billable-minute revenues are lost because of absent or incorrect

billings. Telcos typically focus on revenue leakage only when a major fluctuation occurs in financial results or billable metrics. Unfortunately, this approach is misguided, as there are many significant revenue leakage problems that may not turn up in monthly trend-analysis reports. For example, if a rating table has not been updated and is incorrectly charging 8 cents instead of 10 cents a minute, the total amount of revenue generated for the service may appear stable from month to month. No unusual fluctuations in financial results will result that might alert a reviewer to the rating error, so the problem may remain undetected for a long time.

Revenue leakage is often treated as a billing issue. Auditing calls from switches, making sure rating tables are properly maintained, verifying accounts receivables, checking invoices for completeness -- these are all billing-related activities. If the charges aren't on the bill properly, the billing organisation has failed.

The problem is that telecom companies have traditionally used the silo approach to deploying operations support systems like billing, ordering, provisioning and other functions for each service. These mainframe-based legacy systems typically don't communicate well, if at all, with one another. The true challenge, ultimately, is one that many industries understand all too well: big systems integration

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Mahmoud Mounir,
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of product-oriented legacy systems with new customer-oriented systems that are frequently Web-based.

“There are dramatic changes occurring in the way operators need to charge for their services. The increasing penetration of new rich media services into the marketplace is proving an insurmountable challenge to legacy infrastructure in terms of both costs and capabilities. At the same time, IP Multimedia Subsystem (IMS) architectures are gaining momentum, driven by the desire to provide a simpler, more engaging and more profitable user experience, as well as the need to control the rising demands on human, infrastructure, and financial resources. As the industry moves to embrace a vast array of non-traditional and blended services, legacy infrastructure and billing systems will be a stone around the neck of operators,” says Mahmoud Mounir, CME Sales Director, HP Middle East.

The problem is further compounded by advances in technology. If a carrier wants to offer six or seven different services, it will be necessary to buy, install and maintain six or seven different billing systems. Off-the-shelf solutions to integrate, or more accurately, to mediate disparate systems and generate a consolidated billing are being developed—but they’re rarely complete solutions and are

always painful, requiring monumental effort to implement and tailor to a specific provider’s fragmented systems environment. Moreover, a common billing platform may solve the customer service problem, but it won’t ensure the billings are right -- although it would reduce the number of weak links in the processing cycle that might result in incorrect billings.

Reducing churn is another major benefit. “Customers need more than voice, video, content and data; they require real-time customer management and financial control, as well. At this juncture where all operators offer triple-play and quadruple play services, identifying and retaining high value customers, up-selling and expanding markets are the key for all telecom service providers. A convergent billing system, because of its flexibility to address multiple charging models like bearer, service and content charging can help operators to launch new products and services quickly, meeting the growing communication needs of customers,” says Kumar.

“Convergent, real-time billing systems can provide an accurate price at the time of the order – reducing pricing uncertainty and increasing service uptake. Convergent, real-time control over services, rating and charging enables operators to keep all users informed about their accumulated spend and service usage,” says Khalil.

WARMING UP TO UNIFIED BILLING

Good news is that operators in the region are investigating and starting to invest in these systems. “ This investment only takes place once vendors have assured the operator of their ability to effectively migrate subscribers to convergent features and can demonstrate an evolution to full convergence,” says Khalil.

“The service providers surviving in today’s market conditions are very well aware that implementing a convergent charging solution is a fundamental requirement for success in modern communications marketplace,” says Mounir.

Another area that is ripe for Middle Eastern telcos is real-time billing. The introduction of content based services has led to the need for real time pricing and billing, especially in the context of on-demand services like Pay TV and video on demand. Real-time billing will also allow Middle Eastern operators to combine billing and rating of messaging and data offerings and support a wide range of end-user experiences.

With the launch of next generation services, the rules in the telecom industry are changing - the company that provides the bill owns the customer. Remember, a bill does more than just demand money.