



WHITEPAPER

HOW **TELECOM** OPERATORS CAN DEPLOY **BPM** FOR COMPETITIVE ADVANTAGE

Content

Telecom operators face significant challenges in terms of escalating customer expectations and threats from Over the Top (OTT) competitors. Business as usual is simply no longer an option for those who wish to survive. The current and anticipated challenges demand a focus on quality, speed and agility. New business models may be required and the effective deployment of Business Process Management (BPM) can enable improved performance.

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Introduction

The world of telecommunications is changing at whirlwind speed. While the current rate of change is not entirely a novel phenomenon -- today's data-hungry customers with increasingly powerful smart devices and mounting competitive threats from Over The Top (OTT) competitors such as Skype and Netflix continue to encroach on the turf of traditional telecom operators. Major industry studies by leading consulting firms such as IBM, Ernst-Young, and Roland point to a common set of challenges including customer experience management, cost reduction, and business model reinvention. Yet, the central role in business process management (BPM) in meeting challenges head-on has not yet been fully grasped by many telecom operators.

This paper begins with an overview of the challenges faced by operators in the telecommunications sector with special reference to the increasing role of OTT competitors, the falling growth rate of operators, and the key forces that will likely drive change. Next, the crucial role of BPM will be outlined with specific reference to BPM as a key enabler of improved customer experience and also a primary vehicle of lower costs. Then, tactical guidance on the deployment of BPM to meet challenges will be outlined in a blueprint for change. Finally, the key concepts and takeaways will be summarized.

Industry Overview

The telecommunications industry continues to face mounting disruption from non-traditional competitors and regulatory uncertainty continues to unsettle the industry. Over The Top (OTT) competitors such as Skype, Netflix, and Facebook are driving fundamental change in terms of demand scenarios according to industry observers. The regulatory environment remains uncertain with spectrum release frameworks, net neutrality, and data privacy legislation is seen as particularly problematic. Network quality remains a critical success factor and a point of differentiation and in one survey, 68% of respondents cited customer experience management as the top strategic priority for their organization, and 82% ranked it as one of the top-three considerations over the next three years.

Some of the key challenges have been relatively constant during the past few years. In 2012, a study by Roland Berger encouraged telecom operators to pay close attention to the following five levers:

- 1) **Personalization of service ecosystem and the customer experience.**
- 2) **Staunch defense of relationships with end customers.**
- 3) **Cost-efficient broadband network build-up.**
- 4) **The realignment and radical streamlining of operating models.**
- 5) **The financial resources to drive digital**

Three years later, several similar themes were echoed in a 2015 Ernst Young study:

- 1) **OTTs are the leading drivers of changing demand scenarios.**
- 2) **Service levels and personalization can be deployed to drive customer-centricity.**
- 3) **The interplay of people and processes can be used to boost agility levels.**
- 4) **In-market consolidation may be a key factor.**
- 5) **Digital services have the potential to transform the revenue mix by 2020.**

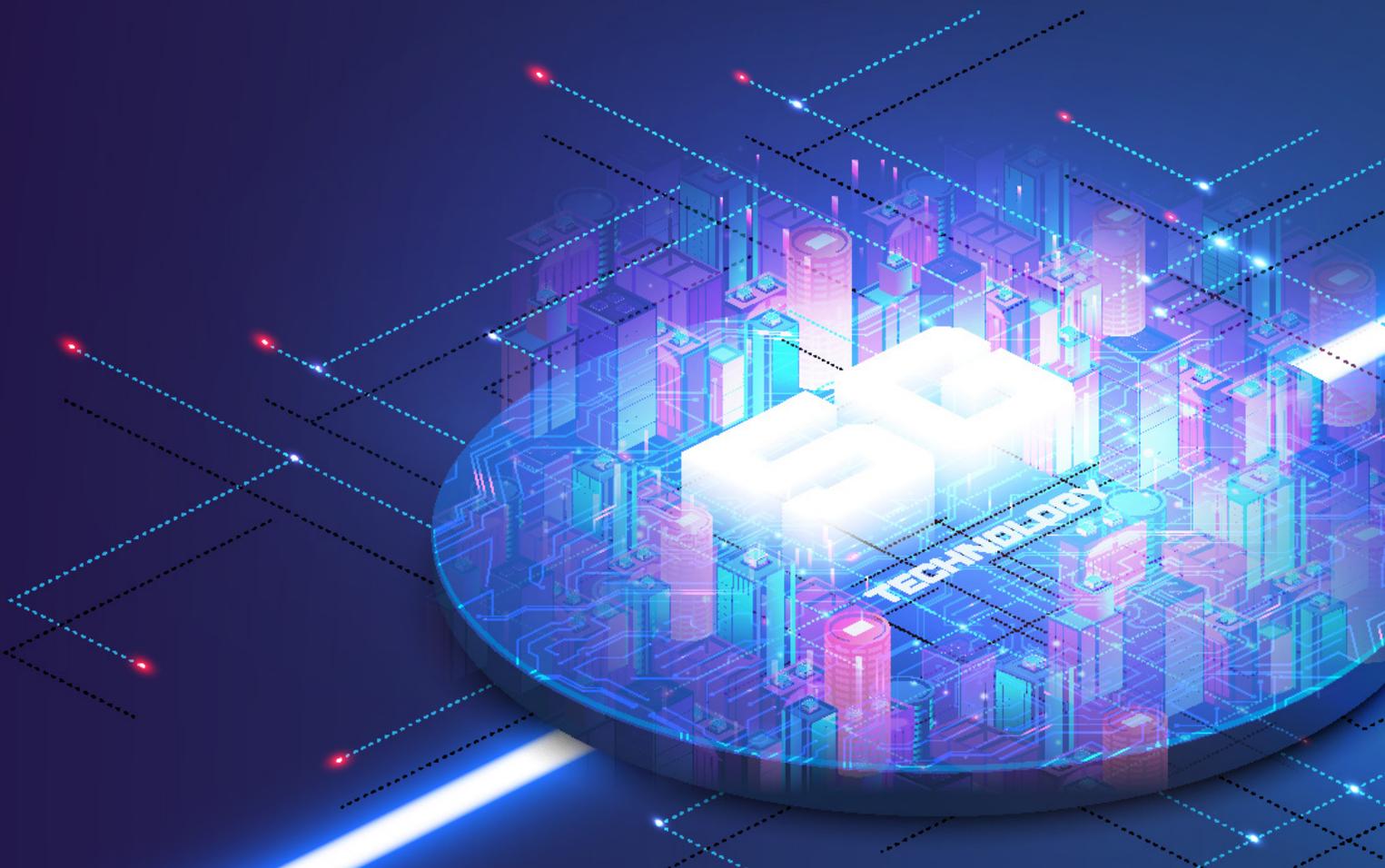
The influence of OTT competitors should not be underestimated. The number of Skype subscribers has grown from 25 million in 2010 to over 300 million in 2015 with a significant impact on the demand for voice services from traditional operators. The number of Facebook subscribers has skyrocketed from 650 million in 2013 to over 1.5 billion by the end of 2015 with a noteworthy influence on the demand for text messaging. The number of Netflix subscribers has more than doubled since 2013, exceeding 75 million members with a striking impact on operator revenues.

The combined impact of OTT services cannot be underestimated either. Simply consider the potential disruption to telecom operators implicit in the statistics in Figure 1 below. The impact of this external threat is such that telecom operators will need to modify their pricing plans and explore new business models.

Progressively more demanding customers will no longer tolerate dropped calls and slow connection speeds. They will demand improved service levels, responsiveness, and personalization — or take their business elsewhere. As digital services in areas such as TV and cloud take on growing importance over the next few years, the ability of operators to effectively introduce new products/services will become increasingly crucial.

While predicting what the industry might look like in a few years continues to be challenging, the importance of engaging in new ways of thinking by telecom operators is clear. As the Ernst Young

study states, “Realizing opportunities, however, requires operators to think in new ways about ecosystems, marketing, and technology.”⁴ Operators have historically engaged in traditional functional thinking, where the focus on the organization chart and emerging technology have trumped in creating value for customers. Progressive operators will recognize that creating both customer and shareholder value is now the order of the day — and that can best be done by taking a customer-centered, business-process-based view of the enterprise. The operators that can best deploy Business Process Management (BPM) may well gain competitive advantage.



Creating Value with BPM

Improving customer experience, reducing operating costs, reinventing the enterprise, introducing new business models, executing network expansion, and responding to customer inquiries and complaints all have one common element — the need for cross-functional collaboration. A traditional, department view of business can stand in the way of optimizing performance improvement. What's needed is a customer-centered, process-based view of the organization. In this view, what dominates management attention is the flow of work as it crosses departmental boundaries in creating value for both customers and shareholders.

When an organization adopts a customer-centered, process-based view of business, it significantly increases its chances of improving customer experience — as value for customers is created primarily through a company's cross-functional business processes. At the same time, as the organization compresses the time to deliver services, it automatically drives out cost from its operations. Instead of focusing exclusively on actual to budget comparisons, a process-based framework will introduce critical to quality metrics for operators in terms of timeliness and completeness — things that really matter to customers. Instead of simply measuring “churn”, a process-based framework will encourage operators to identify the root cause of churn and work to reduce it.

By taking a customer-centric, process-based view of business, telecom operators will be better equipped to do the following:

1. Ramp up their efforts to improve customer experience
2. Identify the root causes of churn and reduce it
3. Develop cost-efficient ways to expand and operate their network
4. Explore the realignment of operating models
5. Accelerate digital transformations

Some of the other benefits of BPM that operators can realize include:

- **Faster** — Automated provisioning and fulfillment processes
- **Cheaper** — Integration of disparate systems
- **More compliant** — This allows telecom companies to automate the manual processes in regulatory compliance
- **Happier customers** — Improve ad-hoc exception handling

Gartner has recognized several Telecom operators as organizations that “have demonstrated excellence in leveraging BPM, both as a management and technology discipline, to realize cost savings drive continuous growth and achieve customer excellence.”⁵ In a nutshell, operators in the telecommunications sector can deploy BPM to enable improves customer experience and also drive lower costs.



A Blueprint for Change

The most successful organizations emphasize three factors in launching BPM. First, they work at the senior leadership team level to establish a common vocabulary around enterprise processes. Second, they select a proof of concept project that is easy to execute and promises to deliver real results quickly. Lastly, they select a large, end-to-end process for improvement that will improve the organization's chances of achieving its strategic objectives.

Process-based change needs to begin with a common understanding of the landscape. Figure 2 below outlines one illustration of an enterprise-level process model that can be instrumental in shifting management attention to what matters to customers and from the bases of cross-functional collaboration, as well as performance improvement. Such a schematic depicts the major value-creating processes for a typical telecom operator.

Dialogue around this type of high-level model can trigger members of the leadership team to ask and answer the following questions:

- To what extent are we measuring the timeliness and quality of our services to our customers?
- Which departments need to collaborate to deliver value in these end-to-end processes?

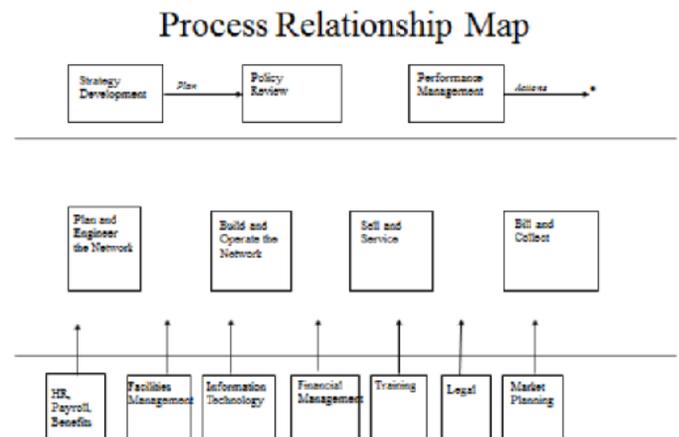
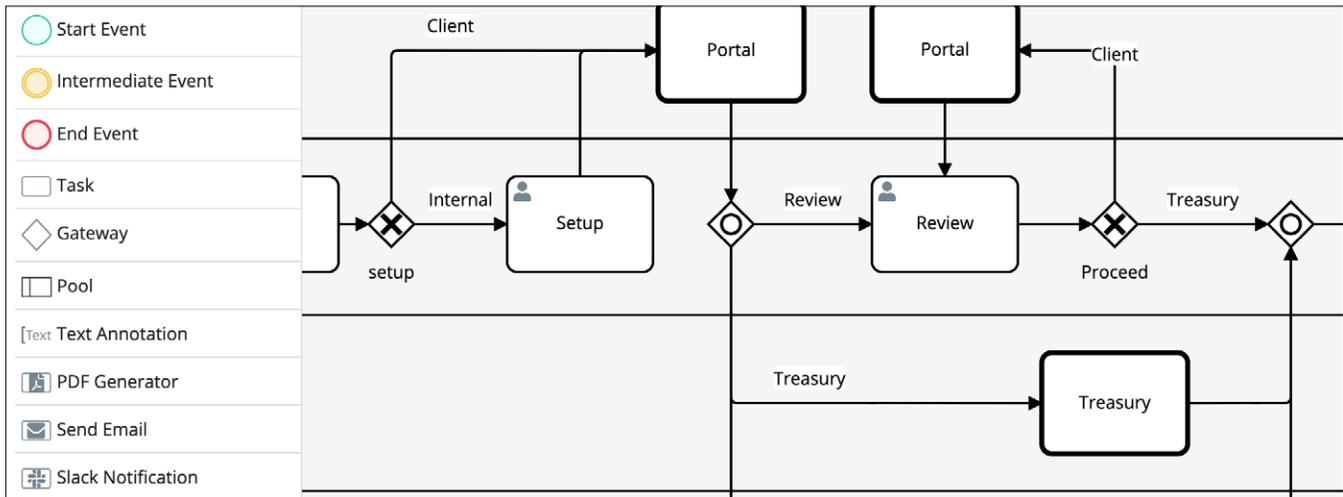


Figure 2: Process Relationship Map

- What is our current performance for these large processes?
- Which of these large processes need to be improved upon the most for us to achieve our strategic goals?
- Which IT systems may need to be upgraded to improve the performance of these processes?

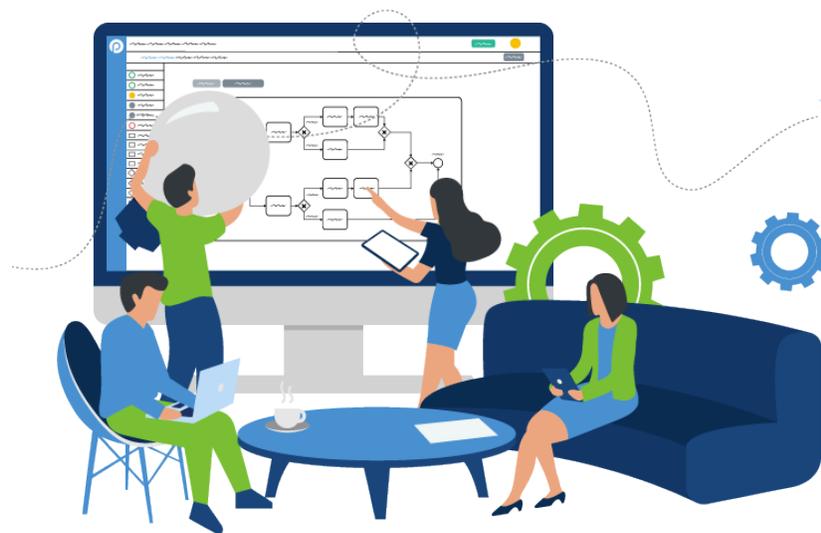
Once the leadership team has agreed on a common vocabulary around enterprise processes, the typical next step is to select a small, but visible project. To demonstrate proof of concept, the team chooses a project that is believed to be easy to execute, yet provides the prospect of significant performance gains. Processing employee expenses reports (depicted in Figure 3 below), new hire onboarding, and accounts payable processing are typical examples of process improvement at this level.



Once the proof of concept project has produced observable results and board-based buy-in has been obtained for BPM deployment, the organization can then select a large, end-to-end process for improvement that will enable the organization in achieving its strategic objectives.

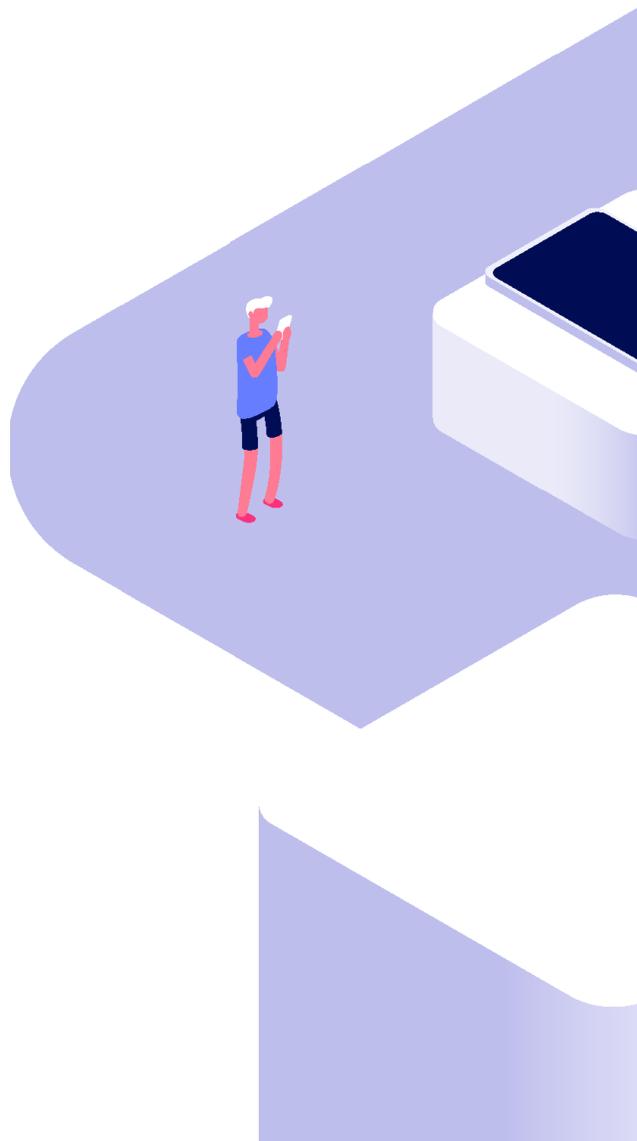
Typical examples of end-to-end processes selected for process automation include:

- Network Build: From plan to close-out
- Procurement: From request to receipt
- Customer complaints: From complaint to resolution
- Recruitment: From requisition to onboard
- New Customer Onboarding
- New Service Onboarding or Service Modification Request
- Defective Equipment Replacement
- Change Order Requests



Summary

This paper began with an overview of the challenges faced by operators in the telecommunications sector with a focus on increasing customer expectations, the growing threat from OTT competitors, and the key forces that will likely drive change. Next, the crucial role of BPM was outlined with specific reference to BPM as a key enabler of improved customer experience, and also a primary vehicle for achieving lower costs. Then, tactical guidance on the deployment of BPM to meet challenges was provided with specific reference to the importance of having a common vocabulary around process management, selecting a Proof of Concept project, and progressing to the application of BPM on a large end-to-end process.

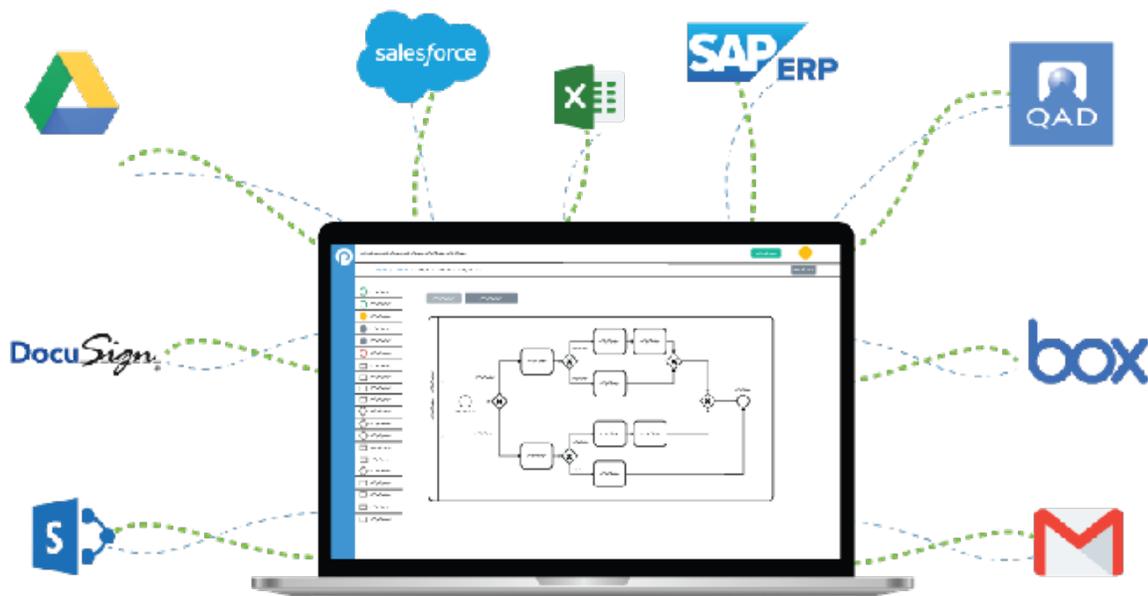




About ProcessMaker

ProcessMaker is low-code BPM and workflow software. ProcessMaker makes it easy for business analysts to collaborate with IT to automate complex business processes connecting people and existing company systems. Headquartered in Durham, North Carolina in the United States, ProcessMaker has a partner

network spread across 35 countries on five continents. Hundreds of commercial customers, including many Fortune 100 companies, rely on ProcessMaker to digitally transform their core business processes enabling faster decision making, improved compliance, and better performance.



Find out how we can elevate your business today.
Learn more at processmaker.com

Request a Free Demo
+1.919.289.1377

Contact



212 West Main Street
Suite 307
Durham, NC 27701
USA

+1.919.289.1377
processmaker.com

