

# HOW TELECOM OPERATORS CAN DEPLOY BPM FOR COMPETITIVE ADVANTAGE

*Andrew Spanyol  
Brian Reale*

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.

---

## TABLE OF CONTENTS

INDUSTRY OVERVIEW .....

CREATING VALUE WITH BPM.....

A BLUEPRINT FOR CHANGE .....

SUMMARY.....

ABOUT PROCESMAKER.....

“The central role of BPM ...has not yet been fully grasped by many telecom operators.”

## I 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 Berger point to a common set of challenges including customer experience management, cost reduction and business model reinvention. Yet, the central role of business process management (BPM) in meeting these 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 for achieving 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 take aways 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 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.<sup>1</sup>

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 transformation and consolidation.<sup>2</sup>

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.<sup>3</sup>

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 significant impact on the demand for voice services from traditional operators. The number of Facebook subscribers has rocketed from 650 million in 2013 to over 1.5 billion by

“The influence of OTT competitors should not be underestimated”

<sup>1</sup> Global Telecommunications Study: Navigating the Road to 2020, Ernst Young, 2015

<sup>2</sup> www.rolandberger.com

<sup>3</sup> ibid

“..Telecom operators will need to modify their pricing plans and explore new business models.”

the end of 2015 with noteworthy influence on the demand for text messaging. The number of Netflix subscribers has more than doubled since 2013, exceeding 75 million members with striking impact on operator revenues. The combined impact of OTT services cannot be underestimated. 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.

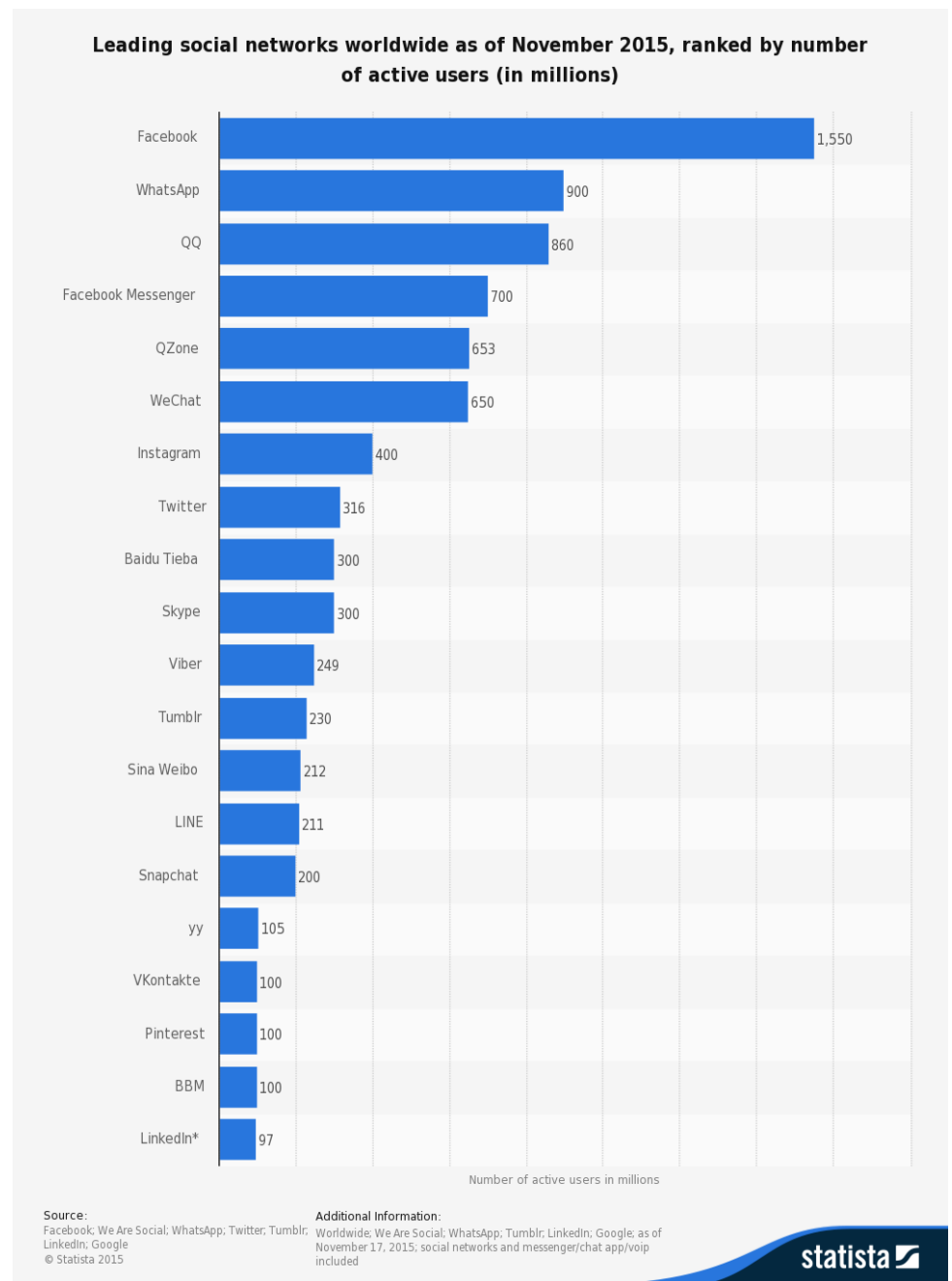


Figure 1: Number of Social Network Subscribers

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.”<sup>4</sup> Operators have historically engaged in traditional functional thinking, where focus on the organization chart and emerging technology have trumped 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.

“...the importance of engaging in new ways of thinking by telecom operators is clear.”

---

<sup>4</sup> Global Telecommunications Study: Navigating the Road to 2020, Ernst Young, 2015

“...a process based view of business significantly increases its chances of improving customer experience.”

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 via 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 that truly 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:

- 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 transformation

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 - 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 which “have demonstrated excellence in leveraging BPM, both as a management and a technology discipline, to realize cost savings, drive

continuous growth and achieve customer excellence.”<sup>5</sup> In a nutshell, operators in the telecommunications sector can deploy BPM to enable improved customer experience and also drive lower costs.

## A BLUEPRINT FOR CHANGE

The most successful organizations emphasize three factors in launching BPM. They work at the senior leadership team level to establish a common vocabulary around enterprise processes, they select a proof of concept project that is easy to execute and promises to deliver real results quickly, and 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 basis of cross functional collaboration as well as performance improvement. Such a schematic depicts the major value creating processes for a typical telecom operator.

“Process based change needs to begin with a common understanding of the landscape.”

---

<sup>5</sup> <http://www.gartner.com/newsroom/id/2347315>

“[Start] with a small visible project...”

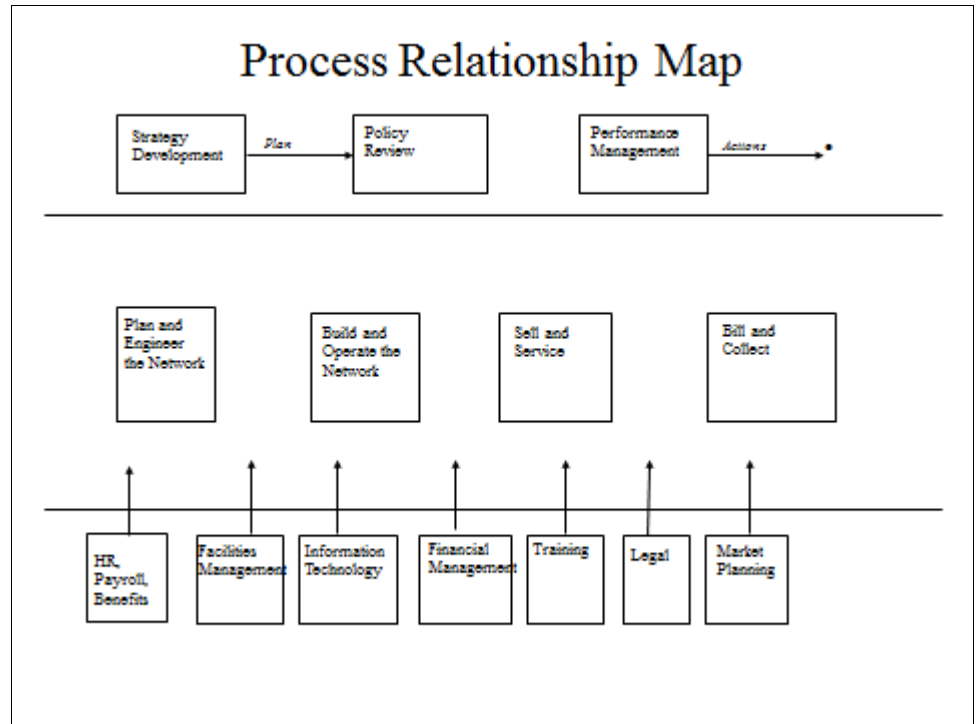


Figure 2: Process Relationship Map

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?
- What is our current performance for these large processes?
- Which of these large processes most need to be improved 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 by choosing a project that is believed to be easy to execute and 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.

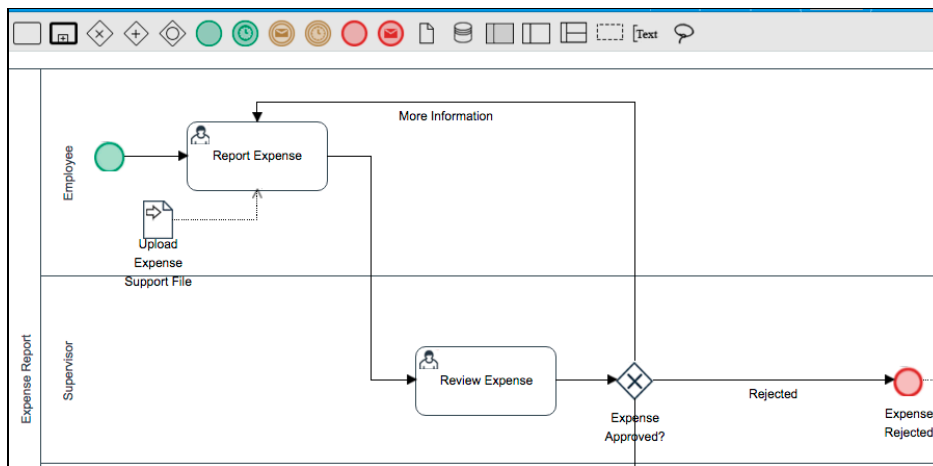


Figure 3: Processing Employee Expenses Reports

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

“...select a large, end-to-end process for improvement that will enable the organization in achieving its strategic objectives.”

“BPM is a key enabler of improved customer experience.”

## 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 PROCESMAKER

ProcessMaker is a leading open source and cloud based Workflow and BPM software suite that makes it simple for companies to automate form-based approval driven processes and interconnect people and existing company systems. ProcessMaker is being used by many of the world's leading telecommunications sector operators to standardize processes, reduce procurement times, eliminate paper forms and increase traceability and transparency.

ProcessMaker is headquartered in New York and has a partner network spread across 35 countries and on five continents. Hundreds of commercial customers including many Fortune 100 companies and many of the top telecom operators in the world rely on ProcessMaker to automate their processes. ProcessMaker is available in 17 different languages and has been downloaded over 1 million times.



## ABOUT SPANYI INTERNATIONAL INC.

Spanyi International Inc. has been helping organizations improve and manage performance since 1991. We facilitate performance improvement by taking a customer-focused process based view of performance at the enterprise level. This involves helping the senior leadership team shift attention towards measuring, improving and managing the large end to end processes which create value for customers such as customer engagement, order fulfillment, procurement and new product development. Our process management consulting services and our process improvement training services address the needs of clients in industries such as financial services, energy, and telecommunications.

