Telecom Triple Plays

by John Myers
Published: June 12, 2007

As landline telecommunications providers and cable companies move into new service areas, effective business intelligence will play a critical role in their success.

Recently, a member of the Colorado Rockies, Troy Tulowitzki, performed a feat that has only been accomplished 13 times in baseball history. “Tulo” completed an unassisted triple play – completing all three outs of an inning by himself. At the recent Billing World show in Chicago, there were many telecommunication service providers who are hoping to accomplish the same thing – completing an unassisted triple play of land-based telecommunications by providing voice, video and Internet services. Cable companies want to provide voice services via their established networks. Traditional voice providers want to provide video-based services through their own networks.

Each of these goals is a logical extension of the business plan for each type of service provider – telco and cableco. In terms of core competencies, each of these goals indicates a move into areas where neither telco nor cableco are particularly strong. For telcos, their core competency has been providing high volume, event-based voice services utilizing relatively inexpensive customer premise equipment (CPE) – remember your grandmother’s rotary dial phone? In fact, many telcos have been focusing on simply providing dial tone service to residences and getting out of the consumer equipment business. For cablecos, their strength was in the provisioning of monthly, subscription-based services utilizing relatively expensive CPE – such as the average set top box or the more advanced digital video recorder (DVR). The jump to the other’s core competency is going to require a significant amount of operational change. However, the business intelligence organizations of each can help to enable and ensure a safe transition.

Here’s the Customer with the Call
Unless a telco is offering third-party satellite video services or a cableco is reselling mobile services – as a mobile virtual network operator (MVNO), the effort to move into a new market is most probably with IP-based technology utilizing their respective Internet infrastructures. For telcos, the move is via IPTV. For cablecos, the most effective strategy is using VoIP. However, most users of these services have become accustomed to the level of service they are receiving from the existing providers.

For example, the industry standard for providing consumer video services is the cable industry. It is "always on." There is high quality of programming in terms of video and audio (*and it does not go away during a classic Colorado spring snow storm*…). Another example is the presence of "dial tone." The traditional regional Bell operating companies (RBOC) have spent almost 100 years perfecting the ability to provide quality, continuous dial tone to a majority of residences. Consumers have high expectations for these services. They will not move to similar, but inferior services for similar pricing.

Using business intelligence to track the interactions with the customer care center and the usage of services can go a long way toward helping understand how consumers view the products and if they are happy with the new service. With the revenue projections (*read monthly and usage fees*) that many telecommunication service providers have for their new offerings, the new IP-based products have to meet those existing expectations. If those expectations are not met, the consumer will not hesitate to provide "feedback" via the customer care center. When consumers start paying equivalent amounts for alternative services from a new vendor, they expect product attributes similar to those of traditional providers (*i.e., even first movers want jitter-free SportsCenter reruns in the morning with breakfast*…).

The CPE is . . . . Safe at Home

Telcos are entering a world where they are no longer able to provide their service simply by providing "dial tone." They need to provide a quality video feed that meets the expectations of consumers. This includes a wide variety of content, high quality video and associated audio. In addition, IPTV set boxes are not "your grandmother's rotary phone." They do not have 100 years of end-user testing, network management and other "burn in" factors that traditional telcos have come to expect. Yes, recent experiences with digital subscriber line (DSL) services have given telcos a glimpse into those configuration and customer service areas, but the average DSL modem now retails for $30 at Best Buy. If consumers are not happy with the CPE provided by their telco or are simply interested in more sophisticated hardware, they can go and get a replacement much like most people replaced rotary phones with the princess line phones or cordless phones of their choice.

Just as business intelligence organizations have assisted telcos with monitoring the perceived quality of new IP-based products and services, they will need to focus their efforts to solve CPE issues for IPTV rollouts in two areas. One is managing and monitoring the "old school" truck rolls of provisioning. Minimizing the costs associated with getting CPE to the customer site will be a major goal. When the margins associated with providing a service are tight, sending technicians on multiple visits will negatively impact those margins.

Also, ensuring that the equipment on the customer site is provisioned – physically on site and technically from a remote location – right the first time will be key. Again, losing a $30 DSL modem is one thing (*misconfiguring it is pretty hard, but not impossible as I learned this weekend*…). But, having a stack of dysfunctional, or apparently dysfunctional, $500 set-top boxes at a customer's house is not an effective use of those resources.

Moving to a Higher Pitch…err… Call Count

For cablecos, the change is less about the CPE constraints and more about how to handle the volume of billing events to and from their newly implemented VoIP implementations. Monthly subscription charges have been the bread and butter of cable billing for years. Pay-per-views have come a long way, but they are not in the same class as the billing systems that most traditional telcos have been implementing for years. The telco billing environment is a vastly different beast from the cable billing environment. Also, FCC regulations for existing telcos cannot be ignored by cablecos simply by saying, "We are VoIP and not POTS." What is good for the goose is good for the gander for rural phone support, federal excise taxes and fees.

Cableco business intelligence organizations need to ensure that all the billable VoIP events that take place on their network are properly tracked and rated to ensure compliance with regulatory and risk issues. Also, the business intelligence organization should be ready to handle the revenue assurance aspects of the new billable events. Each call should be billed properly as should each telecom service.

Conclusion

Going for the unassisted triple play of landline telecommunication service providers is a path toward becoming not only a "complete" telecommunications vendor, but a trusted telecom partner. However, along the way, this goal can be more difficult to accomplish than simply the technical hurdles associated with the implementation of IP-based technology. There are vast differences in how voice and video are implemented and also in the expectations of the consumer for those services. Business intelligence can provide the proper monitoring and analysis options for their organization to minimize the risks associated with the transition.

Post-Game Comments

In this article, I have focused on the triple play of traditional landline telcos and cablecos. It is/was not my intention to ignore the quad play (landline voice, wireless voice, Internet and video), or satellite and wireless providers. I love my satellite dish and my TiVo box. My cell phone gives me a level of freedom than my landline can't provide (*we won't mention the fact that my cell doesn't work at my house or my office where*

oddly enough landlines provide great service....). My intention is to show the hurdles of the landline providers as they venture into new areas of products and services. Wireless, terrestrial- and satellite-based providers all have their own challenges when providing services outside of their core competencies. However, they face much different challenges, perhaps much more technically based challenges, for their diversification moves due to the nature of their offerings. Consumers of such offerings will forgive the providers if audio quality on a call or video quality viewing content is not on a par with traditional video and voice providers. Most people understand the "no such thing as a free lunch" concept, and watching the Sopranos on their phone is worth the price of admission… even if the last season isn't.