

Don't Buy Software. Don't Buy Services. Buy Results!

Minimize the Risk of Projects and Achieve the Benefits Sought

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The need to “do more with less” and “get results” has never been as non-compromising as it is today. Against the backdrop of a troubled economy and decelerating industry growth, service providers face tremendous pressure to evolve their businesses.

Creating a sustainable competitive position now will require service providers, in addition to delivering a great customer experience, to increase efficiency in their back-office operations. And to be ready when prosperity returns, service providers must evolve their business with transformation projects, large or small, that help them develop new sources of growth and gain the kind of innovation and agility that will enable them to survive as profitable businesses and stand out against aggressive competitors like Apple and Google.

But can service providers achieve any of these goals on shoestring budgets? Absolutely. How? By first pinpointing and minimizing the risk of undertaking these projects.

BUSINESS- AND OPERATIONAL-SUPPORT SYSTEMS: WHERE RISK HURTS MOST

In almost every project, there is risk. Understanding and addressing that risk becomes particularly important in times of economic uncertainty. The costs of a failed project are not only the direct investments in resources and time, but also missed business opportunities, lost operational and IT efficiencies, damaged credibility for project proponents and, if the project was visible to customers, a tarnished brand. The most challenging projects in the communications domain are those involving business- and operational-support systems. A high ratio of them fail. A complex environment of multiple vendors, none of which is held accountable for the overall project; issues concerning the integration of the new products being implemented or integration with existing products; and project governance challenges are just a sample of reasons. Two examples from a recent report¹—a North American satellite provider and a wireless service provider in Asia Pacific—can illustrate the cost of failure.

In 2004, the North American satellite provider sought to replace its legacy CRM system, expecting to complete the project in 18 months and at a total cost of \$15 million. However, after three years and \$50 million (233% overrun), the provider decided to decommission the new CRM system and rollback to its legacy system. This costly failure was caused by technical issues with the software, including integration with other applications, and fundamentally, inefficient processes and lack of alignment between the independent software vendor (ISV) and system integrator.

In 2003, the APAC-based wireless service provider decided to replace its customer care and billing systems, with the new billing platform planned to be rolled out to all its affiliates. The expected timeline was just over two years, and the cost budgeted at \$200 million. However, the project finally concluded after more than four years, and costs twice those budgeted. In this case, the chosen CRM and billing applications were not pre-integrated, and with the complexities of the business processes, requirements gathering and configuration required, this risky project's governance became unwieldy.

DEMANDING ACCOUNTABILITY, MINIMIZING RISK

With so much at stake today, service providers cannot afford such costly failures. But how can they minimize risk and yet still take on the projects that will enable them to grow?

Answering this question requires us to understand what fuels risk. One major risk factor is the lack of a trustworthy partner that will assume full responsibility for project delivery and share accountability for the business targets the project aims to achieve. Risk also creeps in when several vendors are involved—one or more ISVs and a separate system integrator, for example. With “too many cooks in the kitchen,” inordinate

effort can be spent on coordination and integration, and gaps in product knowledge and project oversight can ultimately derail projects. Gartner² recently recommended that service providers “not exclusively work with system integrators on OSS implementations due to the high risk of failure.” In each instance—whether no one or too many vendors take ownership—a lack of accountability is the seed of risk.

When evaluating ISVs and system integrators, service providers can explore partners’ aptitude for accountability on these dimensions:

- > **Proven products and services integration:** Choosing a partner that offers both products and services, and has tightly integrated them, can provide the foundation for purposeful design and overall project alignment from the start. An integrated offering streamlines project requirements, scoping, development and deployment, and positions the vendor to assume full accountability for the software and its delivery. Plus, if a vendor can offer the ability to manage its applications beyond the initial implementation, whether managed services are desired or not, it’s an indication of its appetite for accountability.
- > **Industry expertise and delivery track record:** The importance of proven project proficiency, particularly when demonstrated through a history of successful implementations in the communications industry, cannot be overstated. A vendor with a long list of on-time, on-budget projects brings best practices from past, first-hand experience and weaves them into its products, services and implementation methods. Vendors of this caliber tend to be more efficient and enable their customers to achieve their business goals. The degree of certainty for results that a vendor can afford is directly linked to the level of focused expertise and implementation history.
- > **Shared goals:** Look for signs—in their project proposals and in buzz among their customers—that vendors are goal-driven. Choose a vendor that is willing to become a true partner—not just drop off software but, together with the customer, outlines the mutual success criteria to achieve the project’s business goals.

Despite the economic downturn, service providers must innovate. New growth engines must be explored, traditional assets monetized and the customer experience taken to new heights. What service providers *can’t* afford to do is maintain the status quo, overrun costs, delay the benefits of change or fail to achieve them altogether.

Remember, when initiating projects of any size or scale, cost is important, but it isn’t just the price tag. Providers need to be assured of projects’ return on *all* investments—not just time and materials, but operational efficiencies, business results and brand integrity won...or lost. Engaging a single, accountable partner can greatly improve the odds of success.

ABOUT THE AUTHOR



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ABOUT AMDOCS

Amdocs is the market leader in customer experience systems innovation, enabling world-leading service providers to deliver an integrated, innovative and *intentional customer experience*TM at every point of service. Amdocs provides solutions that deliver customer experience excellence, combining the software, services and expertise to help its customers execute their strategies and achieve service, operational and financial excellence. A global company with revenue of \$3.16 billion in fiscal 2008, Amdocs has more than 17,000 employees and serves customers in more than 50 countries around the world. For more information, visit Amdocs at www.amdocs.com.

References

¹ “Prone to Failure: Why CRM and Billing Systems Implementations Are High Risk,” Dr. Raul L. Katz, Billing World, August 2008.

² “OSS Market Overview and Scorecard for Vendors,” Gartner Dataquest Insight, Martina Kurth, November 2008.

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