

Revenue Assurance Goes from Niche to Necessity

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The solution to recovering lost revenue historically has been to throw people at the problem, rendering it cost prohibitive. As a result, revenue assurance efforts traditionally have been low priority. Not any more.

According to [Ernst & Young](#), revenue assurance has gone from niche to necessity in a veritable instant. Service providers are seeing the payoff now that solutions come in software form rather than people-powered services, and they are getting aggressive in addressing their cost management and service assurance issues.

It isn't just the availability of software solutions driving this change. Vincent de La Bachelerie, global telecommunications leader at Ernst & Young, said earlier this year that as telecommunications companies move to more value-based businesses, traditional measures of success, such as subscriber numbers, are being replaced by a focus on profitability. He said many factors, including sophisticated service offerings, increased competition, tariff pressure and more demanding customers, require operators to keep the revenue assurance function at the forefront of risk and financial management.

Olivier Lemaire, head of telecommunications revenue assurance for Ernst & Young, said revenue assurance, which traditionally was focused on minimizing fraud and revenue leakage, is evolving into a proactive discipline covering cost reduction and optimization as well as profitability enhancement. The firm said, in essence, that revenue assurance has moved to the top of the telcos' agendas.

Another sure sign the market is popping is the recent activity in this space. For example, [Subex](#) won a deal in June with AVEA, a Turkish mobile operator, to implement its Moneta Revenue Assurance system. This news came after the successful launch and deployment at Romtelecom of its Revenue Operations Center in May. And [Equinox Information Systems](#) did its part to automate usage records for Sovernet Communications, which selected its TeleLink mediation system and TeleScope solution to analyze international traffic from a financial perspective.

"We believe there should be a package that addresses the end-to-end needs of operators in terms of revenue management," said Benny Yehezkel, executive vice president of worldwide marketing and sales at ECTel, which took second place in the World Billing Awards 2008 from Billing & Information Management Systems (BIMS) for the Best Revenue Assurance and Management Project category.

Also in June at NXTcomm, [Razorsight](#), a startup in network cost management and revenue assurance through its business financial intelligence solutions, launched a major new release of its platform. The company's AIM 5.0 Next Generation Architecture leverages a single repository for all cost and revenue data and a new executive dashboard to track real-time key performance indicators (KPIs) related to network cost, revenue leakage and operational efficiency.

"We will be launching a Web 2.0 portal where customers can collaborate with each other. This will provide for more industry benchmarking and externalization of what peers are accomplishing in terms of their network cost score and revenue assurance," said Tom Kins, vice president of client services at Razorsight.

On the down side, this new release comes just weeks after the company and the revenue assurance market got a different sort of notoriety. Razorsight admitted liability in a court case brought by competitor [TEOCO Corp.](#) that accused Razorsight of stealing intellectual property. Razorsight was forced to pay TEOCO \$4.5 million as part of a settlement that includes an injunction against Razorsight making any further use of any TEOCO intellectual property. Razorsight also is required to extricate all TEOCO intellectual property from all existing systems by Sept. 1, 2008.

One of the largest deals in June came from one of the service assurance sector's biggest players, [SAS](#). The customer was not a telecom company, but rather is the U.K.'s leading clothing and housewares retailer, Matalan. However, it demonstrates something important to telecom services providers, many of which are in the throes of consolidation. It shows the best practices for cost management and service assurance not only work across technologies and business units, but also across industries.

The retailer uses SAS' Enterprise Intelligence Platform, basically the same platform for data integration, analysis and reporting that SAS targets at telcos. This platform earned a [Frost & Sullivan award](#) in June as the Business Intelligence Vendor of the Year in Asia Pacific. The company won the award for its "comprehensive suite of business intelligence solutions designed with advanced business analytics and vertical solution capabilities."

It didn't hurt that SAS grew its revenue by 20 percent in the region in 2007. IDC also named SAS the No. 1 vendor for the combined business intelligence (BI) and financial performance and strategy management (FPSM) market in Hong Kong.

"Historically, it has been quite difficult to share data across the silos of an organization. But the firms that have been most successful in the last few years are those that realize you have to be able to paint a picture across the organization," said Ken King, director of telco and media convergence at SAS.

If that isn't sign enough of a robust market and opportunity, the Economic Times in India, where many new RA solutions themselves are coming from, said telcos there are losing \$750 million a year because of a lack of a revenue assurance focus.