



SUBEX

Point of View



Bridging Wholesale Evolution with Digital Revolution

Wholesale providers should prepare their platform to cater to the diverse partners and business models

Abstract

The continued diversification offered by digital opportunities has brought a dramatic shift in the way traditional wholesale business is evolving. Competing with digital service providers brings fresh challenges. To survive and sustain in the digital realm, wholesale carriers need to identify new opportunities through partnerships while also building their own capabilities around existing models. However, the journey won't be as smooth as expected. How can wholesale carriers emerge as a winner in such a scenario? What offerings should they seek to build, to achieve their goals?

Termed as the Fourth Industrial Revolution, digital transformation has been making waves across industry segments. For Telcos, these changes have brought a new set of challenges, especially with regard to their evolution from the status as traditional service provider to the new-age digital service provider (DSP). Are you prepared to rake in from this opportunity? How would you gear up your wholesale business to cater to the digital trends?

Today's carriers are juggling two wholesale areas. One is their traditional transport telecoms layer sweating the assets of the infrastructure they have built and continue to build. The other is the new world order: apps, digital services and content.



For a CAPEX intensive industry like telecom, optimizing capital expenditure is certainly a need. But aside from defending a bottom line, with the wholesale market being subjected to a complete overhaul, in the following pages you will find our thoughts on how efficient business processes coupled with a robust partner management system can help you thrive.

World Turned Upside Down: What is wholesale today?

AT&T has recently described itself as "a legacy TV company struggling to compete with tech giants like Google" (Source: QZ.com). However, AT&T soon surfaced from the dive by acquiring ad-tech firm AppNexus and launching a sports-free streaming service. On the other side, we see Google and Facebook setting up more and more networks and acquiring more partners. As the perturbed carriers move in every direction, the question becomes more relevant: What does "wholesale" even mean anymore?

At Subex we think wholesale represents both the traditional telephony and new digital partnerships that can include content services and any new kind of partnerships which is unimagined until now. We are confident that traditional wholesale will remain profitable with the right people, relationships and systems in place.

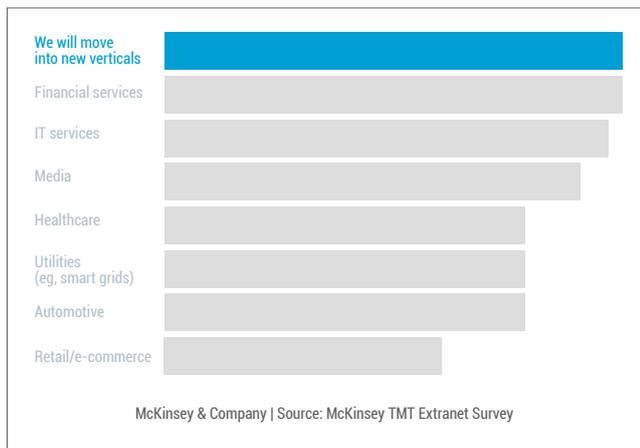
Traditional Wholesale – Evolution, Not Extinction

With the explosive growth of IoT applications, rising content consumption on smart phones, and the

proliferation of A2P SMS services, Telcos are needed as a reliable high quality transport layer. Further, we see how mobile virtual network operators (MVNOs) are making strides with focus on their brand, image and pricing. They are looking for best provider-partners and expanding global reach, and clearly are not interested in building and running a network.

Another reason why wholesale business will stay is the proliferation of smartphones and Internet technologies acting in favour of the 4 billion people in the developing world. GSMA's head of mobile, Yasmina McCarty cited that there are "three remaining barriers to world internet access – infrastructure, content and education" to get the next billion online. While education is not a functional area for Telcos, infrastructure and content are, as exemplified by the projects like Free Basics from Facebook and Project Fi and Project Loon from Google.

Are companies like Google and Facebook scary for traditional Telcos? Most certainly, but contrary to the general outlook, the wholesale markets still yield profit for Telcos; even voice is not yet dead. It is no more the cash-cow that it was once, but with wholesale evolving into new areas, if properly managed, it will represent a steady revenue stream.



The new digital services, the infrastructure to manage them, and the ability to establish partnerships have become more important than ever.

As McKinsey predicted Telcos have moved and are still moving to adjacent business areas such as media, banking, and utilities in search of new opportunities and revenue streams. Many of these relationships are new consisting of a diverse mix of digital partners including publishing houses, news agencies, gaming companies, music curators and many more.

You are only as good as your weakest link and many operators, especially incumbents, struggle to meet these expectations because of slow design processes, limited customer input, and rigid legacy IT systems. To be successful, what is needed, is a robust flexible Partner Management system to exploit commercial opportunities quickly.

Following is what Subex suggests that you need, to best manage wholesale - old and new.

What makes a Great Wholesale Management System?

In the past Telcos have often opted for 'best of breed', having multiple systems performing niche, micro tasks. These give an illusion of control but in reality, it's just more contracts, more system vendor relationships and at the end of the day, more cost. Now, the tables have turned, and we are now witnessing Telcos looking across the wholesale domain and making the judgement call – what's the proverbial best bang for my buck?

So, what should you consider when deciding upon a wholesale management system?

1 – Get a 'right size' system



Any carrier, big or small, needs to assess what their needs are. It might be that there are processes that can comfortably be carried out manually. You may want to take advantage of commoditised software, such as PostgreSQL for reasons of economy. But whatever your current needs are, think ahead. Can you opt out of functions you don't need in a system and then opt into them later? Does your system scale vertically as well as horizontally? Does your software vendor have a proven record at the next tier up?

#2 – Get a wholesale management system



Does the solution you are evaluating have full reach? Does it support your network guys, your routing and pricing, your billing needs, your finance and accounting needs? Does the data stored within the system drive good business decisions? In the context of 'Big Data' can you define your data structures? Are they populated and available in real time? Are they silo-busting? Does it enable

communication and collaboration across the teams supporting the customers? Does it allow for alerting abnormal circumstances across mixed teams? Does the workflow allow for audited and controlled authorisation of actions?

#3 Plan for the unknown



As the famous quotes goes, "Change is the only constant in life," - You really have no idea who your partners will be, how your offerings will be combined, and what your role as a Telco might be. Taking this axiom into account, does your wholesale management system have the adaptability to onboard new services and new partnerships? Is it twinned with self-sufficiency – can you do these things yourself or are you beholden to a vendor and the dreaded change request process? Does your wholesale management system aid and abet the concept to market process?

#4 Analytics, analytics, analytics, KPIs, KPIs, KPIs



"You can't manage what you can't measure" - A wholesale system needs to be able to set KPIs to monitor them, change them and change them again. Your analytics layer should be flexible, accurate, appealing and adaptable. Your workforce won't be thrilled at sitting down to analyse a grid – even if it is accurate. Millennials, as well as Gen X-ers, and all your entire workforce, want to see clear trends in data to drill through and analyse thoroughly. Moreover, they want to see it in an appealing way. This data is an enterprise resource and should be central, visible and shared. There are many stylish tools available but the real skill is in the 'donkey work' of easily introducing often complex KPIs and administering them. Make sure your vendor has a proven record of being able to build and alarm KPIs. Prevention is better than a cure.

#5 Keep finance happy



Any wholesale team will have key interactions with the finance team. Accruals (forecast) and the true-up can be straightforward or it can be customised. Your system should have the capacity to adapt to finance practices and be GAAP compliant or its equivalent. Look for a system that can link disputes and ensure that payments, have the clear capacity for making provisions, and for making all finance decisions clear.

#6 Functional must-haves



Network Management: An inefficient network is a liability, so is an inefficient vendor. You need to know about failing resources and take corrective action. You need to identify a vendor failing to meet the required quality to transmit your traffic accurately, as they are letting you down and letting your customer down. Make sure your system does not relegate the network. When quality is king, the network team needs to be armed with timely information to ensure that performance is high and stays high throughout.

Routing and Cost control: Any wholesale management system should factor in best cost routing. The ability to load vendor rate cards and assess the offers down to dial code level and the ability to detect opportunities and assess their impact are table stakes; but does your routing tool allow your sales people to drive demand in a profitable and structured manner? Are you using your data lakes to predict demand? Are you checking that committed trades are running as they should? Is your routing tool capable of supporting Origin Based Pricing? Does your routing tool support policy-based routing?

Customer Price and Quality: Any development on pricing must be structured and auditable, and of course, profitable. Your wholesale management system should provide tools to dry run prices, to ensure that all prices are profitable and that any published price is distributed securely. Self-sufficiency in the form of a portal significantly reduces process problems. The customer can send target prices to you, and you can react to those suggested prices.

Quality is the saviour of Telcos these days, so the price must factor the target or the requested quality levels. Ideally, you will provide the customer with a transparent statement of the quality you are promising and a statement of the quality you provided.

Billing and Settling: Thousands of prices, quality of service, and proliferation of customers - in days bygone, billing used to be so simple. Your wholesale 'management' system's existence is to produce an accurate bill, distribute that bill and monitor the order to cash process. It doesn't end at the bill. The monitoring and management of debt is critical. This can either be handed off to the ERP or managed within the wholesale system. We find that inclusion of payments within the wholesale management domain gives better visibility,

which can be achieved either through joint reporting between the ERP and bill production, or by allowing payments entered as an API from the ERP. Either way, this enables a clear view of aged debt, examination of cash movements, and an understanding of customer behaviour.

Cost Verification: An essential part of 'billing' is the shadow bill that uses vendor rates to calculate the expected out payment. The payment of vendor bills should be as rigorous as possible – only pay for what you get, right? But that can't be achieved without automation - load the invoice, check the invoice, show discrepancies, and act on those discrepancies. Whether the service is voice or the latest TV phenomenon, the costs must be reconciled with due diligence. So, any wholesale management tool should be as capable of verifying charges, for example- the World Cup transmission derived from packet inspection, or as verifying your cross connect charges.

Wholesale Fraud Detection: We all know that sometimes, sadly, people don't play fair. Subex has unparalleled

experience in wholesale fraud detection. Is that spike in traffic expected? Is the traffic to those correctly allocated number ranges? Was that film streaming really jittery? These are 'traditional' fraud, but the system should also be looking for other key indicators like the payment is not reliable now or that the vendors are making routine mistakes in their bills. Although this is not fraud per se but it can waste your team's time.

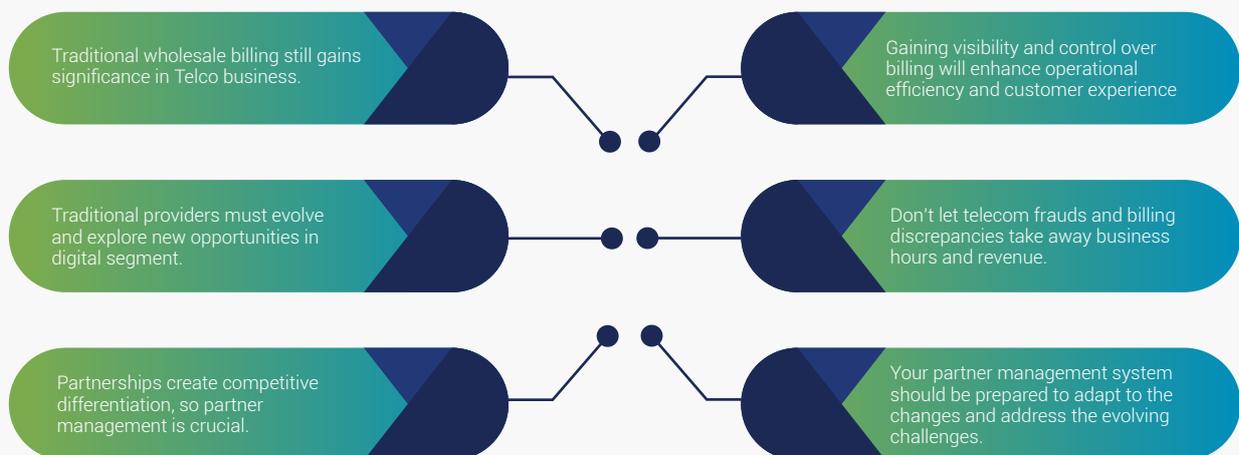
Self-sufficiency, Portal Access: The more assistance you give to your customer or vendor, the happier they will be. This may include publishing payment statements, sending confidential target rates or returning invoices in dispute. These measures speed up the communication channels and enhance the customer experience.

Mobile Application: In the 'always on' workplace, a mobile application means that wholesale management can always be with you. The mobile application can distribute highlights, cash movements and outstanding actions straight to your smartphone.

Conclusion

Wholesale is changing and it's no longer about pipes and connections. But it is still very much needed and relevant. Traditional wholesale can and does represent an essential line of business within the Telco. If you choose a partner management system that can adapt and face the challenges of digital carrier regardless of the nature of those changes, quickly and readily, destiny will be in your favour. Choose wisely.

Key Takeaways



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About Subex

Subex is a leading telecom analytics solutions provider, enabling a digital future for global telcos. Founded in 1992, Subex has spent over 25 years in enabling 3/4th of the largest 50 CSPs globally achieve competitive advantage. By leveraging data which is gathered across networks, customers, and systems coupled with its domain knowledge and the capabilities of its core solutions, Subex helps CSPs to drive new business models, enhance customer experience and optimise enterprises.

Subex leverages its award-winning product portfolio in areas such as Revenue Assurance, Fraud Management, Asset Assurance and Partner Management, and complements them through its digital solutions such as IoT Security and Insights. Subex also offers scalable Managed Services and Business Consulting services.

Subex has more than 300 installations across 90+ countries.



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