Broadening the scope for Business assurance: The 4 key areas

Point of View

The State of Assurance 'As-is'

Today, for a telecommunication service provider the revenue assurance practice is table stakes of profitable business operations. Almost every tier 1 & 2 operator has some form of revenue assurance practice that is rolled into the financial vertical. The revenue assurance practice commonly known as just "RA", in its traditional form goes back to the early 2000s during the age of 2G and CDMA.

The modus operandi of the revenue assurance practice has relatively been limited towards validating the service used vis-a-vis the billing, through out the years. While the industry has seen technology evolve from 2G to 3G to 4G for revenue assurance, the mode of operations has remained the same, with only the number of source systems increasing in number.

Today we have telecommunication operators who run revenue assurance controls in the hundreds, some even closing on a thousand. Every source data from voice, data, SMS, MMS, subscribers, and content validated across its breadth from the point of creation to the point of billing.

The modus operandi of revenue assurance has stood the test of time, until now.

What's Changing?

Like many things in the world, "money talks". Over the years, telecommunication services have gotten cheaper and cheaper. By the end of 2018, the ARPU across geography locations had dropped between 2% (developed market of Europe) and 18% (developing markets of Indian Sub-Continent & South East Asia). What was once considered a big revenue leakage for the revenue assurance function is now a fraction of its original value in today's market.

Moreover, the stated downward drop in the ARPU drives telecommunication service providers to invest in systems that can yield quicker insights, unlike traditional revenue assurance controls that are always D-1 (current date minus one).One of the needs that came out of this scenario is "Near real-time reconciliations", which came into existence only a couple of years back.

1 24hr

24hr latency for detection of leakages is a norm in the industry

2 BI

Majority of assurance functions do not own BI nor do they drive it for Various functions within an organization

3 $

Revenue and margin management an after thought with no KPIs aligned to the anomalies, customer service onboarding not an RA KPI

4 100

Average number of controls at a tier 1 revenue assurance function

5 0.5-5%

Average leakage identified by a revenue assurance function. With the low to high mapping to developed to developing market

6 2-18%

is the average drop in ARPU across various geographic regions even though usage has significantly increased

Figure: Factors impacting Revenue Assurance Today

This changing environment has now given birth to, 'Business Assurance' which is slowly being significant by major telecommunication revenue assurance practices worldwide. Visible evidence of the change is operators renaming their revenue assurance function as "Wholesale Assurance" and "Margin Assurance" function.

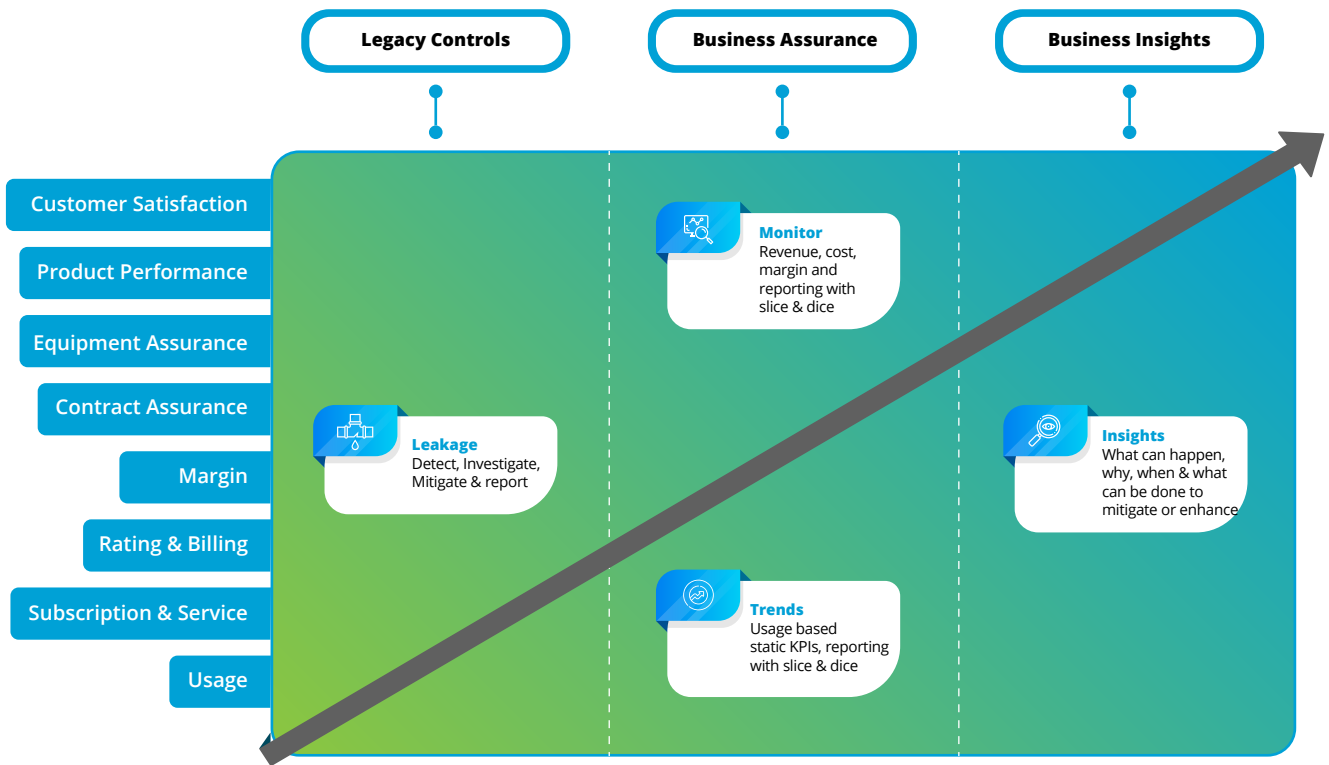# Business Assurance – Why your practice needs to adopt it now?

Figure: Project Path for Business Assurance

Unlike traditional revenue assurance which only looks into leakage detection, business assurance broadens the scope of the revenue assurance practice in the below key areas:

- Single source of truth
- Revenue Assurance
- Active Risk Intelligence
- Decision Boarding
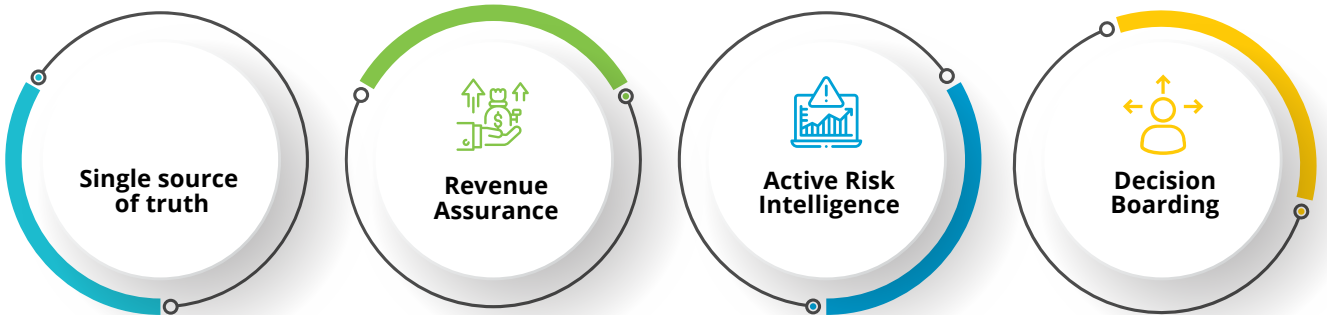
01 | SINGLE SOURCE OF TRUTH

Revenue assurance as a practice has across two decades mastered the art of collecting, enriching, and validating data from various network sources making it a source of accurate, clean, and usable data for the various upstream process requirements. Take for example product profitability prediction. Why reinvent the wheel by reprocessing network data from scratch when the revenue assurance system already has the required data in a clean and accurate format?

Today for many telecommunication operators the revenue assurance system is a critical system that contributes clean data to a data lake or is in the process of evolving into a data lake. With today's evolving data requirements one must admit that the boundaries between revenue assurance and a data lake are fuzzy at best.

02 | REVENUE ASSURANCE

While we evolve to business assurance it is essential to note that traditional leakage detection is still important to ensure that no significant gaps exist within the laid-down process.

Leakage detection is still a critical KRA for the revenue assurance practice for the near foreseeable future. However, one must keep in mind that many telecommunication retail bundles are moving to an "all you can eat" model for a fixed value.

Take for example, my mobile connection with one of India's biggest operators, I fail to recall the last time I opened the bill that gets emailed to me every month. Why? Because I pay the same rental and have never crossed the bundled limits. In this scenario does it make business sense to do a record by record reconciliations? This is why with the continuing drop in the cost of a single call/data transaction,one must evaluate the cost vs. benefit before deciding to run the revenue assurance practice on either granular or aggregate data.

03 | ACTIVE RISK INTELLIGENCE

One of the key changes with business assurance is the expanding revenue assurance scope to support and enable revenue enhancements, cost reduction, and seamless service enablement. This evolving branch of practice includes assurance areas such as margin, collections, service enablement, revenue accounting, partnership dispute management, and order-to-cash.
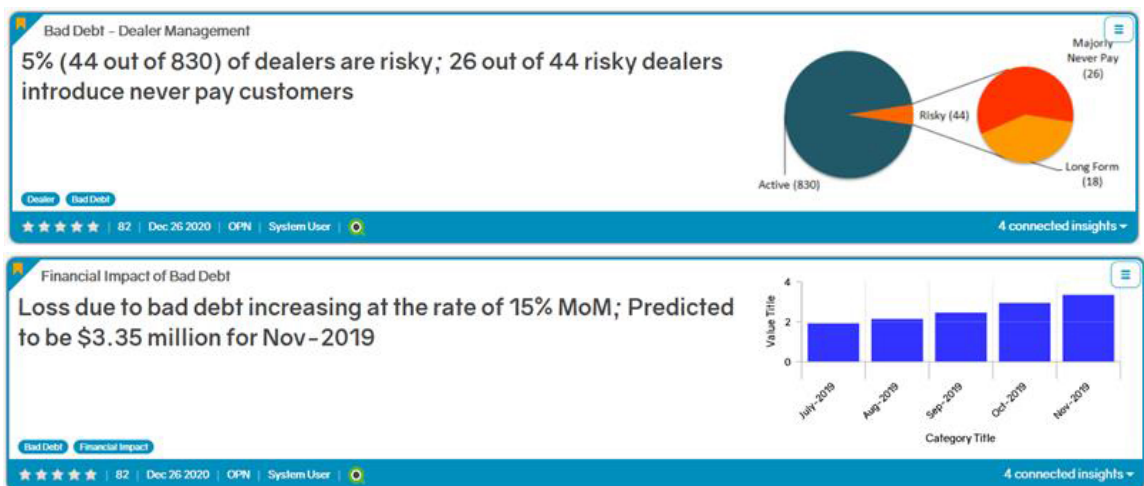
The stated new areas enable the revenue assurance practice to look beyond leakage and device ways to allow other business functions with holistic intelligence and mitigate probable risks. With this evolution being completed sometime in the near future, revenue assurance will become a key contributor to the operator's P&L.

04 | DECISION BOARDING

Data-driven decision making is the norm in today's business. However, being in this industry we know that telecommunication operators are bad adopters of analytical data-driven solutions. Ideally, looking at the massive data availability, telecommunication service providers sit on a gold mine of insights on customers, products, services, markets, and trends. Today when we search on google.com, the backend algorithms are already predicting what I might be looking for as soon as I key in the first letter. When we compare this scenario to a telecommunication operator we are truly behind by years with analytical solutions only playing a minuscule part in the data-driven decision-making process.

Business Assurance here emphasizes availability ofclean, accurate, and enriched data in near real-time which can be amalgamated with top of the line analytical methodologies to predict risks or opportunities and provide a measurable prescription to mitigate the stated risks and enhance the said opportunities.

Bad Debt – Dealer Management
5% (44 out of 830) of dealers are risky; 26 out of 44 risky dealers introduce never pay customers

Majorly Never Pay (26) · Risky (44) · Long Form (18) · Active (830)

Dealer · Bad Debt · ★★★★★ | 82 | Dec 26 2020 | OPN | System User | 4 connected insights

Financial Impact of Bad Debt
Loss due to bad debt increasing at the rate of 15% MoM; Predicted to be $3.35 million for Nov – 2019

Bad Debt · Financial Impact · ★★★★★ | 82 | Dec 26 2020 | OPN | System User | 4 connected insights

Final Thoughts

The future is here at our doorstep. While new-age technology is enforcing complexity and market change it is also forcing us to relook our approach to revenue assurance. While it might be uncomfortable, the change is necessary to enable revenue assurance to take up the stature that it once held at its peak.

SUBEX

About Subex

Subex is a pioneer in enabling Digital Trust for businesses across the globe.

Founded in 1992, Subex has spent over 25 years in helping global Communications Service Providers maximize their revenues and profitability.

With a legacy of having served the market through its world-class solutions for business optimization and analytics, Subex is now leading the way by enabling all-round Digital Trust in the business ecosystems of its customers. Focusing on privacy, security, risk mitigation, predictability and confidence in data, Subex helps businesses embrace the disruptive changes in the business landscape and succeed with Digital Trust.

Subex leverages its award-winning product portfolio in areas such as Revenue Assurance, Fraud Management, Network Analytics, 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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