

SERVICE PROVIDERS VIEW MODERNIZATION AS KEY TO SUCCESSFULLY DELIVERING OSS MANAGED SERVICES

INTRODUCTION

The global telecommunications market is facing enormous challenges in the current economic crisis. Service Providers are being forced to consider a number of options to achieve overall reductions in OPEX and CAPEX to maintain profitability. At the same time, many service providers are undertaking transformation of their BSS and OSS in order to improve customer experience, achieve faster time to market for new services and reduce operational costs.

So what is the current state of play in the OSS managed services arena? What are the key drivers and challenges faced by Service Providers today? What benefits do service providers see in a managed services engagement? And why does transformation seem to be so important to achieving them?

Amdocs, the market leader in customer experience systems innovation, commissioned research firm Coleman Parkes to conduct a global survey of 100 Tier1 and Tier 2 Service Providers, covering both wireline and wireless, to examine these questions. The results of the survey, conducted in March 2009, are summarized in this document.

91% of respondents stated that they believe modernization is key to successfully delivering managed services. It is interesting to note that 43% of Service Providers who participated in the survey have moved some OSS functions and applications to a managed services model and an additional 8% have plans within the next couple of years, implying that it is likely that more than 50% the respondents will be engaging in a managed services program by 2011.

SUMMARY OF KEY FINDINGS

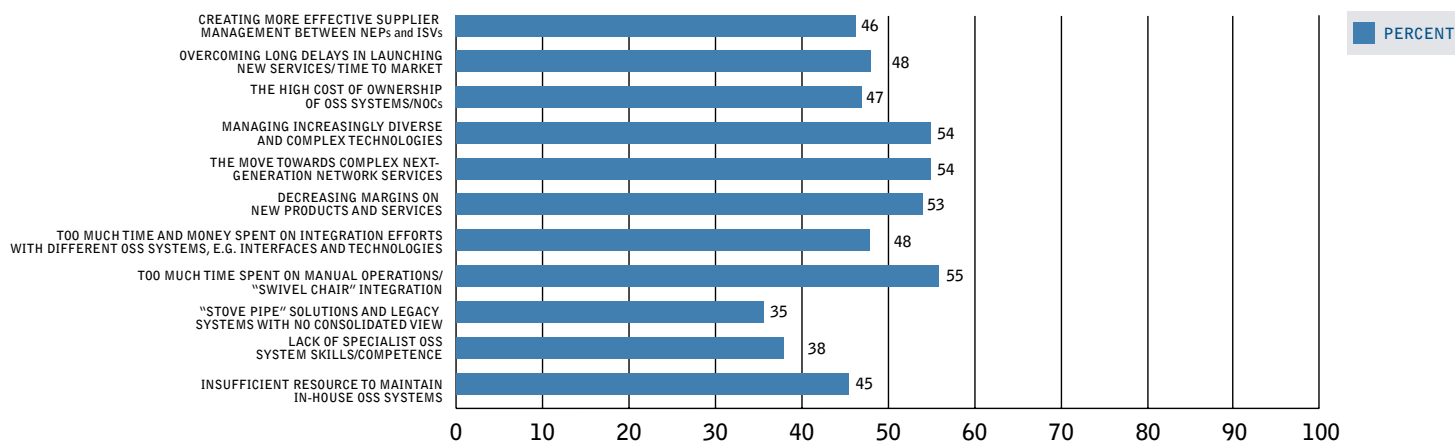
KEY CHALLENGES FACED BY SERVICE PROVIDERS

Currently Service Providers are facing different business, operational and technological challenges. The most common ones identified by the survey include (see Figure 1):

- > 55% of Service Providers stated too much time is spent on manual operations
- > 54% of Service Providers stated managing the move towards complex next-generation network services
- > 48% of Service Providers cited overcoming long delays in launching new products as a major challenge

Conclusion: There is a need to increase levels of OSS automation to support business processes.

FIGURE 1: TOP OSS CHALLENGES FACED BY SERVICE PROVIDERS



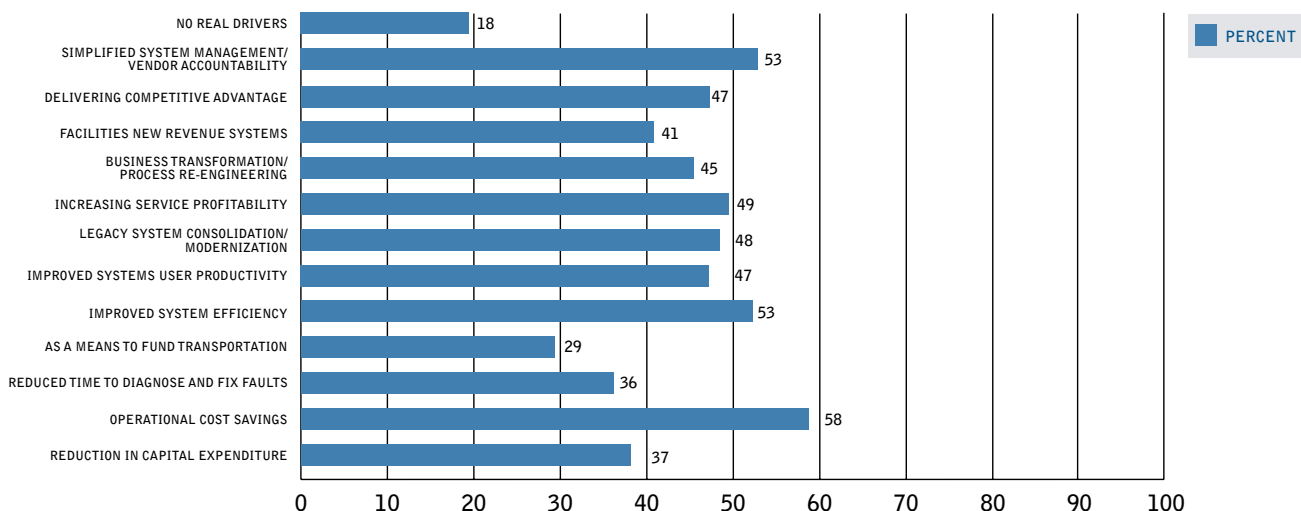
KEY DRIVERS FOR OSS MANAGED SERVICES

The following key drivers were identified (see Figure 2):

- > 58% of Service Providers stated operational cost savings
- > 53% of Service Providers stated improved system efficiencies
- > 53% of Service Providers stated simplifying the systems estate and vendor accountability

Conclusion: The emphasis is clearly on achieving cost savings and operational efficiencies.

FIGURE 2: TOP DRIVERS FOR OSS OUTSOURCING



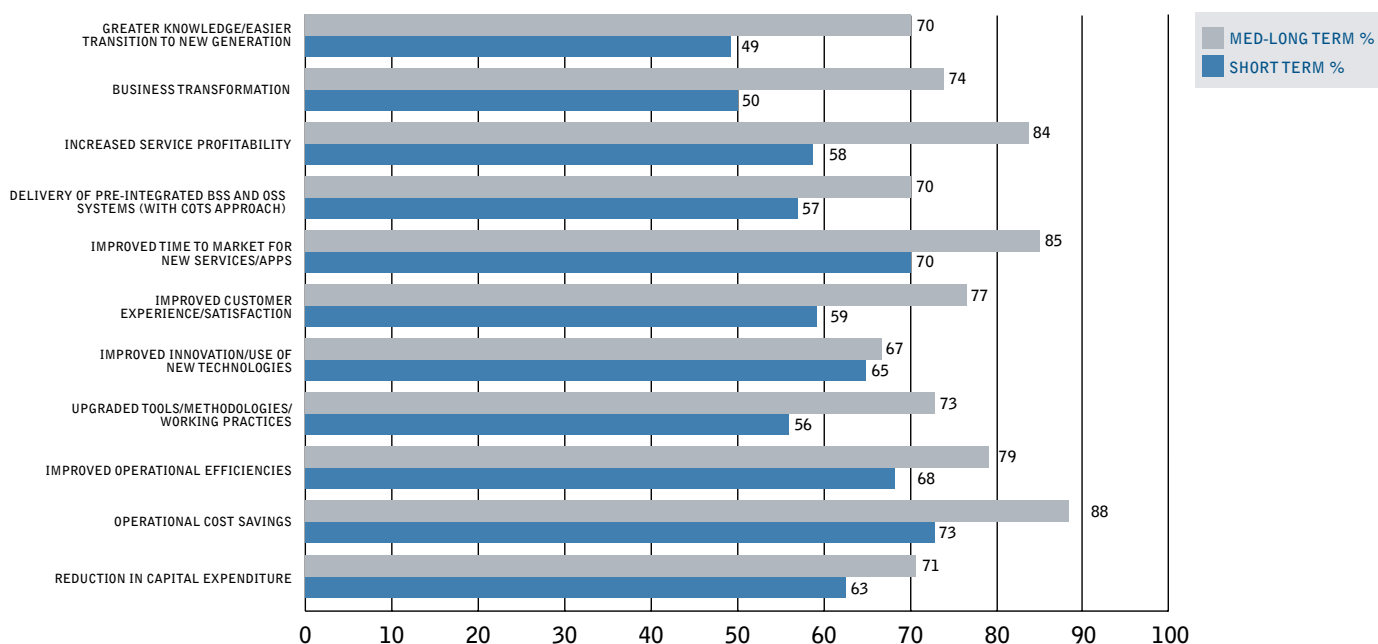
KEY BENEFITS OF OUTSOURCING

Apart from reducing costs and increasing operational efficiencies, other important benefits were identified (see Figure 3):

- > 77% responded that improving customer experience is a key long-term benefit
- > 70% responded that reducing time to market is a key short- and long-term benefit
- > 70% responded that an integrated BSS and OSS platform is seen to be a key long-term benefit; this indicates a clear preference for an integrated approach to BSS and OSS managed services

Conclusion: Outsourcing is seen to deliver important business benefits, apart from cost savings.

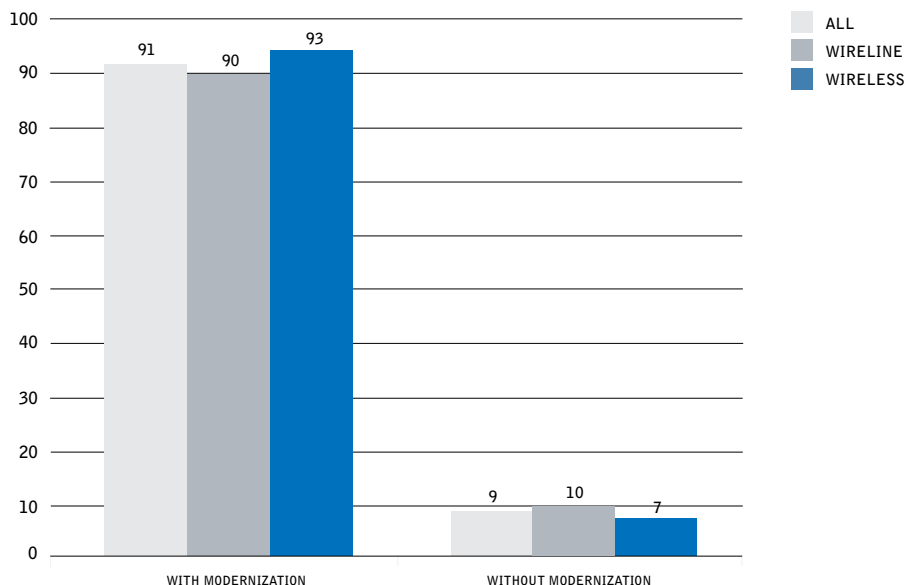
FIGURE 3: KEY SHORT-TERM TO LONG-TERM BENEFITS



THE NEED FOR MODERNIZATION

91% of Service Providers expressed a preference for managed services in combination with modernization. A combination of modernization and managed services perhaps provides the most compelling cost reduction of all. Service providers can reach beyond the IT cost savings achievable from running existing systems more cost-effectively, and realize the more substantial cost savings possible from the modernization of operational processes (see Figure 4).

FIGURE 4: PREFERRED MANAGED SERVICES WITH OR WITHOUT MODERNIZATION



KEY ATTRIBUTES OF AN OUTSOURCING VENDOR

Service Providers around the globe are looking for ways to reduce their costs and enhance their customers’ experience. To achieve this, they are looking at measures including managed services, modernization of their OSS, and better BSS-OSS alignment. This survey shows that service providers expect a managed services offering for OSS will deliver not just cost reduction but also contribute significantly to these other business aims. Selection of the right OSS managed services partner is therefore critical. The following were seen as key attributes in an outsourcing partner:

- > Strong **expertise** in BSS and OSS
- > Strong **references** in executing managed services projects
- > Ability to deliver strong service **quality improvements** and
- > High quality **SLA management**

SUMMARY

This global study has highlighted some key issues and trends in the provision of managed services for OSS. Based on the findings from the survey it is evident that:

- > Majority of the service providers view modernization as a key component of OSS outsourcing engagements. Additionally, benefits such as increased customer experience, service profitability and improved time to market ranked nearly as high as operational cost savings, demonstrating the expanded business value of OSS outsourcing.
- > More than two-thirds of the service providers would prefer to outsource business support systems (BSS) with OSS.
- > Nearly half of respondents say they outsource at least one OSS function today including network management, provisioning and activation, planning and inventory.
- > When choosing to outsource, more than half of the service providers favor a vertical model, in which the sourcing partner manages complete functions within OSS, as opposed to sourcing one aspect such as application management, across multiple functional domains.

Amdocs is a global leader in managed services for the communications industry and its Global Strategic Sourcing services enable Service Providers to reduce their costs, focus on their core business, grow their subscriber base and revenues, and modernize their systems while presenting OPEX and CAPEX savings. Amdocs also provides tailored, high-value sourcing offerings across all IT domains including business and operations support systems (BSS/OSS), digital content management and directory publishing services. Amdocs provides a wide range of service offerings that include Business Process Operations, Application Management, Infrastructure Management, data center operations and full hosting capabilities. With more than 25 years of sourcing experience, Amdocs' state-of-the-art operations centers and thousands of sourcing experts around the globe serve the world's leading service providers with proven business results.

ABOUT COLEMAN PARKES

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