

Telecommunications

The role of a Service Delivery Platform in the battle for new communications revenues

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Sometimes, stagnancy can be a powerful engine for change. The communications industry is a case in point. Finite subscriber numbers, declining voice and data revenues and slowing growth in average revenue per user (ARPU) are looming crises for all service providers. For most companies, the imperative is to change or die.

To date, the most prevalent response to decline has been to try to steal customers from competitors. But that is merely a short-term patch for a long-term problem. A more viable, longer-term approach is for providers to leverage the power of convergence to differentiate themselves by making their offerings richer, more attractive and more accessible to subscribers. Companies that can rapidly create and deliver new value-added services can maximize potential revenues, combat commoditization and decrease customer churn.

Success in rapid value creation, however, depends on at least two things. Operators must maintain a role in the services they provide, not just in the channels; and they must be capable of delivering these services to their customers efficiently and securely. The key differentiators for service providers from now on will be flexibility, security and speed in service delivery, as well as the ability to provide superior end-to-end services.

Unless providers can put these capabilities in place—and soon—the phenomenon of convergence will fail to deliver its immense potential to the communications industry. The power of

the so-called "quadruple play"—bringing together wireline, wireless, Internet and TV—will be weakened. If that happens, all communications sectors will be threatened by the same commoditization that fixed-line network operators have confronted in recent years.

Looking to long-term competitive advantage

To achieve high performance, service providers need to be capable of aligning their service delivery models with the wider trend towards convergence, as well as linking their strategies to the market forces of supply and demand.

The underlying technology needed to enable that alignment has already been developed. IMS (or "IP Multimedia Subsystem") is the next-generation, all-IP service architecture that will enable service providers to exploit the full potential of convergence. As a standardized architecture defined by global standards bodies (including carriers, equipment manufacturers and the IP community at large), IMS provides a horizontal, cross-functional layer of intelligence on top of IP, enabling the creation, control and execution of new and rich user-to-user services (video streaming), user-to-server offerings (IPTV) and multi-user media services (game-playing on the move and at home via PC).

For wireless operators, IMS can enable innovative, personalized and context-aware customer experiences through multimedia content delivery. For wireline operators, under increasing pressure from mobile operators and VoIP providers, IMS

has the potential to reduce operational costs and enhance service offerings. For incumbent operators that already run wireless, wireline and cable networks, IMS can be the catalyst for true fixed-mobile convergence.

The challenge of IMS migration

Despite the substantial business and technology benefits that it will bring, many service providers remain hesitant about when and how to begin the migration toward IMS. There are a number of reasons for this. The business case for IMS remains long term. Deployment will require substantial upfront investment, and presents significant technical and cultural issues for organizations. There are real risks as well: migrations that happen in a less-than-seamless manner may result in customer dissatisfaction and churn—precisely the results IMS is meant to avoid.

Because of these challenges, many providers are failing to position themselves properly to take advantage of the horizontal layer of IMS. Falling prey to the same mistakes made with previous

Benefits of a Service Delivery Platform

- By ensuring a consistent, highly-automated and reusable service environment, a Service Delivery Platform can dramatically accelerate a positive return on investment.
- A Service Delivery Platform promotes service reuse by selling services through third parties, such as telecommunications and consumer portal providers.
- The platform facilitates a more collaborative approach to product development, enabling third-party and internal developers to create new, value-added services faster, more consistently and with less expense.
- A Service Delivery Platform can help service providers achieve high performance by taking a consistently assertive position in the value chain for service delivery.

For more information about Accenture Communications Solutions featuring the Service Delivery Platform, contact Emmanuel.Laloz@accenture.com, or visit us at www.accenture.com/sdp.

generations of network capabilities, providers are looking only to the short term, rushing to market with new services within their siloed, vertical functional structures. As a result, they are building weaknesses into their businesses—creating needless business complexity, breeding operational and security risks and, ultimately, undermining cost efficiencies and their competitive advantage overall.

The Service Delivery Platform solution

Instead of developing these cumbersome silos of vertical services, Accenture believes there is a better answer for service providers prepared to invest in the proper use of IMS for rapid creation of convergent services. Service providers have an opportunity to create, control and execute services that span—and monetize—the breadth of possibilities spawned by convergence.

To make this happen, providers must bring IMS together with something they may already have: a Service Delivery Platform. A Service Delivery Platform helps to standardize all the service interfaces for a provider, creating a horizontal platform from which they can provision, control and bill for all the value-added services they provide, whether the services are created by third-party application developers or by the service providers themselves.

However, in most cases, providers have made only limited strategic investments in service provision. Until now, sales cycle operators have too often opted to roll out vertical solutions (like Short Messaging Services, or SMS) as quickly as possible as one-off solutions, without laying the groundwork for future services. Now, however, with IMS providing the horizontal, integrating architecture (and with enthusiasm cooling for the relatively simple services that have been offered to date) the potential power of a Service Delivery Platform can more readily be seen.

Enabling rapid service creation and high performance

As an open, horizontal architecture that supports the creation of service offerings by content developers, a Service Delivery Platform can help providers create new, value-added services and content faster, more simply, more consistently and at lower cost.

The Service Delivery Platform's modular, reusable application programming interfaces, carrier-grade scalability and highly-extensible architecture provide greater flexibility in service creation. Such flexibility is crucial at a time when service developers need to innovate rapidly, to dynamically respond to technology trends and consumer preferences. With a Service Delivery Platform, the seemingly endless search for a "killer application" for the convergent world instead becomes a flexible and iterative process of discovery, with substantially lower business and financial risks for developers and network operators alike.

At the same time, the Service Delivery Platform approach shifts the basis for competition away from price, reducing churn and preventing service providers from being bypassed by content providers. The Service Delivery Platform also delivers significant cost savings, eliminating silos, replacing proprietary technology, simplifying infrastructures and reducing the need for specialized skills in service development.

Service providers are beginning to realize that by investing in a Service Delivery Platform now, they will be able to support their legacy networks more effectively, as they prepare to migrate to IMS-compliant service delivery in the future.

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