



# **Achieving Meaningful Differentiation in Wireless Operations and System Performance Management**

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Wireless carriers' offerings are more than just commoditized handsets with a customized feature-set wrapped up in differentiated pricing plans and marketing approaches. Their core product is their network. Though networks that are operated in the US will all eventually be running similar technology platforms over time, the manner in which this hardware and software is managed will always be a differentiator, one that relies on an initial and ongoing investment by the carriers. The stability and performance of the systems, along with seamless activation of road mapped LTE features are operational attributes that have and will continue to define each carrier's brand.



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Customers have become more educated and concerned about their choice of service. They are inundated with carriers touting their data speeds, coverage maps, LTE signal strength, and most improved status. Today, most customers take this information with a grain of salt. Their own real world experience is the litmus test of their perception of the quality of a carrier. "Have I dropped a call? How reliable is my Internet connection? Is it too slow? Do I have service where I need it? Are my important applications dependable?" are the questions that will inevitably influence their choice.

While carriers will continue to pursue subscriber net-adds through aggressive price and service offerings, customer acquisition costs are just an initial investment. Profitable acquisitions –and a profitable business- are only realized by retaining such customers. With similarly aggressive offerings among carriers, customer satisfaction and service quality will be the key to success. If managed well, operations will drive the ability to demand a premium for the service, minimize churn via stable customer satisfaction, and drive customer as well as employee brand loyalty. Carriers need to continuously review their network operations for opportunities that allow for competitive differentiation.

## OPERATIONAL EFFICIENCY: WHAT IT IS, HOW TO DRIVE IT

Operational efficiency today means a lot more than it did 10-15 years ago. Today it is also a staple of competitive differentiation. The basic staples that operators based success on, things like MTTD (Mean Time To Dispatch), MTTR (Mean Time To Repair), network availability, call success rates, etc., are not the stand-alone benchmarks needed today as the networks, software, and hardware that manage them, as well as the expectations of the customer base, have changed significantly. The need to drive operational performance of wireless networks on-par and/or at an even higher grade of service than landline has not been realized. SDN (Software Defined Networking), for example, promises to bring operations and performance to the next level, but it will still be dependent upon operational processes and procedures. Human capital defines these processes and procedures.

There are specific actions that can be taken to help drive operational efficiencies:

- Sharing the corporate vision and prioritization of the importance of improved, predictable and stable operations
- Identifying and vetting factors driving sub-par operations (e.g. tasks, organizational structure, management and operational skill-sets, processes, tools)
- Defining what the short and longer term targets are (e.g. x% improvement of coverage in tier 1 cities; x% decrease in unscheduled downtime)
- Defining and implementing a plan that addresses the key factors driving sub-par operations, and making “staying ahead” of the future operational requirements a normal part of the strategy (proactive hands on management vs. reactive flat footed management)

Understanding and prioritizing the tasks that define operations is a clear first step (organizational roles and responsibilities). Availability and stability of systems and features that become integrated and part of the architecture are complex and interrelated (systems and tools). There needs to be a dedicated hands-on executive level approach to understanding where a network is today, where and what needs improvement, implementing a transition plan, and streamlining availability to information and decision-approval making processes across all operations stakeholders.

## MINIMIZING NETWORK IMPACTS IMPROVES CUSTOMERS EXPERIENCE

Let’s consider network performance within the context of operations. Many wireless network managers consider network performance and operations separate entities. They should not be. The old adage of “one neck to choke” drives home the critical importance of a desired single point of accountability of network operational quality.

Operational efficiency of a network is influenced by many factors. Marketing, Engineering, and Deployment

are just a few of the internal organizations that have a direct impact on operations. For example, a poorly planned and executed marketing initiative can cause capacity and quality issues. This can happen when the carrier institutes a promotion but one that’s neither engineered nor planned for in terms of being able to support the expected uptick in coverage, capacity and quality.

Knowing ahead of time how to satisfy these targets so the network has the required capability is vital, and that extends to communicating those requirements (and limitations) to the Marketing and Sales organizations who are also customers of the network. They need to understand what’s possible as well as the timeframes of what can be implemented and when so that the sales pipeline can be met and customers’ expectations satisfied.

Conversely, non-optimized deployment of a feature and/or a network element will induce poor performance.

Processes and procedures between all internal entities need to be consistently re-examined for constant improvement. There will, of course, be instances that need to be accommodated outside of the defined processes but these should be the rare exception versus common occurrence.

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The most effective way to minimize performance issues is to ensure that the operations team has a clear understanding of the details behind the actions that will take place and that the associated pre-work

(testing, MOPs, and fallbacks) is vetted. Network Operations must challenge processes for flaws and define mitigation steps proactively, on an ongoing-basis. The fastest way to restore a network impairment is to have kept the impairment from occurring in the first place. Self-induced network failures, such as those triggered by deployment of new features/technology at the wrong time of the day/week/month, can and should be minimized by process, procedure, and planning.

A direct benefit of ensuring that an optimal operations structure is put in place is the ability to react better and more rapidly to un-planned business requirements (e.g. special events, force majeure response).

## INSOURCED OR OUTSOURCED, IT'S ALL ABOUT MANAGING CONTROL AND RISK

We can't discuss the tasks and recommendations associated with implementing and or improving operations without commenting upon the option of outsourcing operations. Passions around this subject are incredibly diverse. The immediate lure of advertised significant fiscal savings is every shareholder and CEO/CFO's dream. These costs reductions, though accurate in theory, can easily be wiped out during the transformation to outsourcing and the unintended consequences of a loss of operational flexibility.

It's hard, especially in the US, to successfully cut OPEX by outsourcing. A lot of what needs to be operated and changed isn't always clear-cut and easily captured via a contractual operating agreement. To date, not every outsourcing arrangement has been mutually successful as savings can be short term and eaten up very quickly.

The complexity around the structuring of operational outsourcing is difficult and fraught with risk for both sides. Even though the pros and cons can be defined via business cases, they are challenged to capture the unintended and often unexpected fiscal "unknowns". For example, the unknowns of the requirements to

operate and manage future software, hardware, and enhanced networks, which puts the carriers at risk.

The majority of US wireless carriers have had 20 plus years to experience and digest the complexity and importance of network operations. The consistent scale of network modifications and new solutions do not seem to abate in the near future. The commoditization of aspects of the wireless industry will continue, and a carrier's ability to differentiate themselves through higher quality operations vs. their competition will drive higher efficiencies across the board. Having the systems and skilled employees to operate them is a differentiator.

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To date, specifically in the US, perhaps due to the massive and diverse geography served by only a few carriers – the outsourced operations model hasn't been able to supply one of the key success elements. It may sound a bit old fashioned, but pride of ownership and dedication to the day-to-day performance of a network by direct employees can't truly be compared to that of an outsourced workforce. Until this is figured out, there are benefits that bode well for the opinion of keeping your operations insourced.

With the proper organization structure and competent management, employees take all aspects of the customer experience, both within and outside of their direct areas of responsibility to heart, whereas outsourced organizations define success as meeting their areas of responsibilities' contractual KPIs.

## YOUR COMPETITIVE DIFFERENTIATOR IS YOUR CUSTOMERS' EXPERIENCE

For most, if not all subscribers, their experience with any carrier's network is not only the litmus test for how they evaluate that carrier's performance, but also a reliable indicator on how long they will remain one.

Today, carriers often take the easy path to retaining subscribers through aggressive marketing programs that highlight the attractiveness of their price matched to a portfolio of nuanced service offerings. Then it's off to the obligatory races with value-added premium services marketed to them even before they're fully and consciously invested in the service they just purchased.

It's through this "me-too" strategy that many carriers hope to define themselves to prospective subscribers. But, ultimately, that's a short-term fix to protracted subscriber issues when dropped calls or network failures begin to erode the goodwill and brand loyalty the carrier had previously established with or hoped to foster among members of their hard-won subscriber base.

To retain customers today and deliver competitive differentiation requires a synergistic, subscriber-centric relationship between Marketing, Engineering, Customer Service as well as adaptive and robust network capabilities. Incorporating an office of executive oversight to evangelize these outcomes guarantees everyone on the team has their eyes on the same goal: subscriber retention.

Adopting this holistic approach, one where the customer's experience is front and center, supplemented by resilient infrastructure, executive buy-in and responsive contact and help desk centers ensures that customer acquisition as well as customer retention costs are within scope. And, significantly for carriers, that customer expectations are continually satisfied so as to meaningfully serve the business' long-term growth strategies.

## **ABOUT THE AUTHOR**

Tony Mistretta is a managing Partner and co-founder of Vertex Consulting. He has over twenty five years of wireless industry and systems experience. Previously he was a regional Vice President of Engineering and Operations with Nextel Communications, Vice President of Engineering and Operations with Sprint, and Chief Technology Officer with Digicel. Tony has built and led organizations to successfully deploy and operate nationwide cellular networks from the ground up, both nationally and internationally.

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