Network Asset Management

How to manage and reduce network CAPEX and Opex while maintaining profitability?

Introduction

Communication Service Providers (CSPs) across the globe continue to experience an increasingly competitive marketplace that is showing no signs of slowing. Most providers are introducing aggressive offerings while expanding network reach for advanced technologies like 4G/ LTE, IPX, M2M, etc. and improving large scale services delivery.

According to Ovum, Telecom operators worldwide are expected to spend a combined USD 2.1 Trillion in CAPEX between 2014 and 2019, driven by tougher competition and the rise of new and advanced networking technologies such as SDN and NFV. But with tough competition and faster service innovation, margins are becoming slimmer, which has now focused considerable attention on the need to optimize network CAPEX to a level never before attained by CSPs.

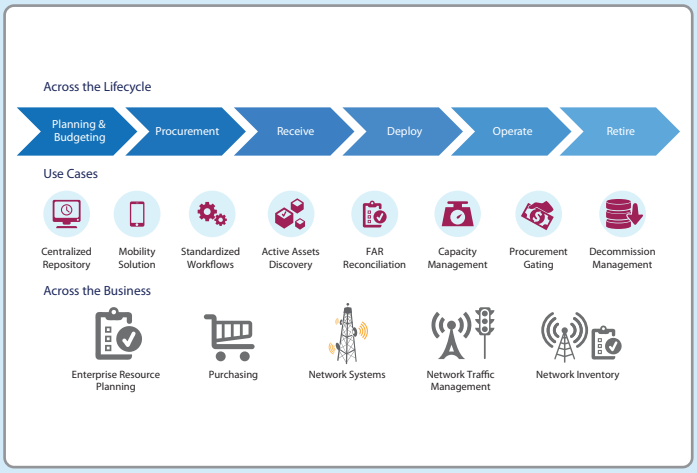
A recent survey points out 20% of network assets fail to return cost of capital and 5-15% of these network assets are 'stranded'. Network augments and migrations to new technologies are an unavoidable "price to pay" and the lion's share of management's attention is placed on squeezing as much revenue traffic onto pipes and spectrum as possible. According to PwC, ROI by European Telcos on new network investments has fallen below the cost of capital for the past three years.

At the crux of the CAPEX problem is the unfortunate reality that operators don't have an accurate picture of what assets and inventory they already own, let alone how these assets are being used. There are a number of reasons why this inaccurate collection of undiscovered and under-utilized assets have led to an overall lack of visibility and inefficient asset management among so many CSPs.

These challenges are predominantly owned by two groups: Finance and Network. From the finance perspective, the business problem that needs to be addressed is, "How can we grow while preserving capital and thereby growing free cash?" From the network perspective, the problem is, "How can we meet ever increasing capacity demand with the right mix of new and existing Assets?" Faced with decreasing EBIDTA and ever increasing pressure on margins, CFOs and CTOs within an operator can no longer afford to keep on spending like they always have on capital assets and network projects with no questions asked.

Smarter network capital spending is now a critical need across operators. Effective, demonstratable programs around capital expenditure and network asset lifecycle management are rapidly becoming a boardroom level issue for telecoms operators. Operators understand that in order to optimize network capital spending and remain profitable, they must have effective collaboration amongst various stakeholders, in particular the CFO and CTO offices. Implementing a comprehensive solution of Network Asset Management which manages, oversees, and predicts all facets of network capital expenditure is now required to provide management with the right actionable intelligence to make more informed and better CAPEX decisions.

To explore more into the Asset Management space, Subex and other participating team companies, along with TM Forum and Operator champion Econet have recently launched the Asset Management Project group, to bring standards into the Network CAPEX and Network Optimization practices within operators globally. With multi-billion dollar network CAPEX budgets across operators, and a multi-trillion dollar industry spend annually, the Asset Management project at TM Forum has turned attention to creating processes, controls, and ultimately program standards and recommendations to help optimize the biggest capital spend line item in every operator's budget today: Network Investment.



The Asset Management Group has been established for TM Forum members to collaborate in defining guidelines to set network asset policies, track assets and manage the overall corporate balance sheet. The scope of network analytics that provides CSPs with a compelling, comprehensive ecosystem view of the next generation of network asset management would precisely include the following use cases:

Centralized Repository

A centralized repository of assets with information relevant to the finance, supply chain and network operation teams. This repository also records and maintains events and workflows executed on each asset. Geographic special information is recorded to represent assets on a geospatial user interface.

Mobility Solution

The mobile application of ROC Asset Assurance allows the field operators to access data and tasks, take decisions and close work order on the go. The mobile app works with geographic co-ordinates of user, provides intelligent insights, optimizes the work efficiency and records the location at which a transaction was completed for audit trail purposes.

Standardized Workflows

ROC Asset Assurance has productized the best practices in business processes to effectively manage assets. These best practices are productized in the form of workflows which explains the set of work steps that need to be followed by various teams during different stages of asset lifecycle to effectively manage them.

Active Assets Discovery

ROC Asset Assurance uses an industry leading discovery engine to electronically audit the network at periodic intervals. It identifies the addition/movements/removals of assets in the network, and send alerts to users if these changes are process deviations and thus helps in assuring that the set processes are being followed.

FAR Reconciliation

ROC Asset Assurance has a reconciliation engine that helps to identify fall outs between what is recorded within the Fixed Asset Registry in comparison to the status of assets deployed in the network with analytics based suggestion for probabilistic matches in order to rectify the fall outs.

Capacity Management

In this use case, a brief overview of Capacity metrics and analytics that lead to a new method for predicting Time to Exhaustion will be provided, highlighting the important metrics being revealed by a Capacity tool, and how that data impacts the Asset Management lifecycle

Procurement Gating

Modeling actual network data, this case provides Network Planning with predictive analytical information about appropriate warehouse stock levels & identifies out-of-sync stock levels, resulting in a purchasing action along with predictions of necessary equipment / CAPEX needed in next 90, 180, and 360 days to satisfy growth demands

Decommission Management

During retirement programs, usable assets will be redeployed to other parts of the network to reduce CAPEX and maintenance expense in those regions. Salvageable assets will follow the prescribed disposal process to recover maximum residual value and none of the assets will be lost to theft or mismanagement

Other uses case examples identified by the Asset Management team which significantly reduce CAPEX also include Stranded Asset Recovery, TDM Replacement Programs and Site Exits. These will be added to future catalyst showcases.

About TM Forum

TM Forum - TM Forum is a global trade association trusted by the world's largest enterprises, service providers and suppliers to help them continuously transform to succeed in the digital economy. Helping members reduce cost and risk, improve business agility and grow their business through a wealth of knowledge, tools, standards, training and practical advice.
For more information, please visit www.tmforum.org

About Subex

Subex Limited is a leading global provider of Business and Operations Support Systems (B/OSS) that empowers communications service providers (CSPs) to achieve competitive advantage through Business and CAPEX Optimisation - thereby enabling them to improve their operational efficiency to deliver enhanced service experiences to subscribers.

Subex has been awarded the Global Market Share Leader in Financial Assurance 2012 by Frost & Sullivan and has been the winner of Carriers World Awards 2015 for Best Security/Fraud solution, Telecoms Award 2015 for Advancesin B/OSS, Pipeline Innovation Award 2013 in Business Intelligence & Analytics; Capacity Magazine Best Product/ Service 2013. Subex has continued to innovate with customers and have been jointly awarded the Global Telecoms Business Innovation Award in 2015 with Mobily; in 2014 with Telstra Global; in 2012 with Idea Cellular for Managed Services and in 2011 with Swisscom for Fraud Management.

Subex's customers include 39 of top 50 telecom operators* and 7 of the world's 10 largest# telecom companies worldwide. The company has more than 300 installations across 70 countries.

*Telecom Operators 500, 2015
#The World's Largest Telecom Companies 2015 - Forbes