

Global Telco Calls On Cognizant To Stem Multi-Service Order Fallout, Improve Business Process Efficiency

Communications companies face the challenge of managing possibly the most complex mix of consumer products and services across any industry.

Traditional telcos and cable operators now offer next-generation “triple play” services -- Internet, Voice over IP (VoIP) phone, and television. The “quad play” has also emerged, with the addition of wireless services. The task for converged communications players: get to market quickly with a multi-service line to head off competitors and keep pace with customer demand -- while attempting to bring superior quality and competitive differentiators.

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But as companies scramble to add new services and content they also accumulate order entry, provisioning and billing issues. With ever-increasing focus on application integration and middleware, their existing IT systems may prove ill equipped to handle the fast-paced expansion of services. On the business side, managers contend with new pricing models, new market introductions, highly complex provisioning processes, and communications supplier integration regulations.

Communications companies increasingly look for outside help to tackle the technical and

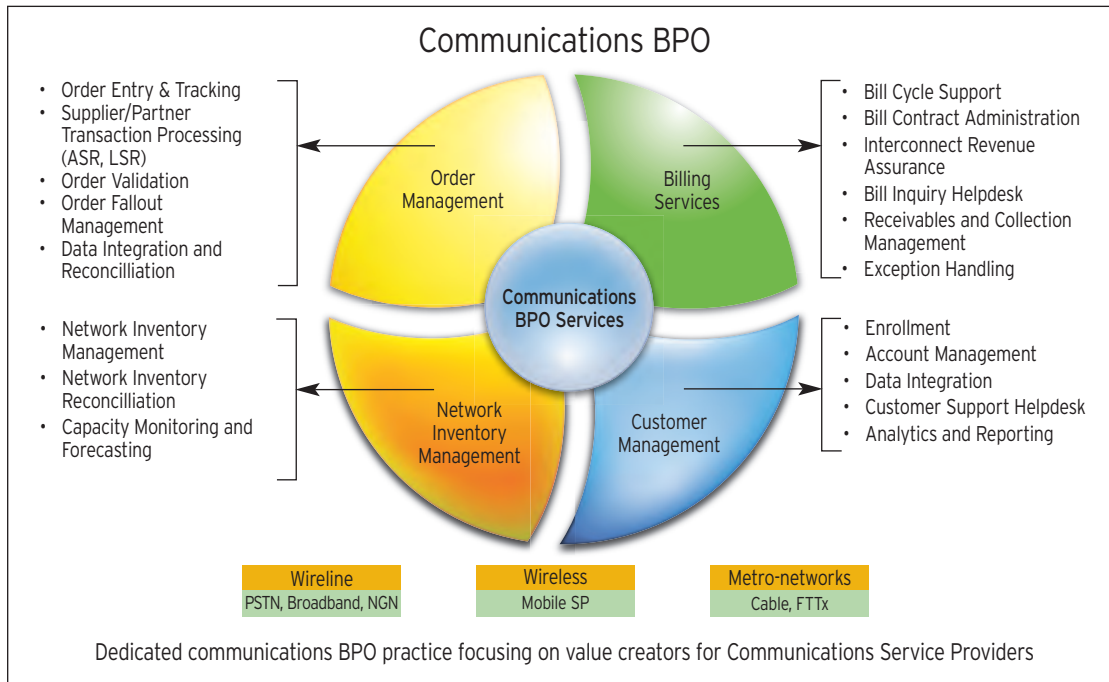
business issues surrounding bundled products. Cognizant, a global IT and business process outsourcing (BPO) services provider, focuses on the communications industry, which is among the company's fastest growing industry segments. In BPO, Cognizant takes responsibility for a particular business function typically utilizing both proprietary applications and the client's suite of applications to support that function. Cognizant's BPO services include order management, revenue management, service assurance, and customer interaction management. The company's blend of offshore and onsite IT experts and business analysts provides for cost-effective service delivery.

Companies turn to BPO providers such as Cognizant not only to trim expenses, but to boost productivity and improve business processes. That was the case for one of the largest Incumbent Local Exchange Carriers (ILEC) in North America, which partnered with Cognizant to help roll out its multi-service strategy.

The Problem: Managing Fallout

Order fallout is a common issue when a communications company ramps up a bundled offering. The task of fulfilling customer orders often requires numerous processes and dozens of applications, providing many points at which an order can drop out of the workflow. Complicating matters is the need to integrate





legacy systems with new systems freshly built to support emerging services.

The client's fallout difficulties came to a head in 2008. The client found the issue especially acute in its carrier VoIP (CVoIP) line. The CVoIP product is more complicated to provision than other services, since a greater number of steps/interfaces are involved in the provisioning. This includes working with other providers to port and/or disconnect the customer's phone number(s).

The client's in-house staff decided to seek outside assistance to keep up with the order exception volumes. Employees found themselves constantly attempting to resolve order exceptions on the customer install date or within 48 hours of the service technician's scheduled arrival. That timeframe, although often sufficient for correcting cable TV or broadband orders, was not enough to get CVoIP orders back on track.

The difficulty stems from the handoff between service providers. When the client asks another provider to port a customer's phone number, the turnaround time is four to seven days. Given that circumstance, attempts to remedy CVoIP orders at the eleventh hour were bound to cause problems and delays.

"When you fix triple play orders that close to the due date, there's a high likelihood you either can't keep the original customer install date or the CVoIP product must be removed and installed at a later date with a costly second truck roll," says Jason Ruge, senior manager at Cognizant.

With each install date slippage came lost revenue, while some frustrated customers canceled orders altogether. Prior to Cognizant's management of this process, when a triple play order had a CVoIP porting issue, there was a fairly low percentage chance the client would be able to keep the CVoIP product on overall order and with the original installation date. With Cognizant's improvements and focus on "Save the CVoIP", when porting fallouts occur the team is now able to maintain CVoIP on the original triple-play order nearly 80% of the time. [Note: even when CVoIP is removed from the original order often customers will still want the product, but a second costly truck roll is required to install CVOIP on a date post the original double play installation]

In addition to the CVoIP concerns, the client also struggled with Error Service Order Image (ESOI)

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case study exceptions. ESOI errors stem from with conflicting services (especially DSL) at the customer's premises. The resolutions to these exceptions are now the responsibility of the Cognizant team and often involve calling the customer, contacting the customer's previous service provider, and asking various internal technical teams to take certain actions. Cognizant team members work with ~12 different applications and ~7 internal client groups to analyze each exception, gather data and diagnose the proper path to resolution.

"This is the most complex exception handling process in the [client's] program both from a root cause analysis perspective and also with the number of applications and teams required to resolve each exception," Ruge notes.

The overall business-side fallout problem was identified by Cognizant's highly-skilled IT teams already working on application production support activities for the client's multi-service offering. Work on those systems -- which include order entry, billing, provisioning, inventory and customer relationship management -- dates to 2005. About 150 Cognizant staffers support the systems. Cognizant was also instrumental in establishing the client's Workflow Operations Center, which tracks and manages order processing to detect issues such as fallout and coordinate problem resolution within the IT application teams. Cognizant continues to manage this center. That experience would prove critical to the BPO project.

Cognizant's professional roster includes experts in Order Management and CVoIP among other communications domains.

In August 2008, the client invited Cognizant to take a closer look at its order management situation. Cognizant personnel engaged in a week of onsite visits and teleconferences. Those discovery meetings let Cognizant capture an initial inventory of the customer's CVoIP and ESOI processes.

Among Cognizant's findings:

- The client had insufficient internal resources to handle its current and future workload, particularly in the CVoIP area where a sharp uptick in orders was forecasted.

problem. The client found it difficult to identify and retain quality resources to work these types of exceptions.

- Any proposed solution must address the client's desire to reduce business operational and IT costs.

With those conclusions in mind, Cognizant proposed a BPO solution in which the company would commit IT and business process resources to handle the ILEC's CVoIP and ESOI order fallout. The client gave the green light in September 2008.

The Solution: Rapid & Cost-Effective BPO

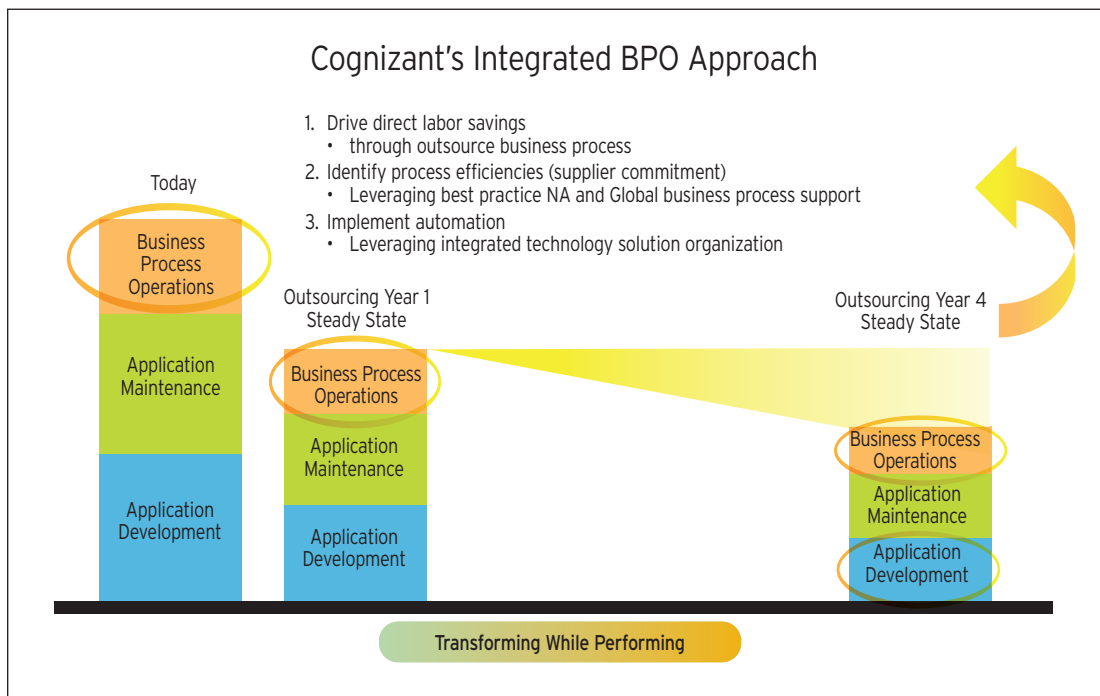
Sizing up the project, Cognizant identified three main drivers. First, the company would have to ramp-up quickly to meet current and projected order volumes. Second, the project's scope should zero in on the most problematic areas, namely CVoIP and ESOI. Third, the project must leverage an efficient onsite/offshore delivery approach in order to provide the most efficient utilization of the client's investment dollars.

Cognizant moved quickly to launch the engagement. The company trained a project team, tapping the knowledge of consultants working on the client's back-office systems and its CVoIP specialists. The ability to leverage those resources significantly shortened the ramp-up time. Only a few days after the client approved the BPO project, Cognizant was able to have nine visa-ready offshore team members arrive onshore and start training. A hand-full of full-time equivalents became productive in as little as three weeks and a total of 30 were live offshore within seven weeks.

Cognizant has continued to add resources.

"We were able to scale from 9 people on day one to 160-plus -- in a little more than 120 days past the original production date," says Blake Janes, a Cognizant consulting manager. "Not only were we able to get started quickly, we were able to take on far more scope far more quickly than originally expected."

One reason Cognizant was able to ramp quickly: domain expertise. Cognizant's professional roster includes experts in Order Management and CVoIP among other communications domains. The scope of Cognizant's knowledge includes IPTV, portal development, self-



provisioning models, billing, and network inventory management. Another key domain: the service delivery platform through which communications products are provisioned and assigned to customers.

Domain expertise means quicker time to value for customers. Cognizant's consultants can get to work faster since they don't need to be trained in industry fundamentals.

As for the delivery method, Cognizant established its main delivery center in Chennai, India to handle order fallout. The company determined during the discovery phase that all processes involved in CVoIP and ESOI could be conducted offshore, except for escalations. Cognizant was able to re-allocate domain experts and project managers from the existing client IT Production Support area, along with bringing in U.S.-based BPO leadership to jointly manage onsite BPO service delivery. This integrated delivery model helped tremendously with Cognizant's ahead-of-schedule ramp-up and outstanding quality, while helping the client keep costs in check. Cognizant also instituted a training plan that enabled a two-week program to familiarize fresh associates with the client's business process and systems. This was a path-breaking achievement, given the complexity of the processes and sensitivity for customer interaction.

The integrated approach also applies to project management. Cognizant's "Two-in-a-Box™"

methodology assigns two project leaders to run an engagement. One U.S.-based Cognizant senior manager serves as the Client Partner, working onsite to stay focused on client requirements. Another serves as the project's delivery manager, overseeing Cognizant's offshore operation and working with the Client Partner to translate the client's needs into fruitful services. In this case, Cognizant took the methodology a step further. A "Three-in-a-Box" model was used by implementing a team of: 1) U.S.-based leadership from Cognizant's Communications Practice 2) U.S.-based leadership from Cognizant's BPO Practice, and 3) Offshore leadership from Cognizant's BPO Practice, all working together to ensure seamless transition and delivery.

In the client's case, "Three-in-a-Box" provided a marked contrast to typical BPO engagement management practices. Traditional BPO projects involve dispatching people from India to the U.S. However, in this engagement, Cognizant utilized stateside communications domain expertise to work with its BPO delivery manager in India to make sure the project flowed smoothly.

Coordinated project management, coupled with domain knowledge, enables Cognizant to work with clients to not only outsource a function but improve it.

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Indeed, the goal of the client BPO project is to adopt best practices to drive efficiency while pursuing innovative business processes. Cognizant's business analysts helped create a more sophisticated method of handling exceptions. The company also identified non-value-added steps in exception management and then worked to reduce or eliminate them.

Cognizant's IT experts also contributed to process improvement.

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Cognizant personnel were already familiar with the tools the client relies on to manage business processes. An exception manager tool, for example, feeds wayward orders to agents who process the exceptions. The system provides basic information about the order and captures metrics regarding handle time. A Cognizant expert on the exception manager tool was able to refine the requirements for the software to make the company's fallout management personnel more effective.

"With process improvement, we get more productivity out of agents and decrease handle time," Janes said.

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Cognizant continues to refine service delivery. The company has recently opened an additional global delivery center to provide enhanced disaster recovery fallback for the client. That center will take on 30%-40% of the volume on a normal day and scale rapidly should an incident affect the primary global delivery center. Additionally, the new center is also prepared to quickly ramp in anticipation of increased demand for the client's CVoIP services as the economy recovers.

Epilogue: Results

Cognizant's BPO effort has had considerable impact since the project went live in November 2008.

Comprehensive collection of metrics enabled the company to quantify results and track performance. The metrics-driven operation highlighted several areas of significant improvement.

- On the CVoIP side, average handle time for exceptions dropped 49% between mid February and early May 2009, from 20:31 minutes per exception to 11:06 minutes. Cognizant now fixes fallout well in advance -- 15 days in some cases -- of installation dates. As a result, order cancellation rates have dropped to less than 3%.
- The story is much the same for ESOI management. Average handle times plummeted from more than 50 minutes per exception in January to 28 minutes in early May.

Ruge attributed the faster ESOI processing to Cognizant's precision focus on these exceptions. Prior to the BPO project, multiple groups within the client grappled with errors. Cognizant dedicated one group to pursue ESOI exceptions.

Concentrating ESOI handling led to process improvement. In one move, Cognizant launched an effort to categorize ESOI exceptions by type, priority and complexity and route them to agents based on their level of training. The more complex cases -- those requiring customer phone calls in order to handle, for example -- are now assigned to experienced agents. New agents work on exceptions that don't require customer contact.

This approach, dubbed Intelligent Work Allocation, has also been applied to Handle/Port/Disconnect Request (HPDR) fallout management. The ability to route specific exceptions to the appropriately skilled associate contributed to improvements in both Average Hold Time (AHT) and productivity.

The process efficiencies implemented under Cognizant also keeps labor costs under control. The company will need less people this year to handle the same amount of forecasted work. Overall, Cognizant's BPO project represents approximately a \$3 million headcount savings compared with the client's in-house operation -- all while overall product order volumes increase.

As for the project budget, Cognizant's process improvement implementations will drive more than \$500,000 out of the client's projected 2009 outlay.

Process innovation, domain expertise and IT acumen all came together on this client project. The upshot: a more streamlined approach to exception management that speeds service delivery. But the engagement's impact goes

beyond reforming business processes. The results actually drive the client's top line.

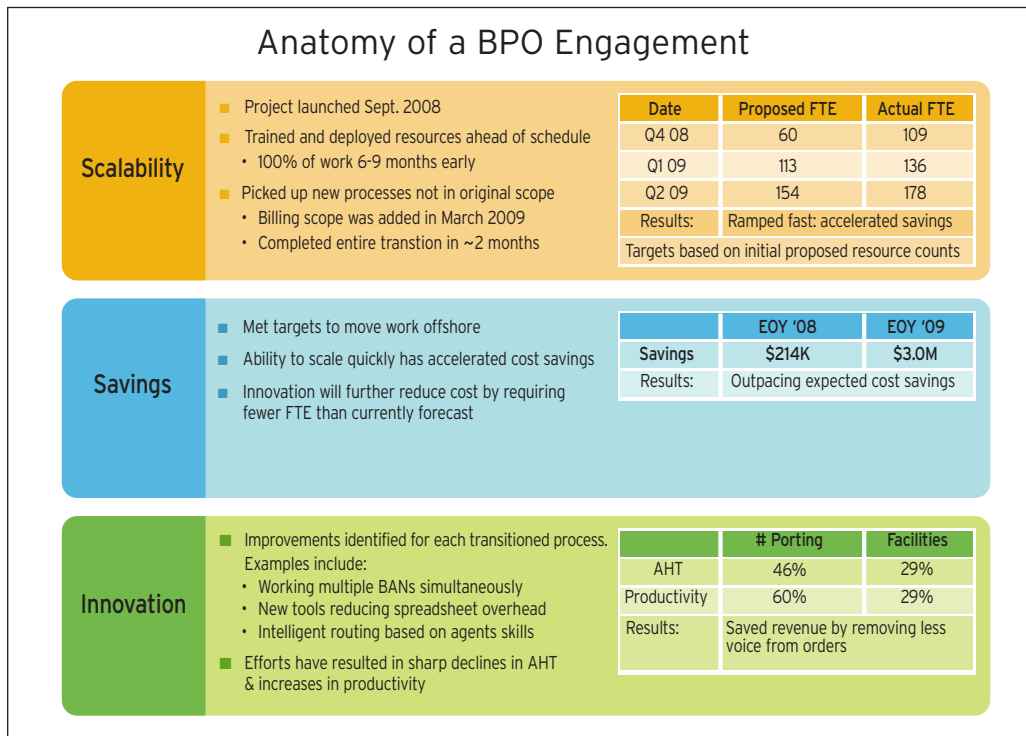
"Cognizant has shown a tremendous ability to truly understand our needs and partner with me and my organization, thereby driving the excellent results so far." says the ILEC's Executive Director of Consumer Customer Care. "I traveled to India and saw the operations first-hand; the knowledge capital of the offshore team is outstanding and I will be leaning on Jason, Blake and Cognizant's offshore

leadership to continue to bring that knowledge and innovation day-in-day-out to our organization."

Meanwhile, the client is able to rollout to new markets without any reservation regarding its ability to handle the current order volumes and installations.

"It's full steam ahead," Ruge concludes.

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About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting and business process outsourcing services. Cognizant's single-minded passion is to dedicate our global technology and innovation know-how, our industry expertise and worldwide resources to working together with clients to make their businesses stronger. With over 50 global delivery centers and 63,700 employees as of March 31, 2009, we combine a unique onsite/offshore delivery model infused by a distinct culture of customer satisfaction. A member of the NASDAQ-100 Index and S&P 500 Index, Cognizant is a Forbes Global 2000 company and a member of the Fortune 1000 and is ranked among the top information technology companies in BusinessWeek's Hot Growth and Top 50 Performers listings.

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