Innovative, Cloud-Based Order Management Solutions Lead to Enhanced Profitability

Executive Summary
To contend with increasing product and service complexity, communication service providers (CSPs) must once and for all resolve escalating order management challenges that threaten to undermine the sanctity of their core business operations. Fortunately, a new wave of process and technology innovation has arrived that aligns and integrates order management requirements with emerging IT solutions and delivery models.

This new approach creates a foundation that promises to not only streamline order management activities but also provide a launch pad for improved top- and bottom-line performance, as well as customer satisfaction.

This approach will provide a more integrated customer experience across channels, improve order negotiation and configuration, offer faster time-to-launch and comply with emerging variable investment requirements. It will also enable smarter and more automated business processes to support fallout management.

The Changing CSP Space
CSPs have reached a turning point. Today, the CSP value chain extends from infrastructure management and service provisioning, to new forms of content delivery and interaction. New innovations are creating inter-industry relationships among communications players and the Internet, media, entertainment, information services and technology sectors, creating chaos and forcing transformation.

CSPs have been at the center of globalization and virtualization. Fiber/data is enabling a connected world, while wireless networks are allowing work to be performed anywhere. CSPs have introduced new technologies and services that allow knowledge work of all forms to migrate to different locations worldwide. This is enabling people and processes to come together in a virtualized world, resulting in greater inter- and intra-organizational collaboration and productivity.

CSPs have positioned themselves to lead the cloud services revolution. Examples include Verizon’s acquisition of Terremark and CenturyLink’s acquisition of Savvis. These initiatives are changing the business model for CSPs by creating more value-added services, supported by a wider array of software and information partners. These initiatives will also change how individuals and corporations collaborate and perform work in the new globalized and virtualized world (see sidebar, next page).
Embracing the Future of Work

Four irreversible and interconnected forces are forever reshaping the workplace, creating new challenges and business opportunities. These future-of-work forces are:

- **Globalization:** Knowledge work of all forms is migrating to locations worldwide, where talent is abundant and costs are acceptable.
- **Virtualization:** This includes not just technology virtualization but people and process virtualization, as well, resulting in more collaborative and productive ways of working.
- **The rise of millennials:** New social and operating norms are emerging in the enterprise as a new mindset inspired by digitally savvy and always connected workers dictates changes in how and where work is conducted.
- **New technologies:** The proliferating cloud is enabling new social, mobile and advanced analytics technologies to support new ways for work to be performed inside the enterprise and with partners and customers.

These four forces are driving opportunities for disruptive value creation. Decision-makers across industries are exploring new avenues to adapt and capitalize on these trends. We have built a Value Creation Framework to assess operational challenges and uncover business opportunities. This “diamond” framework contains four key value levers that reveal how to build and deploy next-generation solutions and improve operational performance (see Figure 1). Each of these value levers offers a path to new levels of performance within a future-of-work context. It’s time for CSPs to look internally to fully utilize these enablers/forces to improve business performance and internal operations.

One area where the future of work is emerging is within order management. CSPs are facing decreasing market share due to delayed product launches and poor product rollout. These new products and services are more complicated and require more coordination to support product launches, as well as resolve customer questions. Antiquated systems are difficult to maintain, and low order flow-through, along with high exception levels, are escalating the costs for order management.

Systems are also not designed to address process flexibility. As a result, IT and business operations remain disconnected, creating slow and inefficient responses, resulting in greater order exception volume, high average handle times and more manual touches per order.

The challenges and opportunities presented by the four future-of-work forces are causing organizations, including CSPs, to rethink how, where and by whom work should be conducted.

**Value Levers for Disruptive Creation**

- **Virtualization**
  - Shift CapEx from context to core.
- **Effectiveness**
  - Improve quality, control, customer satisfaction.
- **Building Stronger Businesses**
  - Innovation
  - Creating new revenue streams.
- **Efficiency**
  - Eliminate waste, streamline processes.
These new ways of conducting business are having an impact on how and where work is performed. In the future, more collaborative and virtual ways of working will emerge that create new operational efficiencies by reducing manually intensive processes. This will help organizations achieve greater levels of business performance by eliminating order fallout.

We have developed a new approach to improving order management, called OMaaS, or Order Management as a Service. This approach incorporates new methodologies that align business requirements and emerging IT solutions and delivery models in an integrated solution that streamlines and increases the effectiveness of the entire order management process. With this approach, we are already providing our clients with a more integrated customer experience across channels, as well as improved order negotiation and configuration and faster time-to-launch. In sum, OMaaS meets CSPs’ variable investment requirements, while delivering smarter and more automated business processes to support fallout management (see Figure 2).

Future of Work Impact on Order Management

CSPs are looking to streamline order management processes to support new ways of conducting business that maximize operational agility and profitability. CSPs must deliver a positive, well-coordinated service for customers or risk losing them to competitors. They must be both effective and reliable in delivering excellent service and connectivity across all stages of the operation.

The complexities of order management will continue to increase. As new business models emerge and services expand, CSPs must be flexible enough to respond quickly to deliver new product bundles for customers and do so with utmost efficiency. The ultimate goal is to implement a fully automated order management process. However, typical implementations result in numerous manual steps and exceptions, which are costly to the organization. Fallout often leads to manual exception handling, thus negatively impacting the ROI of a new product introduction.

Changing business models and increased complexity of products and services can lead to higher fallout rates. As business grows and order volume increases, the fallout volume typically increases, as well. CSPs must find a way for order management to support higher order volumes (and revenue levels) without the corresponding linear growth in headcount to support these volumes. At the same time, they need to improve business outcomes, reducing both capital and operating expenditures.

Meeting CSPs’ need for enhancing order management processes will not be easy. Only so much progress can be made from operational improvements that combine higher levels of automation and knowledge workers. Although

<table>
<thead>
<tr>
<th>BUSINESS ATTRIBUTE</th>
<th>CURRENT STATE</th>
<th>FUTURE STATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Limited retention and cross-selling capabilities</td>
<td>Enhanced retention and cross-selling capabilities</td>
</tr>
<tr>
<td>Customer experience across channels</td>
<td>Manual, opaque, fragmented</td>
<td>Transparent, integrated</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Limited opportunity</td>
<td>Real-time order negotiation and configuration</td>
</tr>
<tr>
<td>Speed of product launch</td>
<td>9-12 months</td>
<td>Faster time-to-launch</td>
</tr>
<tr>
<td>Investment</td>
<td>High</td>
<td>Variable</td>
</tr>
<tr>
<td>Business operations and fallout management</td>
<td>Manual, inefficient</td>
<td>Smart, automated</td>
</tr>
</tbody>
</table>

Figure 2
CSPs can streamline work and make agents more productive, there is a law of diminishing returns. Significant and ongoing process improvements require a new approach to aligning agents and systems in a way that will drive greater efficiencies as volumes grow.

The future of order management is already here. With OMAaS, we can help CSPs drive tangible benefits by standardizing processes, virtualizing service delivery and converting capital investments to operational expenses, which reduces upfront and full lifecycle costs (see Figure 3).

OMaaS weaves together traditional IT delivery with business services (consulting and BPO) to create a new vendor partnership and sourcing model. The intent is to solve order management problems through a low-initial-investment, variable-cost model. The key principles are:

- **End-to-end order flow accountability**: Ensuring flow-through improvements, automation and manual handling, where required.
- **Operational efficiency and effectiveness**: Continued process improvements and relentless pursuit to remove manual work through automation.
- **Coordination and execution**: Achieving higher levels of process improvements and automation through close coordination among consulting, IT and BPO to identify optimal adjustments and execute the changes quickly (see Figure 4).
- **Reporting and analytics**: Improving management decisions and process optimization through real-time data.
- **Strategic partner relationships**: Creating incentives for us to coinnovate with clients, thereby increasing productivity, reducing workforce requirements and sharing end-to-end accountability through business-oriented service level agreements (SLAs).

### Align Business, IT and Delivery with Innovative Commercial Models

- **Align business, IT and delivery to drive common goals**
  - Consulting
  - IT
  - BPO
- **Innovative commercial models**
  - Integrated Solution Creation
  - Business Process Utility
  - Integrated Technology Fabric
  - Multi-Faceted Pricing
  - Shared Strategic Vision
The OMaaS Approach

We developed the OMaaS methodology and have created a foundation for delivering and managing CSP order management solutions in a more responsive and cost-effective manner. We use a three-pronged approach, integrating a cross-competency team of IT, consulting and business process outsourcing (BPO) resources to align business and IT with common goals.

Helping a Global CSP Bring Order to Order Management

A tier-one global CSP is leveraging our OMaaS solution to streamline order management and generate new levels of business performance.

In order to properly position incentives, our multi-year agreement focused on aligning IT and the business to drive common goals. We were motivated to improve the process in order to increase knowledge worker productivity and decrease head count. As part of the OMaaS offering, we offered flexible pricing. For this particular project, our goals were to:

- Drive synergies across IT and the business.
- Align systems and processes toward reducing the effort of order management.
- Align people by consolidating and partially or fully automating work.

Impact of the OMaaS Process

OMaaS provides a multifaceted value proposition. Because members of the cross-competency team are so closely aligned, solution fixes can be identified, addressed and implemented quickly. This reduces the time to implement fixes from weeks or months, to days or weeks (depending on size and complexity).

The process changes enabled by OMaaS are profoundly affecting the performance of the order management organization. The initial impact on the operation is as follows:

- Significantly reduced order cancellation rates, resulting in millions of dollars of revenue gain.
- Automated over 275,000 order exceptions within the first three months of deployment.
- Closed three cost centers and reduced headcount significantly.
- Projected total order management cost savings of 30%.
- Rapidly increased automated volumes, replacing manual work requirements (see Figure 5).

As Automated Order Management Volumes Rise, Manual Work Requirements Decline

![Figure 5](image-url)
are used to identify discrete areas of improvement, prioritized by risk attributes. This iterative approach allows the consulting team to coordinate and gauge impact and results on a daily basis. By identifying process-based improvements, the team is able to identify remedies for the root causes of fallout through real-time triage.

Solving problems requires careful consideration by experienced consultants who understand the client's processes in great depth; however, some problem fixes are more difficult to create. In these cases, or in parallel with identifying potential solutions, the team often turns to the CSP’s customer service agents, as well as our subject matter experts and domain consultants, for insights into these problems and their potential fixes.

As improvement areas are identified, the team drives the requirements and provides recommendations for automating the process. Doing so requires a combination of operations and design expertise. Once recommendations have been made, a review panel decides which fixes can be implemented. Potential areas of automation are divided into two components:

- **Permanent fixes**, which solve the root cause of order fallout.
- **Temporary fixes** through scripting, which does not address the root cause of the fallout but automates the fix, avoiding manual work.

The review panel weighs the cost of manually handling exceptions, as well as the impact on end users and customers to create the final recommendations for fixes. Although automation does not always resolve all instances of a problem, we target automation success rates of more than 90%.

**Evolution of OMaaS**

OMaaS moves order management solutions beyond support and the streamlining of work activities to a strategic plane. As business models continue to change, new contractual structures and strategic partnerships allow integrated business and IT teams to enhance profitability. In addition, OMaaS continues to evolve to provide a more modular technology fabric, containing a multiplicity of solutions within a single, flexible framework. Work is ongoing to further improve the cost efficiencies, scaling capabilities and market benefits delivered by OMaaS. Because of the managed services approach taken with OMaaS, once order management process enhancements are deployed, they are immediately available to CSPs with minimal business disruption.

Among the improvements we are working on are those that will improve cloud service delivery. In our view, CSPs must improve operational performance by moving order management technology to predesigned, global solutions based on cloud platforms. These new standardized platforms (regardless of who owns the order management application) will deliver faster time to market, decrease capital expenses, reduce upfront costs and improve scalability to meet capacity needs and business continuity requirements. As a result, CSPs can build scale, provide more flexible capacity capabilities and support enhanced functionality.

**Preparing for the Future of Order Management**

Given the challenges associated with offering complex and varied services to customers, CSPs must ensure that they meet appropriate service levels. They also must address the business needs of more frequent and dynamic changes to products and services so that they can support operational and market demands. OMaaS deal structures can allow for new strategic partners that embrace innovation and produce more dynamic support for order management needs.

However, implementing new deal structures requires preparation. Bridging the gap between the business and IT is key to determining the best path to order management maturity and overall productivity. CSPs must understand where they are in the process and follow the steps toward order management optimization. They are:

- **Stabilize**: Solidify the IT infrastructure and minimize the massive amounts of business operations support work, including manually handled order fallout and other BPO work.
- **Support**: IT systems and business operations support are in acceptable ranges but could be improved through optimized support models to handle increased volumes of order fallout.
- **Streamline**: It is necessary to support more frequent and dynamic changes to products and services that provide ongoing and continuous reengineering to ensure quality support.
These steps will set the foundation for extended options and flexibility for customers to develop the business models necessary to be successful.

Key questions to consider include:

- **Do IT releases bring order flow to a standstill?** If so, your organization remains in the stabilization phase.
- **Do you know how to structure your support groups to handle fallout effectively?** If not, you are in the support phase.
- **Are you concerned about market rollout/expansion and increasing order volume?** If so, you are in the streamlining phase.

Successfully moving through these phases of order management evolution will position the organization to better serve existing and future customers while reducing expenses and delays in product turn-up.

**Next Steps**

As new commercial models emerge, executives can prepare their order management organization for the future. Market pressures and the fragmentation of new business models make it critical for CSPs to meet these needs. Order management operations should create an organization with the business flexibility and technology necessary to realize faster time to market, increase revenues, minimize operational expenses and ensure that order management capacity increases faster than required headcount and other related expenses.

Our recommendation is that executives take the following steps:

- Ensure that your order management environment is stabilized.
- Identify the business model requirements to support more frequent and dynamic changes in the environment.
- Streamline your operation and prepare to incorporate a more flexible and commercial order management model.
- Adopt an OMaaS business model to maximize the return of your order management process.

**Footnotes**


**About the Author**

Robert K. Pucci is the Chief Technology Officer for Cognizant’s Communications Business Unit, advising customers on the recommended approach and solutions that provide the needed and desired business value metrics (TCO, T2M, T2D and reduced Op-Ex) while enabling non-disruptive extensibility to support future business initiatives and remain competitive. Robert has worked with major independent software vendors and tools and middleware providers and has identified which providers enable and contribute to true business value for CSPs. He can be reached at Robert.Pucci@cognizant.com.
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