market brief

how data infrastructure can improve fixed asset management

maximizing value to deliver change

Wherever you look in the world of telecommunications at the moment, you'll find change. It really doesn't matter how advanced the network and the services are currently – there's always change on the horizon. Change that requires investment.

Actually, in some parts of the world, the move happening right now is still from 2G to 3G mobile technology – as an example, 3G connections are not expected to overtake 2G on the African continent until 2020. Nevertheless, service providers in Africa are also busy devising programmes to roll out their 4G networks – which, let's not forget, require more radio masts, power, and access to broadband infrastructure than a 2G equivalent.

In global terms many nations are looking to roll-out faster, more reliable, fixed fibre networks, there's an industry-led drive to create high performance IoT networks, and the most developed nations and service providers are busy developing and testing 5G mobile network solutions.

The need, globally, for investment in telecommunications networks at all levels and stages of development has arguably never been greater. At the same time, it is also true that the scrutiny being applied to that investment has never been higher.

where are the guarantees?

The climate among those charged with making the investments is challenging. They look at the mobile sector in particular as an area where some of the market indicators are tracking in the wrong direction. Average Revenue Per User (ARPU) is falling even as the size of the investment required is rising. What's more, countries where there was once a seemingly endless supply of unconnected customers are now also approaching saturation point; a factor that adds to the downturn in revenue growth.

Today's network providers need to have a firm grip on their cost base and where the savings can be achieved, especially as new competitors and internet scale companies threaten their traditional revenue model.

In this climate, one way to bolster confidence and encourage investment is to be able to demonstrate - and prove - the accuracy of your financial and operational performance data. To be able to show that previous investment in network equipment has been properly documented and accounted for, and that equipment is not lying as a hidden charge on a balance sheet that is not properly optimized.

Because if there is one thing that investors hate – it is balance sheet surprises. Especially the type of surprise that can turn a balance into red figures.

the rules are also changing

To complicate matters further, the global financial regulators are also becoming increasingly active. The latest International Financial Reporting Standards (IFRS) regulations include changes that require companies to report their capital and fixed assets at what is termed a disaggregated level.

This means that an international operator group needs to know the value of its assets and network equipment within each individual network it operates; it will no longer be able to simply put all the Group's network assets into one giant pot. This isn't as easy as it might appear because most Groups have grown not just through network deployment but also through acquisition – either of a whole network or a share of one. The ability of a Group to be able to accurately value the assets of a shared-ownership network, originally deployed by its partner, may very well be limited.

Across an operator Group, being able to fully document and assess the performance of network assets on a like-for-like basis, can also lead to improved efficiencies and learnings being shared.

a perfect storm

These factors – the need for more investment, the need to document network assets precisely, as well as the need to be able to value them accurately and manage their efficient operation - are combining to create a perfect storm for a solution originally designed with an entirely different, operational, purpose in mind.

In the United States, a move to standardise network equipment terminology arose from an FCC mandate on customer service assurance. Adopting a universal language was a good way to ensure that networks could always successfully interconnect. To further pave the way, iconectiv® TruOps Common Language® was developed. Adopted by major Service Providers in the United States, it helps eliminate ambiguity of terminology, and enables efficient network interconnections, and also serves other operational and business needs.

The Common Language solution works by providing a series of unique codes that identify and describe various elements of the network and also support interworking between different networks. The codes cover the equipment itself, the location where it is installed, and operational information about connections and the ordering of services on the network. The Common Language codes associated with the equipment and its location can be particularly valuable for efficient and accurate asset management.

In addition, the codes are vendor agnostic and so they give service providers a universal means of determining what the equipment is, where it is, the function it performs, an accurate idea of its net-worth and when it is likely to need to be replaced. And it can do this on a global basis.

The Common Language solution is market proven and tested. In the United States, it has successfully supported operator interworking and driven common reporting standards for more than 30 years.

During that time the Common Language solution has continuously evolved to meet the changing demands of the telecommunications industry – smoothly anticipating and adapting to a world where hardware assets are constantly changing. The Common Language approach can also be applied in virtualized, NFV and SDN environments, as well as within traditional fixed and mobile networks.

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a new application

Now, the Common Language solution can serve an important new purpose. With Common Language, both the operational and finance teams can have a completely accurate picture of the network's assets – and their value. Given the nature of an operator's business, this information tends to be effectively siloed within each operational department making it harder to grasp an overall picture of business and network health. But it doesn't have to be that way.

By combining Common Language with data from the finance inventory, it becomes possible to much more accurately amortise the cost of network equipment – right down to a single line card within a server or a network switch. To know when that card was installed, exactly what cabinet it sits in at what location, and when it likely needs to be replaced, is not only invaluable from a network maintenance perspective, it also enables much more accurate financial planning and valuation of network assets.

The application of Common Language coding can also help Group operators track spending on network equipment and aid efficient network maintenance – for example: reducing the overall spares inventory by identifying compatible equipment, or tracking recall notices to enable equipment with known faults to be replaced before it fails in order to reduce network downtime.

network finance and operations in sync

The Common Language solution was developed to help ensure that networks could always interconnect and deliver quality of service assurance. Today, the solution still delivers against that basic and vital goal and also helps in many more ways that are equally and vital to the business.

When judging the need for network investment, and assessing the return on previous activity, data from the Common Language solution will be able to be combined with other management data in order give a much clearer picture on business performance. As well as helping to prove the efficient financial management of past network investment, the Common Language data will also be able to provide a more accurate valuation of current network assets than has ever been possible before.

All networks require continual operational and developmental investment. Common Language is a simple, seamless and a secure way for service providers to accurately track, record, manage and report on that investment.

When a business can share vital information, reliably and accurately, right across its value chain and supply chain, partners and business units are able to work together and deliver improved business decision-making. Collaboration means more accurate forecasting, it means better trend analysis, better inventory management, and better product or parts availability. It bolsters profitability, supports investment and builds better businesses. The Common Language solution underpins and supports all those goals.

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about iconectiv

As the authoritative partner of the communications industry for more than 30 years, iconectiv's market-leading solutions enable the interconnection of networks, devices, and applications for more than two billion people every day. Working closely with private, government and non-governmental organizations, iconectiv continues to protect and secure telecommunication infrastructures for service providers, governments and enterprises, while providing network and operations management, numbering, registry, messaging and fraud and identity solutions to more than 1,200 organizations globally. A US-based company, Telcordia Technologies, does business as iconectiv.

make the connection.

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