

Actionable Business Insights: Boon to Telecom CFOs

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The telecom world is changing drastically where operators are becoming Digital Service Providers (DSPs), and moving away from being seen as traditional Communication service providers (CSPs). But on their road to this transformation, telecom operators are hindered by a multitude of challenges, ranging from decreasing ARPUs, increasing competition from within the industry and through the proliferation of OTT players, increasing customer expectations, and the list goes on. Moreover, telcos are also challenged with the fact that technology cycles, such as moving from 3G to 4G and 4G to 5G, are becoming shorter, which in turn is leading to an increase in CAPEX. Due to this, before operators are able to witness any return on invested capital, the next technology refresh is ready.



Fortunately, in their favor, CSPs today have access to volumes of information from multiple sources including customer data and network data. It is no secret that this data, if leveraged adequately through advanced analytics is a potential goldmine just waiting to be tapped. But over our 20+ years of working with CSPs globally, the question remains: who in the organization is best suited to handle advanced analytics? While cases can be made for multiple C-level executives, we feel that this responsibility needs to lie with the CFO function. But before we get into the 'whys', let's take a step back to see some of the problems CSPs today face in their advanced analytics approach, to better justify this thesis.

CFOs are the best custodians to leverage analytics

During one of the recent conferences, I happened to chance upon a very interesting conversation with a CFO. He felt that the finance functions have been consumers of Business Intelligence (BI) for some time now, and while they indeed understand the potential of leveraging their data, there hasn't been a shift to adopting advanced analytics. In my view, it's the approach which has often faltered. In most organisations data management strategies have not been clearly defined and Telcos are challenged by the fact that there is seldom a single source of truth. Similar and related insights, when generated from multiple systems like Data Warehouses, Data lakes, Revenue Assurance, Financial systems and so forth, tend to produce different outputs. CSPs are also challenged as most of the analytics cases being delivered to them are tactical in nature and do not have a long-term view. For these reasons, while a majority of Tier 1 and Tier 2 Telcos have invested in analytical tools, the adoption of analytics for day-to-day business decisions across the organization has seldom happened.

On the basis of this conversation, considering the tough business environment and my deliberations post the encounter, it is my belief that it is important to have a single owner within the CSP who has an organization-wide view and, in my opinion, a case can be made to indicate that the finance function led by the CFO is in the best position to lead the advanced analytics program. While this does not mean that analytics is not needed for other functions like marketing, sales, network ops, etc., the fact remains that the CFO will be able to leverage analytics to make better decision for the organization and drive future business cases and programs through better analysis of data, while the other functions continue to leverage analytics for their specific business needs which are mostly tactical due to the nature of their activity.

Additionally, with CFOs being custodians of profitability and having the responsibility to protect the bottom line, they will be able to validate and advise several teams on aspects linked to the profitability of existing products, customers and services.

This notion has been reinstated through the use cases at several Telcos which reaffirm the fact that by using advanced analytics within the CFO function, and focusing on small changes and quick wins, there has been a dramatic impact to the business operations. For instance, we have witnessed a CSP leverage analytics to improve their hit ratio of predicting and addressing disputes to 9x, which in turn helped them save a few million dollars. Another instance was when the finance function analyzed aspects around product bundling and product profitability to identify how several of their products were performing and thereby guided the marketing team in rolling out more products that were profitable.

Changing role of the CFO

This new responsibility implies that the role of the CFO is undergoing a drastic change. Today their role is no longer confined to focusing on financial reporting, but now moving towards providing information about where the business is going and how quickly it is getting there. What this essentially means is that today's CFOs need to be more strategic and need to ensure that there is better alignment with strategic business imperatives. This requirement puts the CFO at the focal point for not just financial reporting but also managerial reporting, along with his core objective of maintaining a healthy balance sheet.

The ideal CFO approach to advanced analytics

While implementing a comprehensive advanced analytics approach, modern day CFOs need to account for a few critical aspects. It has been widely witnessed that the current approaches Telcos are adopting are not giving them the best results, and the benefits have proven elusive for a lot of operators. Today, many Telcos are taking a very standard approach to leveraging their data wherein they extract the data, dump it into a Hadoop platform, apply analytic techniques upon it and generate insights based on the data. The major problem with the current approach is that the analytic tools which Telcos are currently using cannot scale up to the large volumes of data telecom operators possess and continue to generate, which is currently now in Zettabytes and is quickly moving towards the realm of Yottabytes.

Telecom CFOs need to identify and ensure that they have solutions in place that are capable of handling data of a telecom scale in order to ensure that they have a holistic data set to action upon.

CFOs who are looking to arm themselves with advanced analytics also need to understand and account for the shortage of data scientists. This shortage has caused a substantial gap between data science supply and demand. And with the existing talent, the focus continues to move towards validation of the data and reporting, rather than what is truly essential, i.e., consuming insights and deciding the next course of action. This has led to a delay in assuring speed to actionable insights. In order to overcome this barrier, CFOs need to identify solutions which provide them with a Man + Machine approach, which includes the tools and algorithms to run analytics programs, and add a layer of human intervention in order to ensure that insights are relevant, timely and accurate.

More importantly, one of the major concerns operators have in terms of the insights they are currently generating lies in the fact that they are receiving insights in the form of dashboards that cannot be consumed by everyone across the organization. Rather than generic reporting, the focus needs to be on generating data analytics that can be easily consumed at multiple levels. This can be solved through the generation of 'storyboards' - which provide only relevant insights in a democratized manner - instead of 'dashboards'. While dashboards are indeed important for analysis, one cannot reach the right business conclusion when they have different dashboards as a part of their operations. By taking a storyboard approach for insight generation, CFOs can easily

move beyond this obstacle to derive insights which are relevant and which can be consumed by executives across multiple levels.

Finally, CFOs, and Telcos in general, need to ramp up their analytics process to ensure that they achieve insights which not only focus on the 'why' of a problem, i.e. mere analytics insights. Rather CFOs need to change their approach towards getting insights on the 'what' and the 'what next' of problems – business insights. By moving their approach towards business insights, CFOs can bring predictability into decision making to proactively act on business problems and address potential risks. Through business insights, CFOs will truly be able to leverage their advanced analytics approach to make the best use of their information in order to have a 360-degree view of their business context and thereby identify and even predict issues, opportunities and threats proactively, and address them well before internal audits, as they traditionally used to do.

Looking at the landscape today, we can ascertain that traditional Telcos have been lagging behind in the area of analytics, which can lead to a slowdown in the derivation of business outcomes. What Telcos need are analytics solutions capable of helping CFOs derive outcomes in a period as short as 2-3 months, and for their vendors to take an experimentative approach to analytics rather than following a transactional delivery model.