

## 6. Developing a Business Case

*“One who knows when he can fight, and when he cannot” Sun Tzu*

No CSP can afford to waste money through ill-considered actions, which is why there are controls over expenditure, whether capital or operational. In practice, there is usually insufficient capital and operational budget available for every department to be given everything it has requested. Thus the development of a revenue assurance department depends not only upon the credibility of a successful business case, but also upon how it compares with other business cases. It is not unknown for departments to exaggerate the potential benefits in order to gain approval; however, any subsequent cost-benefit analysis threatens to undermine credibility and compromises future business cases.

The business case effectively sets the strategy for the department and usually takes one of three basic forms, categorised as follows:

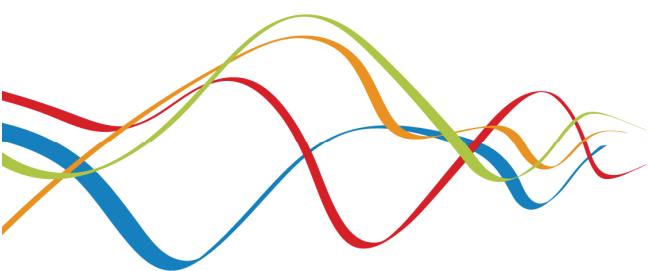
**6.1 The Centre of Expertise:** it starts with an individual responsible for the RA activities, developing the necessary tools and reports to deliver the results expected. The individual is required to interface with the other parts of the business in order to initiate and drive actions to address issues identified. Once the scope of the activities has expanded, another expert is recruited to cover the additional workload, or more likely an analyst to perform the routine tasks, freeing up the expert to concentrate on future developments.

There are a number of benefits to this approach, the first is the speed at which returns can be made as the expert is able to identify quick wins early and pick the ‘low hanging fruit’ while developing working relationships with the other departments. Another is that the team is fully flexible, and able to apply the RA approach to any revenue stream as directed by the business. Each new member is independently justified as the workload increases, thereby minimising operational costs.

The downsides are that there is no independent development of these tools, requiring internal effort to be diverted away from addressing new revenue assurance threats to develop and enhance the tools in order to manage new products and services that are introduced.

A consequence for home developed tools is that the systems are not always fully documented, providing a high risk that they become obsolete should those responsible for their development change roles either within the organisation or leave the organisation completely.

**6.2 The Tool and the In-house Team** starts with the perception that a bought-in RA tool will, of itself, identify the revenue assurance issues. This tool will be supported by a team of analysts, who will be



responsible for analysing its output, for interfacing with the business and for solving problems.

The advantage is that the business will quickly acquire a tool which can be used to identify leakages and can start to generate returns. And because the system is developed commercially, it will be continuously updated and upgraded by the supplier to ensure its continued suitability in the marketplace; hence the system can be adapted to take account of any new service launches without incurring the sole cost of development.

There are a number of downsides in implementing a tool as a starting point. The most difficult to overcome are:

- The lack of established processes and procedures defining the way the team interacts with other parts of the business;
- Any team trained exclusively on a tool may not appreciate the potential for a tool, nor seek to identify any non-systematic approaches to reduce revenue leakage;
- Any enhancements tend to be dictated by the equipment supplier and may not be required by the CSP.

It is also worth noting that while the operational costs will be lower than a Centre of Expertise, being able to justify the initial capital outlay poses a problem. One may be able to point to a number of independent industry reports indicating the expected level of leakage within an organisation, there is usually internal apprehension regarding those figures, hence the common adoption of a proof-of-concept approach. The question then becomes whether the proof of concept is a fair test of the likely performance of the system, or is targeted at the most likely areas of weakness to ensure a sale.

**6.3 The Flexible Team** starts off in a very similar manner to the Centre of Expertise, with the development of ad-hoc tools and techniques to address particular revenue assurance issues. However, the aim of the expert is to get to a stage where the tasks can be automated without any loss of control. At this point an external modular tool can be identified which automates and replicates the tasks being performed. The tool is supported by analysts reacting to the outputs, but using the relationships developed by the expert while going through the prototyping stage.

Tactically, this has a number of advantages:

- It allows the expert to continue to research and develop approaches towards new revenue streams, ensuring that the most pressing needs are addressed while maintaining his interest in the role;
- It provides a potential career path for the analysts;
- It allows the cost of implementation to be spread over a longer period;

