

Service Provider

Network Resource Management: From Fat to Fit

More the merrier is passé; telcos need to fight biting competition with optimum resource utilization
Thursday, February 05, 2004, Voice & Data Magazine February 2004 p. 36

The measure of service providers' value today is not limited to financial parameters such as return on investment (RoI), asset value, and revenue growth (both relative and absolute), but is also encompassing various qualitative indicators pertaining to business and operational efficiency. Effective network resource management (NRM) is fast growing as a viable and practical solution to help service providers justify their balance sheets. Resource tracking and organization helps improve the operational efficiency while resource administration is being used to improve business efficiency.

What NRM Does

NRM involves a mix of complex processes pertaining to identifying, tracking, allocation and ensuring optimal utilization of the service provider's assets. It helps service providers to identify and manage the hidden relationships that exist within their own business frameworks.

Customer Relationship Management



NRM should also allow for business information such as relating the required capacity of one resource to the installed capacity of another, or a typical scenario of relating service usage to the installed capacity of the resource providing that service. To summarize, a resource management solution should be able to deliver intelligent information based on parameters like physical characteristics, cost of ownership, cost of usage, role and lifetime of resources.

All elements of value to service providers' revenue and operational cost strategy should be classified as resources. Resources should not be limited to equipment and facilities but also include customers, vendors, partners, services, and technologies.

Why NRM?

To realize the importance of NRM, two factors need to be considered in tandem.

- Changing Regulatory Perspective: The evolving interconnect models globally, and unified licensing in India are some of the regulatory changes due to which processes such as accurate asset identification, asset auditing, and optimal asset utilization are gaining acceptance.
- Competitive Business Perspective: Some revenue enhancement strategies that service providers globally have been concentrating on:
 - Increase average revenue per user (ARPU) by increasing minutes of usage
 - Increase gross margin per transaction
 - Increase economic value added (EVA)

Since major telecom networks are already in place and the industry is becoming very competitive, it's the low-cost model that is guiding service providers' strategies. Thus the marginal cost per service usage is minimal. Again, due to the low-cost model, even though the minutes of usage has increased substantially the ARPU has not increased proportionately. This has forced service providers to look at processes like new service generation, service provisioning, service activation, inventory and workflow management.

The Resource Modeling Approach

Market indicators show a shift from in-house development to commercially off-the-shelf (COTS) deployment, as service providers realize the drawbacks of developing customized applications.

Although COTS solutions offer an exhaustive range of functionalities, a fully functional deployment can really stretch the capex investments of service providers.

Moreover, in practical situations, service providers do not have the need for all functionalities and are reluctant in making massive investments. A viable solution in these situations would be the resource modeling approach. In this methodology, solution vendors provide the general resource management framework with all the basic functionalities, but the resource/network model over which the application would be based, is designed only after collaboration between the vendor and the service provider.

This approach allows the service provider to determine his view, management of resources by layers, services, and domains, as per the utility level and processes. The resource modeling approach allows the service provider to perform iterative 'what-if' analysis over simulated business conditions before the final deployment. It supports the design-utilize-redesign concept for easy adaptation to changing technologies and customer demands.

Today, newer services are being generated before existing services get stabilized. There is a rush towards gaining competitive advantage in a market where the rules of the game are constantly changing.. Greenfield operators need to streamline their activities to recover the huge capital investments during start-up, while incumbents like to encash their cash-cow services.

An intelligently modeled NRM solution allows the service provider to effectively track and efficiently deliver optimal utilization of its assets. The market is showing positive movements. In days to come, resource management solutions, bundled with service provisioning and service assurance, are likely to top service providers' priority list.

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