

# Business Success Means Understanding Your Customers' Service Usage

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September 2002



## discussion framework

- service provider and enterprise IT challenges
- knowing the customer – tricky business for data services
- HP OpenView dynamic netvalue analyzer (DNA)
- case study and conclusions

# service provider objectives

## revenue generation

- identify new opportunities in a rapidly changing business environment
  - understand how subscribers use services
  - influence subscriber behavior

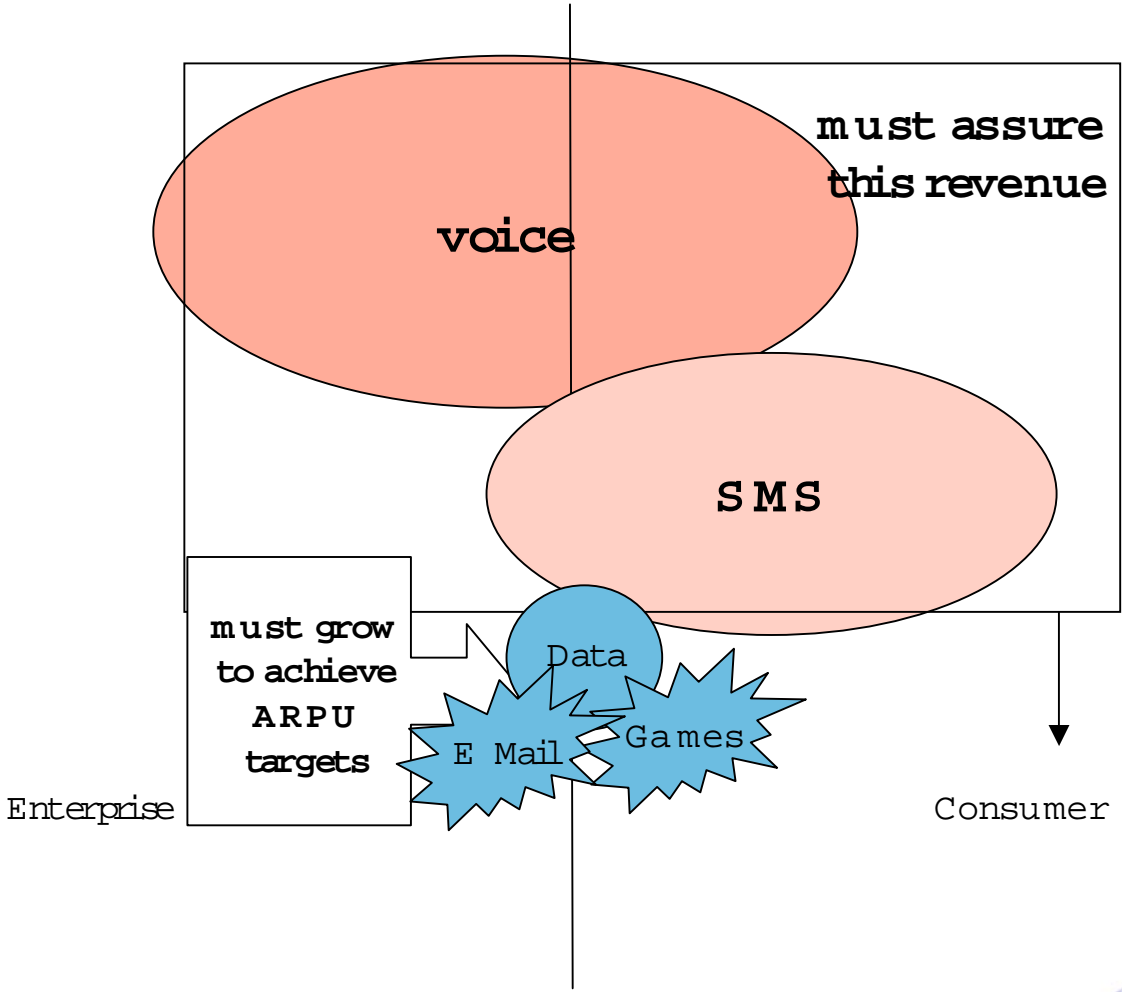
## price evaluation

- test-drive new pricing structures and price points for services
  - charge by service value
  - charge by service delivery cost

## profit maximization

- pricing plan-service optimization
- loyalty/churn reduction
- lifecycle management
- resource re-allocation

# service provider mobile revenue



# challenges facing service providers and enterprises



- shifting priorities in the new business environment:
  - profitability and return on assets
  - consolidation and globalization
  - customer retention
  - revenue capture for new services
  - cost containment and accountability
- business basics
  - understanding customers' usage of services

# why is usage management important?

## revenue and cost benefits



### • **billing, internal chargeback**

- usage/tiered billing
- desktop/ department accountability
- fair allocation of costs

### • **decision support**

- service pricing, bundling
- outsourcing
- caching, storage, etc.

• **"If you don't measure it you can't manage it."**

# data services differ from traditional telephony models

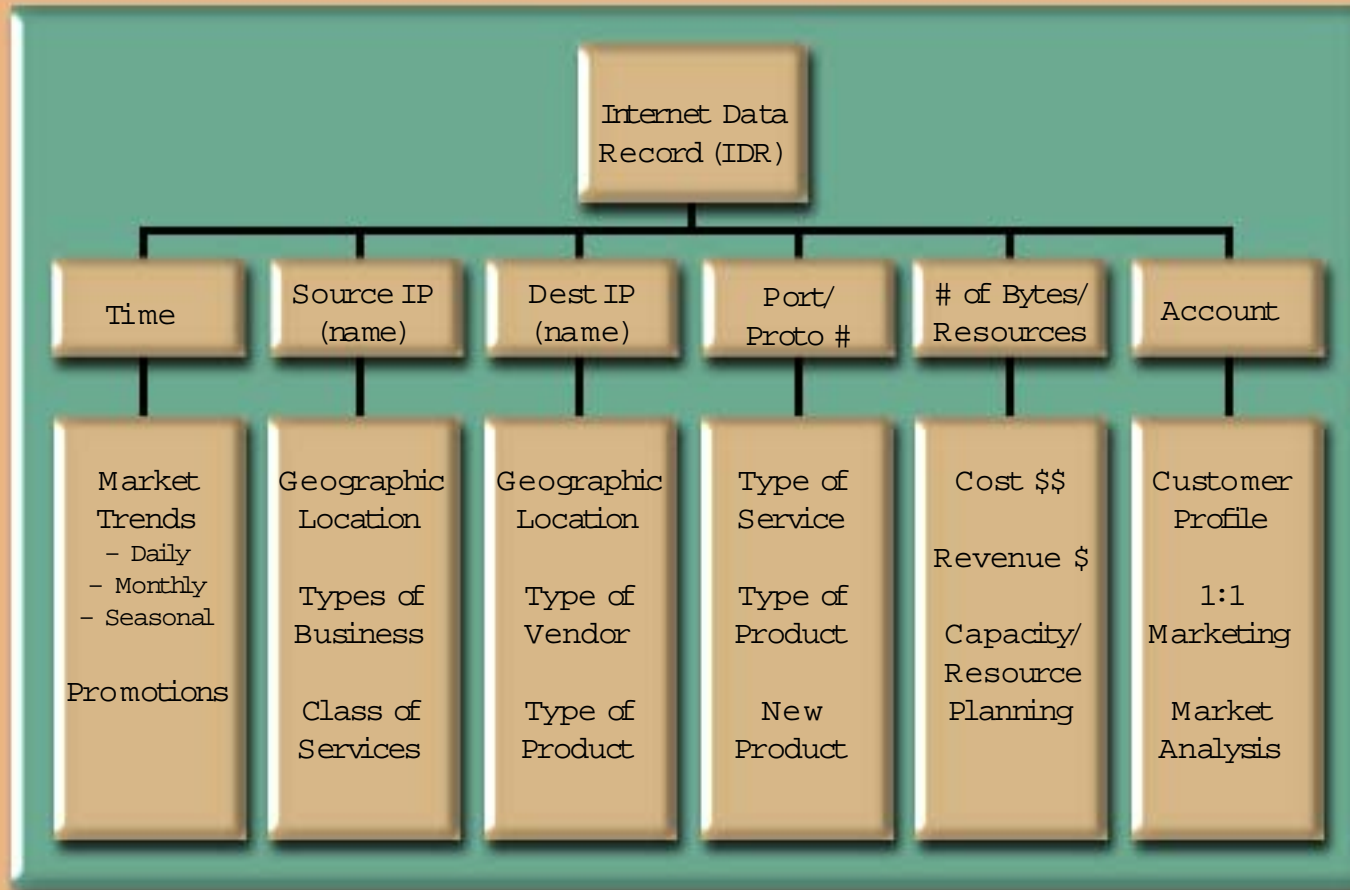
- vast diversity of services
- distributed nature of user data
- scale factor
- real time data processing

# the internet opportunity challenges timely business decisions

- the Internet provides a rich environment for the rapid proliferation of customized services
- Internet customers generate vast amounts of usage data
- most current business analysis systems save all the raw data..  
then analyze it later.
- large storage systems
  - = costly infrastructure
  - = long delays in getting the results



# Internet Data Record Example (Configurable)



With usage data in hand, operators can capture service value or better manage costs

- customer segmentation
- pricing/ profit/ service delivery cost analysis
- service modeling, capacity planning
- evaluate new business models
- churn reduction
- usage-based billing
- cross-sell/ upsell
- service bundling

# hp OpenView dynamic netvalue analyzer



timely

business decisions

real-time  
data  
collection



statistical  
models



business  
models



interactive  
financial  
analysis



# hp OpenView dynamic netvalue analyzer

transforming customer usage into profitability

## building your business model

service options

email

web

VPN

VOIP

investments

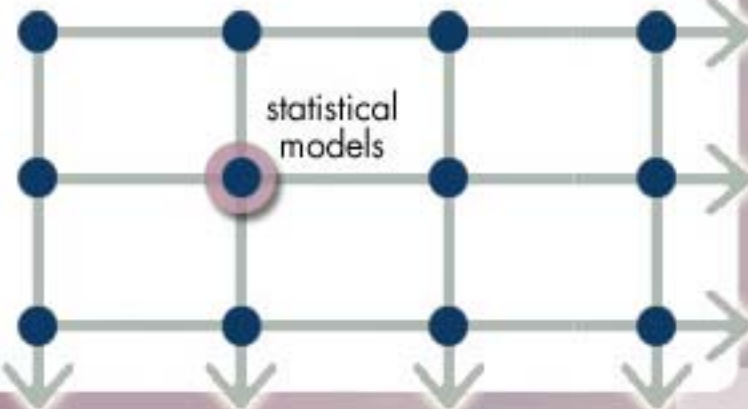
customer segments

gold

silver

bronze

revenues



geography

- understand customer usage
- evaluate pricing plans
- respond to competitive moves
- model new services
- influence customer behavior

# case study: Telstra Multimedia

question:

can I lower prices to attract new customers without risking my revenue stream?

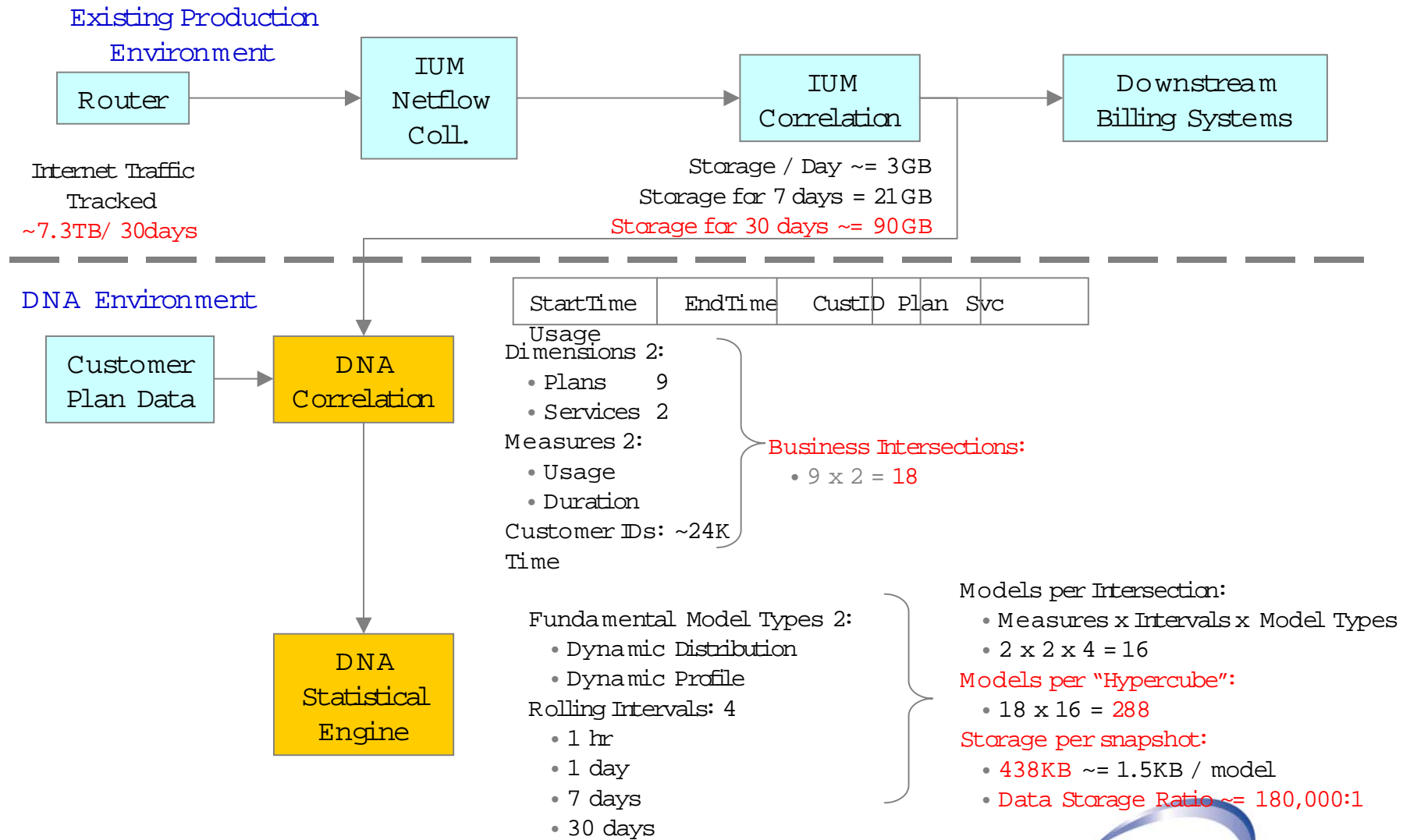
background:

- interested in opportunities to grow business, e.g. increased market share
- fixed/usage-based pricing in place

issues:

- better understand distribution of subscriber usage
- revenue growth through increased customer base
- up-sell high-end users to premium plans

# DNA trial deployment at broadband ISP







Data Source: Unnamed Data Source

Geography: Los Angeles  
Sacramento  
San Diego

User Plan: Video Screamers Service: VoD  
Pricing Scheme: Web 4 Edit Price Schemes

**Detailed Financial Results**

Number of subscribers for plan "Video Screamers": 1,000

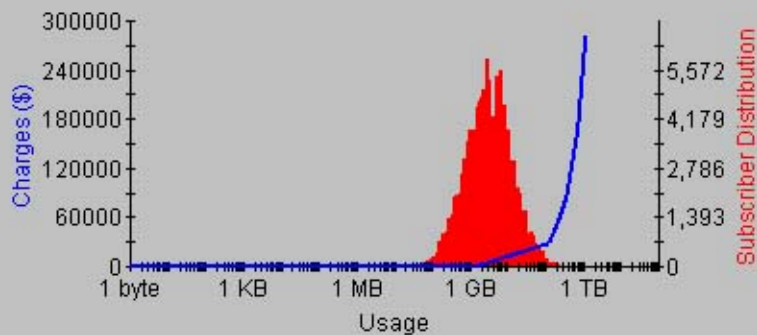
The current population of active subscribers is 142,857 using a total of 1,054.4 TB.

Attribute	Tier: 1	Tier: 2	Tier: 3
Threshold	0 byte	500 MB	1.5 GB
Fee	\$24.95	\$0.00	\$0.00
Rate	\$0.00 / byte	\$0.15 / MB	\$0.24 / MB
Subscribers	10.9%	23.0%	66.1%
Chargeable Usage	0.4%	3.1%	96.5%
Usage	6.5%	10.5%	83.1%
Fixed Fee Reven...	\$3,564,282.15	\$0.00	\$0.00
Usage Based Re...	\$0.00	\$16,548,534.01	\$210,235,363.02
Total Tier Revenu...	\$3,564,282.15	\$16,548,534.01	\$210,235,363.02

**Revenue / Usage Chart**

- Logarithmic X-Axis
- Friendly X-Axis Labels

Report: Subscriber Distribution

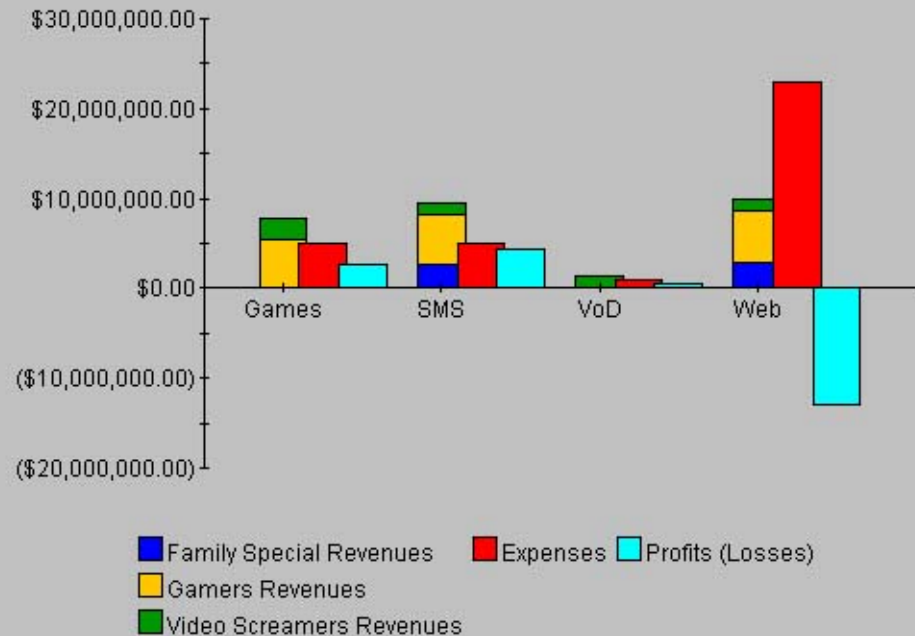


**Summary Table**

	Games	SMS	VoD	Web	Total
Family Special	* \$0.00	\$2,558,572.85	* \$0.00	\$2,842,854.30	\$5,401,427.15
Gamers	\$5,401,059.00	\$5,685,718.55	* \$0.00	\$5,685,718.55	\$16,772,496....
Video Screa...	\$2,285,560.00	\$1,137,145.70	\$230,348,179...	\$1,421,417.20	\$235,192,30...
Revenues	\$7,686,619.00	\$9,381,437.10	\$230,348,179...	\$9,949,990.05	\$257,366,22...
Expenses	\$5,000,000.00	\$5,000,000.00	\$1,000,000.00	\$22,857,160....	\$33,857,160....
Profits (Loss...	\$2,686,619.00	\$4,381,437.10	\$229,348,179...	(\$12,907,169....	\$223,509,06...

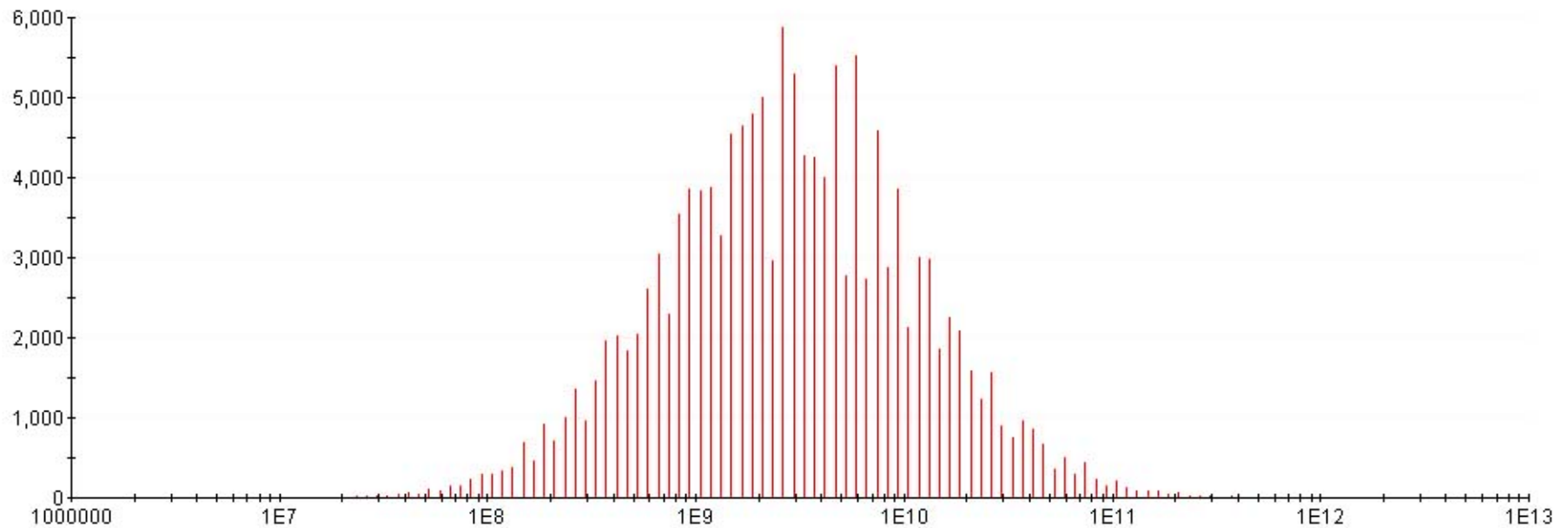
\* Denotes Incomplete Data

**Summary Chart**





Unnamed Data Source ■ Number of Bytes, Distribution, Last 30 Days, Los Angeles, Video Screammers, VoD



Friendly X-Axis Labels 
  Logarithmic X-Axis 
  Logarithmic Y-Axis

Unnamed Data Source

Model Type:  
 Measure:  
 Interval:

Geography:  
 User Plan:  
 Service:

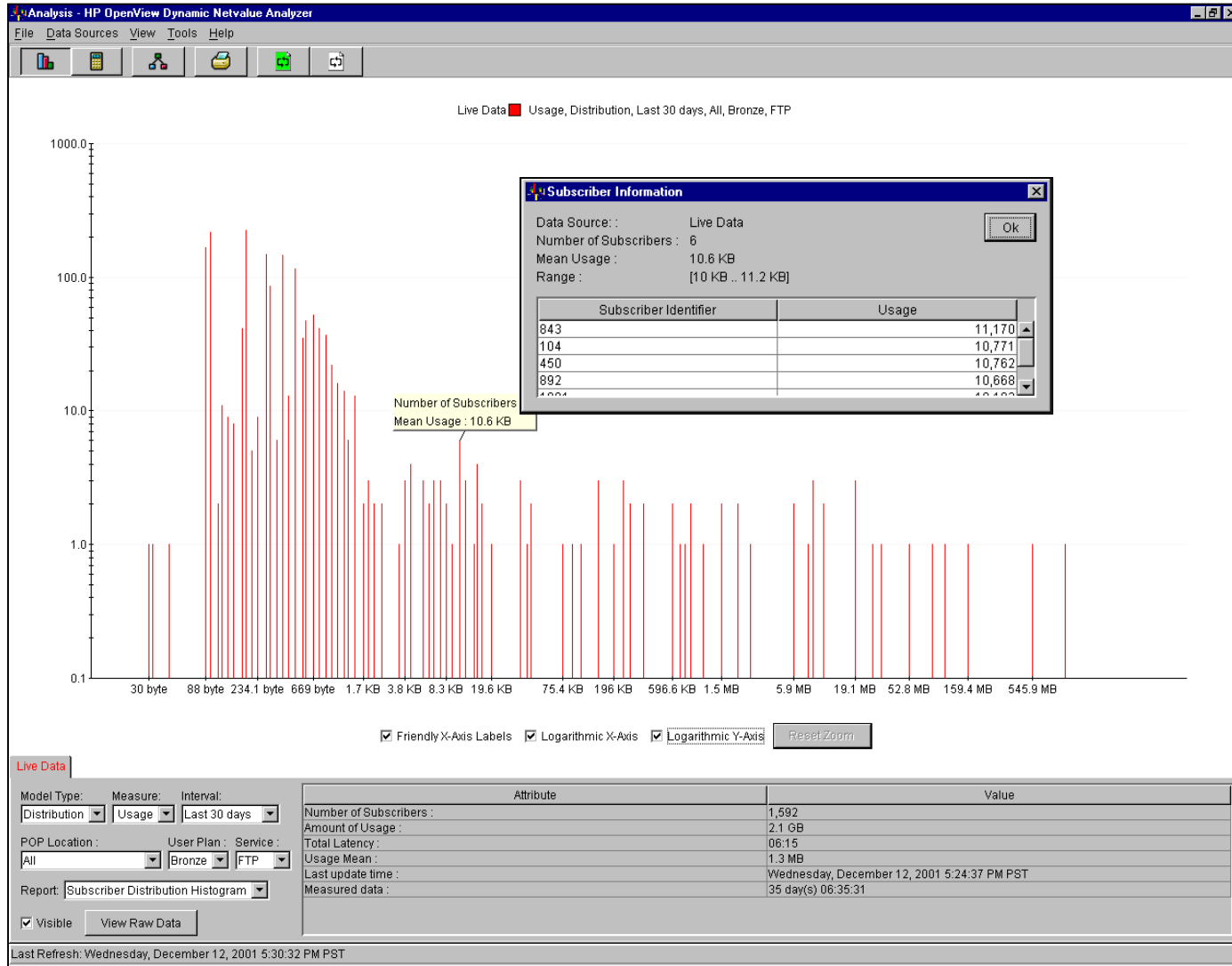
Report:

Visible

Attribute	Value
Number of Subscribers :	142,857
Amount of Usage :	1,054.4 TB
Usage Mean :	7.4 GB
Last update time :	Thursday, April 4, 2002 12:00:00 AM PST
Total Latency :	18 day(s) 16:38:52
Measured data :	30 day(s) 00:01:40

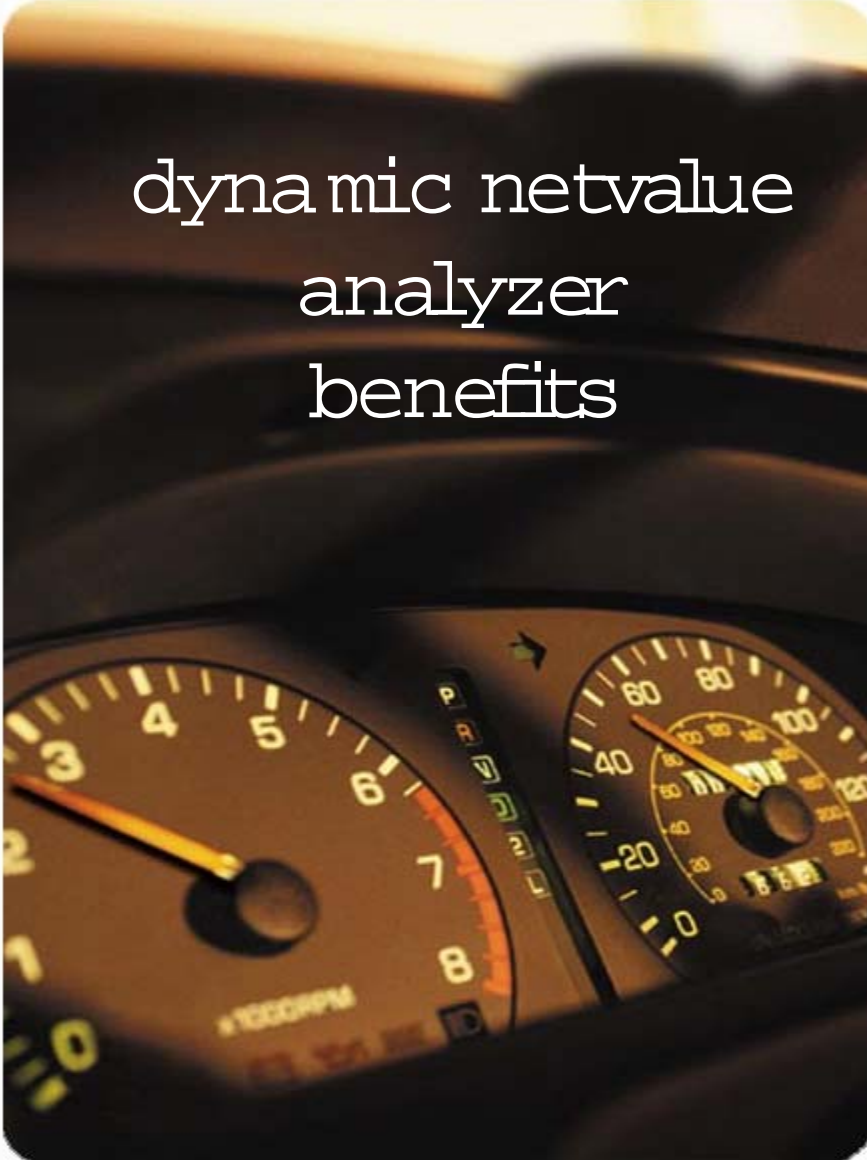


# DNA analysis tool



## DNA findings

- business analyst explored many different financial scenarios based on factual customer usage data.
- evaluated many fee-plus-usage pricing combinations, including prospect of significantly reducing fixed fees—an idea sure to capture the attention of dialup subscribers
- change could mean greater revenues, with no incremental investment in the network
- independent analysis found DNA models to be “extremely accurate!”



# dynamic netvalue analyzer benefits

- identifies and quantifies revenue and profit opportunities
- better understand your customers and their usage behavior to increase loyalty
- supports the development of new, differentiated service offerings
- simplifies, speeds and improves decision-making by enabling you to:
  - focus on profitable business growth
  - identify, monitor and understand business changes and their impact in minutes
- instills confidence
  - interactive profitability models when you need them
  - information is always up-to-date

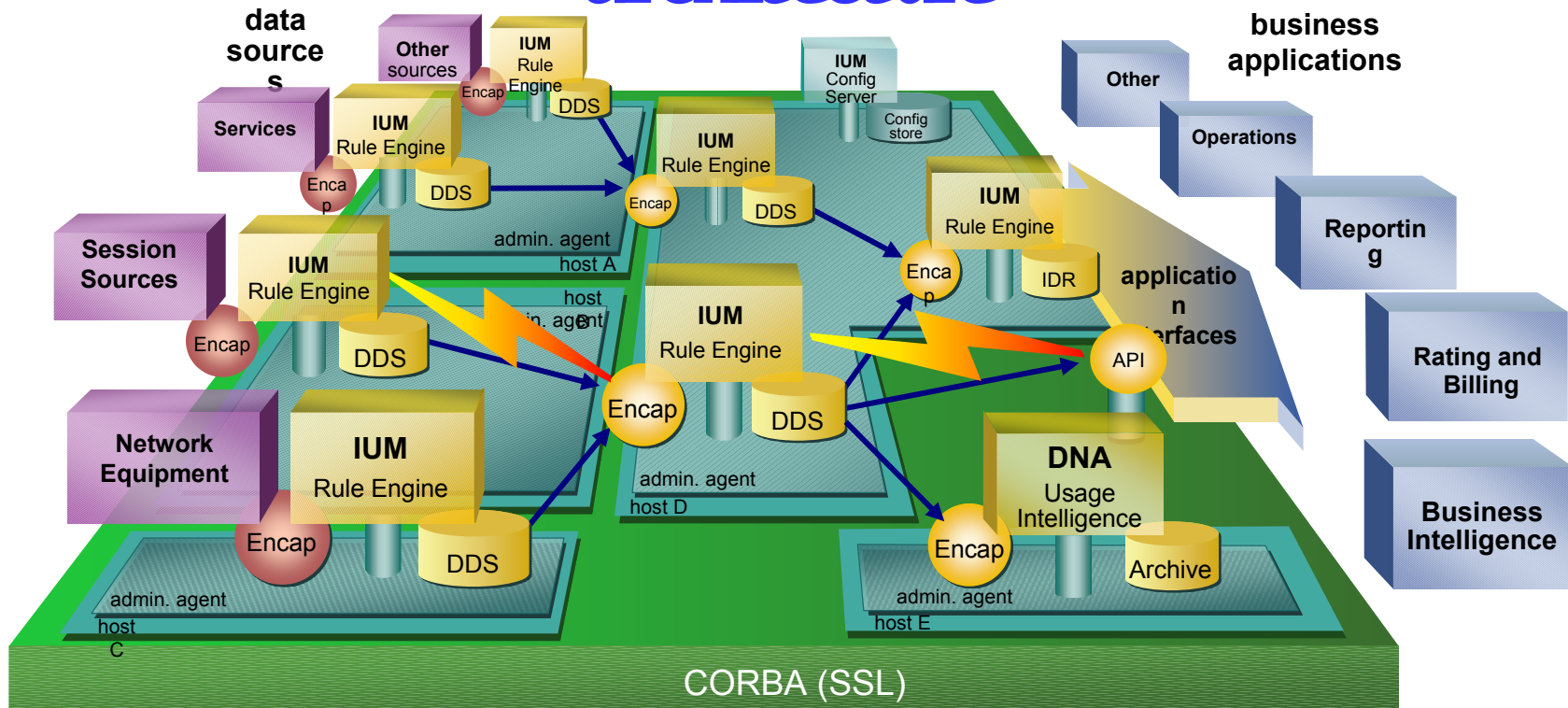


for more information

[www.hp.com/usage](http://www.hp.com/usage)

thank you!

# IUM convergent mediation architecture



- Open
- Distributed (scalable)
- Robust (recovery, auditing)
- Extensible (plug-ins)

- Highly configurable
- Manageable
- Secure
- Near real time