BellSouth Blazes Trail Toward Intelligent Services and New Business Models

Executive Summary

CUSTOMER NAME
BellSouth

INDUSTRY
Service Provider

BUSINESS CHALLENGES
- Differentiate service offerings from other broadband competitors in the region
- Find ways to deliver more value than simply providing basic network connectivity
- Accommodate new business partnerships to reap the benefits of emerging services and business models, and find new revenue streams

SOLUTIONS
Work with IBSG to analyze business opportunities, plan and prioritize new intelligent service delivery capabilities, and create a prioritized roadmap for bringing new capabilities to market

BUSINESS RESULTS
- Robust framework for prioritizing new business opportunities
- Clear understanding of requirements to support new services, guiding investments in new service delivery capabilities
- Prioritized short- and long-term roadmap for implementing new capabilities and bringing new services to market

Leading U.S. service provider BellSouth worked with the Cisco Systems® Internet Business Solutions Group (IBSG) to enhance the value and profitability of its consumer service offerings. With IBSG analysis and assistance, BellSouth created a multiyear roadmap to introduce a suite of new, value-added services that synchronized with the company's product roadmap, and can help BellSouth more effectively compete for customer loyalty and revenues.

BUSINESS CHALLENGES

As a leading regional service provider, BellSouth faces challenges common to all traditional voice and DSL providers: an evolving marketplace, changing customer expectations, and growing competition for voice and Internet services.

"As we look at the convergence of voice, video, data, and wireless services, we can see the opportunities that convergence offers to deliver new and more integrated services to our customers," says Trey Loughran, managing director, corporate strategy and planning, BellSouth. "However, there is also growing concern about the role service providers will play in that environment. We also have to consider very carefully how we deploy our capital, and how much leeway we have to embark on new opportunities."

BellSouth's leaders recognized that to remain competitive, they needed to offer compelling new services and value that would drive customer loyalty and differentiate the company from its competitors. BellSouth had a wide range of options, however—from offering more granular

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and differentiated transport services, to integrating wireless and IP voice capabilities, to hosting applications such as IPTV. Deciding how to prioritize those business opportunities—and how to justify internally the investment that would be required for each of them—was a complex question.

"On the one hand, we were looking at these questions strategically, trying to determine the types of business models we could develop in which BellSouth could add value," says Michael Bowling, vice president of platform development integration, BellSouth. "At the same time, I was being pressed to state how we could translate these business models into revenue and define the next billion-dollar opportunity."

IBSG helped BellSouth focus on three related opportunities:

1. Implementing differentiated Internet access to create a better customer experience while controlling costs

2. Creating new IP applications to be fully integrated and managed by BellSouth

3. Finding innovative ways to add value to third-party application providers beyond simply providing best-effort Internet access and transport

Each of these service opportunities would require an investment in new capabilities. BellSouth needed to determine the best strategy for maximizing those investments, to build common capabilities to support all three types of services, and to develop a prioritized roadmap to put the strategy into action.

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> **Michael Bowling, vice president of platform development integration, BellSouth**

SOLUTIONS

BellSouth turned to Cisco® IBSG to help distill the many internal ideas and points of view into a cohesive plan of action. Through an extensive two-part engagement, BellSouth developed a clear strategy for prioritizing new business opportunities, and a detailed roadmap for acquiring the capabilities to support both immediate and long-term goals.

"IBSG provides both the business acumen for understanding the business models, as well as extensive technical knowledge of what's really going on in the industry," says Loughran. "That combination gave us a much clearer insight into what we were trying to do."

Developing New Business Models

In the first phase of the engagement, IBSG worked with BellSouth to develop a framework for assessing each service the company was considering, and for determining the optimal business model to deliver it—whether building out a new service from top to bottom, or bringing in an established partner. Ultimately, BellSouth opted for a flexible business approach that could accommodate both concepts.

"THIS PROCESS HELPED US ACHIEVE A COMMON UNDERSTANDING AND A SOLID FRAMEWORK FOR MAKING DECISIONS. WE WERE ABLE TO TAKE THINGS FROM THE STRATEGIC LEVEL INTO THE DOABLE."

Michael Bowling, vice president of platform development integration, BellSouth

Central to this flexibility was the need to construct an intelligent service delivery (ISD) model for the company. The ISD model provides a framework for evolving a network that delivers basic, undifferentiated Internet traffic into an intelligent service platform that can distinguish different kinds of traffic, apply policies, and dynamically allocate bandwidth to support new applications and business models. Service providers across the industry increasingly view the ISD model as the key to deploying new applications, enhancing existing services, and enabling new partner relationships.

"We were already wrestling with ideas of how we might build a service delivery platform, what its value proposition would be, and the various options we could pursue," says Loughran. "The IBSG consultants provided a very clear governing framework for thinking about what a service delivery platform really means and the capabilities it can deliver. They also provided a great deal of insight into what others in the industry were doing around the concept."

BellSouth and IBSG developed a prioritized timeline for deploying new capabilities by analyzing which ISD capabilities were essential for near-term services, and which could be added later to support new opportunities. IBSG and BellSouth analyzed which ISD capabilities applied to all offerings and which were more service-specific—helping BellSouth develop a framework to guide new investments.

Turning Ideas into Action

In the engagement's second phase, IBSG worked closely with BellSouth product management executives to focus, service by service, on what the customer experience would ultimately look like, and to tie that vision to the ISD framework. For each service under consideration, BellSouth determined where ISD would come into play and how it would impact the service. For example, the team was able to map out explicitly the service delivery capabilities, such as federated identity management and policy-based dynamic bandwidth management, that were needed to enter into deeper relationships with service partners.

"We tend to think in terms of services that are vertically integrated, BellSouth-branded, and BellSouth-provided," says Bowling. "Probably the biggest idea from the IBSG team was to help us envision a model in which we can become a value-added network supplier and take advantage of emerging business opportunities just by providing a smarter network."

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Trey Loughran, managing director, corporate strategy and planning, BellSouth

BUSINESS RESULTS

BellSouth developed a comprehensive framework for approaching new business opportunities, implementing new capabilities, and intelligently prioritizing investments. The company was able to zero in on specific services that could be quickly deployed to begin generating immediate revenues, while also laying the foundation for the company's ISD vision of the future.

"IBSG helped us understand where we should focus in the network layer, how we could transform our network from being simply a pipe to a value-added infrastructure, and how we could better support third-party application providers to offer new services to our customers," says Bowling. "Before we began this project, we had some generalized ideas of how to approach these issues, but we hadn't shaped them into a cohesive strategy. This process helped us achieve a common understanding and a solid framework for making decisions. We were able to take things from the strategic level into the doable."

With an organized framework to guide decisions, BellSouth product development and strategic planning executives were able to present a compelling business case to senior executives and justify short- and long-term investments. In particular, BellSouth executives effectively described the advantages of embracing the ISD model.

"This work helped us communicate what we mean by a service delivery platform, and what we were trying to accomplish," says Loughran. "We were working on the concept previously, but we didn't really have a comprehensive roadmap for what we wanted to do. IBSG helped us put that together in a way that really resonated with the senior executives. They were very good at breaking the problem down into understandable pieces that both business and technology people could grasp."

"Without IBSG, I think it would have taken a lot more time and been much more difficult to get all of the different BellSouth perspectives into a common framework," adds Bowling.

Ultimately, BellSouth was able to develop a cohesive plan to transform the way the company approaches its business, and to build a more flexible technology foundation for the future. BellSouth executives don't know what the next blockbuster application will be, but the ISD model will help them take any new service to market quickly, while also supporting revenue-generating offerings the company wants to deploy right away.

"One of the biggest advantages IBSG brought to the table was their emphasis on finding tangible benefits from these strategies," says Bowling. "Projects like this are always in danger of taking a turn to the very strategic. Our Cisco consultants were not going to be satisfied if we didn't find some real, go-to-market opportunities. They did a great job of keeping us focused on the deliverables."

MORE INFORMATION

The Cisco Internet Business Solutions Group (IBSG) is a global consulting team that helps customers transform their organizations by strategically applying business process innovation and advanced technologies. A unique combination of industry experience and business and technical knowledge enables IBSG consultants to serve as trusted advisers to many of the world's top organizations.

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