

Cox Communications Transforms Its Business to Offer Targeted, Next-Generation IP Solutions

Executive Summary

CUSTOMER NAME

Cox Communications

INDUSTRY

Service Provider

BUSINESS CHALLENGES

- Transform business from supplier of traditional access services to full-service provider of converged IP voice and data solutions
- Determine ideal solution portfolio and target customers
- Develop cohesive strategy to market, sell, deliver, and support new portfolio

SOLUTIONS

IBSG engagement to analyze market opportunity, create targeted IP Communications solution portfolio, and develop detailed strategy to bring new solutions to market

BUSINESS RESULTS

- Deeper understanding of target markets and internal capabilities
- Clear plan of action for entering the commercial IP Communications market
- Reduced time to market of new solutions

Cox Communications worked with Cisco Systems® to transform its Cox Business Services division from supplier of traditional voice, access, and transport services to customer-focused provider of integrated IP Communications solutions. With guidance from Cisco®, based on extensive analysis in the field, Cox narrowed its focus to a solution and market segment most likely to succeed, and developed a clear strategy for making new IP service offerings a reality.

BUSINESS CHALLENGES

Cox Communications, Inc. is a multiservice broadband communications and entertainment company serving more than 5.9 million customers. Within this organization, Cox Business Services provides voice, data, and video services for more than 160,000 small, medium, and large businesses. More information is available at www.coxbusiness.com.

While Cox Business Services has been an extremely successful component of the service provider's overall business, the division's leaders recognized that the business services market was evolving. Their customers were beginning to look to next-generation IP solutions, such as IP telephony, that would change the nature of what they expected and required from service providers. Cox Business Services executives believed they had a choice: remain focused on traditional access and connectivity services that were becoming increasingly commoditized, or embrace a new role as full-service partner to their customers—one that could provide managed, integrated IP voice and data solutions.



Prepared by Cisco Systems, Inc.
Internet Business Solutions Group

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Bill Stemper, vice president, Cox Business Services

“Our customers are moving toward an application-driven environment,” says Kristine Faulkner, vice president of product development, Cox Business Services. “Services such as voice are not just a site-to-site phone line anymore. Customers want mobility, integration with e-mail and business applications, and other next-generation capabilities. If we were going to continue meeting our customers’ needs, we needed to move toward managing converged IP services all the way to the employee desktop.”

“Next-generation IP services,” however, can encompass a wide range of applications and solutions, and can mean different things to different types of customers. Determining exactly how to enter the market was no small task.

“Before embarking on our transformation, we needed to step back and review our strategy,” says Bill Stemper, vice president of Cox Business Services. “What approaches should we take to the marketplace? How can we apply these new converged IP voice and data technologies to our customers?”

“THE CAPABILITIES ASSESSMENT WAS EXTREMELY HELPFUL IN TERMS OF PROVIDING FOCUS AND PRIORITIZATION. WE WERE ABLE TO DEVELOP A CLEAR PLAN FOR WHAT WE WOULD GO AFTER INITIALLY, AND WHAT ASPECTS OF THIS OPPORTUNITY WOULD TAKE A LITTLE MORE TIME TO COME INTO PLAY.”

Kristine Faulkner, vice president of product development, Cox Business Services

SOLUTIONS

Cox Communications had relied on [Cisco Systems](#) for many years as a network partner, and had previously worked with the Cisco [Internet Business Solutions Group \(IBSG\)](#) when it migrated its core infrastructure to IP. Faced with difficult questions about the emerging IP Communications market, Cox Business Services turned to IBSG for answers.

“We knew that Cisco had already done a great deal of thinking about [IP Communications](#), about where the technology can take the commercial market, and how it can solve business customers’ problems,” says Stemper. “Asking IBSG to share that knowledge with us and apply it to our own business just made sense.”

“Based on our previous work, we knew they already had a feel for our network and our capabilities,” adds Faulkner. “They were able to come to the table understanding some of our challenges, which was very valuable.”

IBSG consultants began a series of engagements with the goal of developing a clear strategy for which solutions Cox Business Services would offer, which markets would be targeted, and how the organization would build on its existing capabilities to sell and support the new solutions. The engagements proceeded in three phases: market analysis and research; portfolio development; and internal capabilities and gap analysis.

In the initial research phase, consultants performed extensive field analysis of Cox Business Services' markets and customers. The team evaluated and segmented potential target markets, characterized customer needs and trends, and provided a detailed analysis of the opportunity.

"IBSG did a great deal of hands-on work in the field—listening, learning, and understanding how we approach our market segments," says Stemper. "That analysis was extremely valuable. It set the record straight in my mind about how things really work in our business, as well as how they could work."

Based on this analysis, Cox Business Services leaders decided to enter the market with an initial portfolio of managed IP telephony services that focused on small and medium-sized businesses. While the company also plans to explore other opportunities in converged IP services, the analysis suggested that the targeted focus would take root in the market more quickly than a strategy of trying to provide all services to all customers at the outset.

"Cisco helped us segment the IP Communications landscape and understand where the best opportunities were," says Faulkner. "Should we go after smaller businesses with an IP PBX [private branch exchange] system or IP hosted voice? Should we attack the IP trunking market? Should we look at converged access? This work broke all that down and helped us understand the market opportunity in a way that was very closely tied to our markets."

Finally, Cisco IBSG provided a granular analysis of Cox Business Services' internal capabilities and identified gaps that needed to be addressed to market, sell, deliver, and support the portfolio successfully.

"The capabilities assessment was extremely helpful in terms of providing focus and prioritization," says Faulkner. "We were able to develop a clear plan for what we would go after initially, and what aspects of this opportunity would take a little more time to come into play."

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Bill Stemper, vice president, Cox Business Services

BUSINESS RESULTS

With advice and guidance from Cisco, Cox Business Services developed a solution portfolio that aligned closely to the company's customers and capabilities, and implemented a detailed strategy for succeeding in the new market opportunity. The organization plans to begin rolling out its new IP Communications solutions in 2006. Based on internal projections, Cox Business Services expects the new services to help double the division's revenues over the next five years, and accelerate revenue growth by 15 percent annually in mature markets—and by as much as 30 percent annually in new markets. Most important, Cox Business Services leaders initiated this business transformation with confidence, knowing their strategy was formulated through detailed, quantified information about their markets, capabilities, and strengths.

“Often when you're embarking on this kind of change, you have a strategy that looks good on paper, but you have to reinvent yourself to pull it off,” says Stemper. “IBSG gave us a set of conclusions about our strengths and weaknesses, and provided a structured methodology for applying that knowledge to make this approach successful. Everything connected, everything made sense, and it brought us a level of discipline that helped us make better decisions.”

“For each market we looked at, IBSG was able to tell us where our current capabilities could take us, where we needed to be for the different types of solutions we were considering, and what we needed to do to get there,” adds Faulkner. That encompassed everything—from a sales perspective, to delivery and support, to internal processes and people. Being able to bring that well-rounded thinking to the table was extremely valuable.”

Stemper believes that by narrowing its converged IP solutions focus, the company has dramatically reduced time to market.

“The market segmentation and financial modeling allowed us to zero in on the sweet spots in this opportunity, to eliminate a lot of possible false steps, and to focus much more specifically on where we wanted to go,” says Stemper. “That single-mindedness is allowing us to apply our resources of capital and people much more effectively, eliminate a lot of wheel-spinning, and has probably cut a year of pain and suffering off of this process.”

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Bill Stemper, vice president, Cox Business Services

NEXT STEPS

Cox Business Services will begin deploying hosted IP telephony services for small and medium-sized businesses in the last half of 2006. As Cox Business Services continues to expand its IP Communications portfolio and to embark on new solutions, the organization plans to continue working closely with IBSG.

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.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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