

How Telecom Operations Are Playing a Leading Role to Balance Product Availability and Cost

When it's tough to differentiate by product or price, you need to make your customer experience really stand out, while minimizing unnecessary costs and waste. Here's how to transform telecom operations from a cost center to a profit center.

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The First Step: Improve Operations to Maximize Product Availability

A big challenge in telecom is that it's become highly commoditized: customers perceive only marginal differences in products and prices among the various market players. This means that market leadership increasingly depends on operational excellence. The winners are those able to consistently make smart tradeoffs that optimize cost and service levels to yield strong business outcomes and surpass customer expectations.



Getting your telecom operation 'match fit' to compete in this difficult arena depends on a host of factors: strong leadership, a 'big picture' vision, and strategies that ensure change is pervasive, embedded, and sustainable.

/ In this ebook we'll explain why:

- **To maximize product availability**, many different internal stakeholders, along with vendors and distributors, must collaborate effectively throughout the different stages in the planning process.
- **Operational excellence depends on transforming to a service-driven planning model.** This model allows you to balance company-wide objectives with operational targets, market trends, and customer preferences.
- **The key to guaranteeing product availability while respecting inventory constraints and reaching financial targets** is to satisfy top-down goals with a granular SKU level plan. This allows commercial and marketing teams to analyze and fill the gap between top-down and bottom-up numbers.
- **Service-driven planning requires artificial intelligence (AI) and machine learning (ML) augmented solutions** that wrap robust computing power in an easy-to-use interface.





A New Approach for a New Telecom Era

Factors like growing competition from upstart players, new 5G services, broadband landlines, and B2B solutions are all conspiring to fuel relentless changes in the telecom operating model.

Consumer behavior has also been a fast-moving target: all around the world people are working in new ways and places; each new generation relies less on landlines; concerns for the environment and sustainability are on the rise. In efforts to keep pace with these and other changes, telecom operators have inadvertently added channel complexity by expanding their product ranges.

This growing complexity has rendered manual planning efforts and spreadsheets completely ineffective. There are too many stakeholders and planning variables involved, changes happen too frequently, and accurate sales forecasting becomes impossible.

The new telecom reality has driven a new and better way to strike the optimal balance between meeting (or exceeding) customer service expectations and capital expenditure investment. Telecom companies must pivot to a service-driven approach.



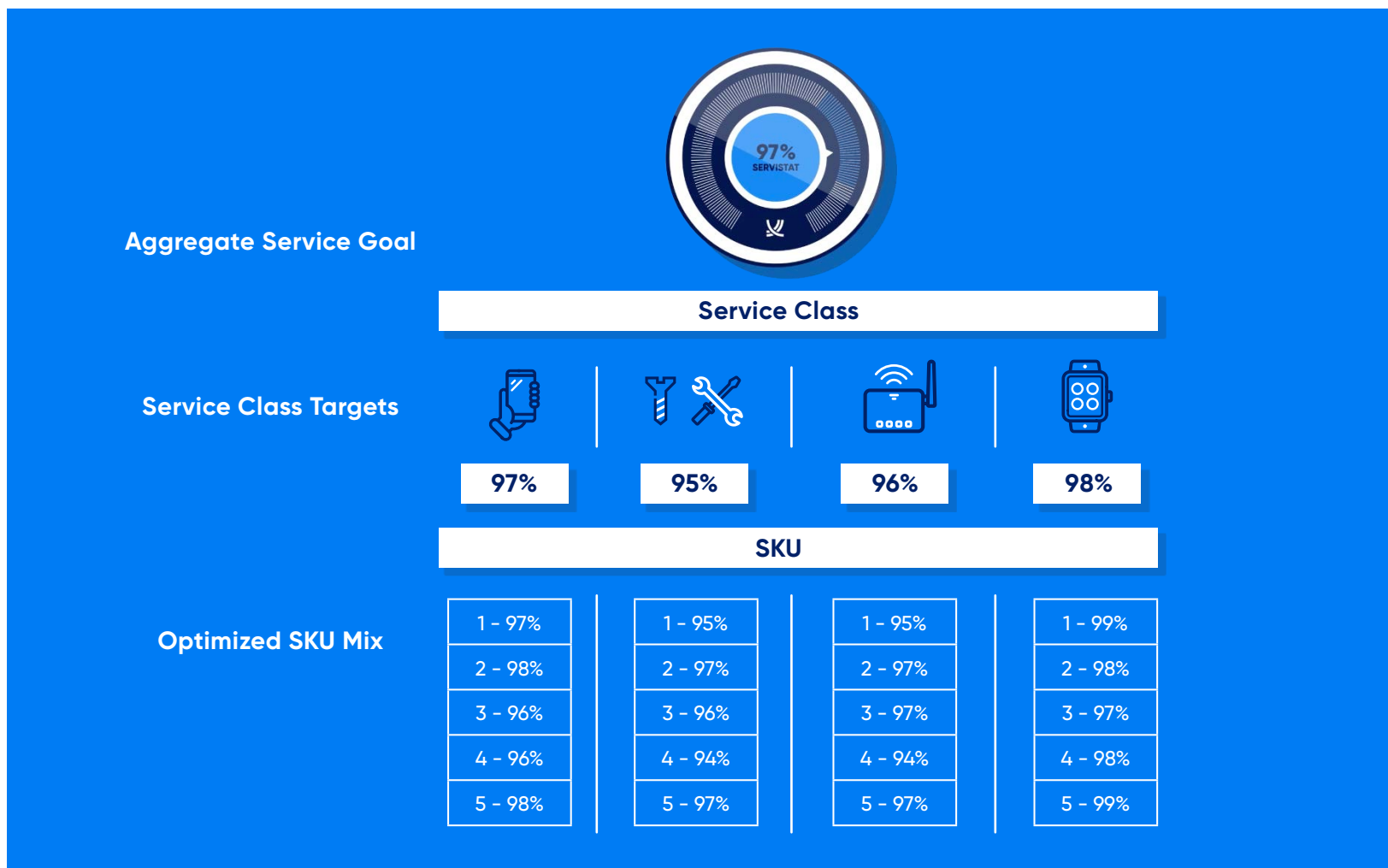
What Are Service-Driven Telecom Operations?

Service-driven operations focus on achieving a target service level by hedging against demand variability and supply uncertainty. When the supply chain is both horizontally and vertically connected via a single unified planning model, telecom companies can:

- Guarantee service levels (product availability) while achieving economic goals.
- Enable decision-makers to understand the meaning of their decisions considering detailed constraints, so that higher level decisions are not an academic exercise, but tied directly to the execution plan.
- Make informed strategic and tactical decisions with a clear view at all levels of the best (optimal) options and associated tradeoffs, and seamlessly implement those decisions in day-to-day operations.



ToolsGroup Service Level Planning



Think of service-driven planning as an intelligent thermostat for your supply chain. You set aggregate and service class goals for different product groups or markets. ToolsGroup will automatically translate customer service goals into SKU level service targets for each item within each service class.



Powerful Service-Driven Results

O2 created the best customer experience

Scarcity management

Optimal stock management, product ranging

After-sales management, buy-back/recycle/accessories

- DOS (from 40 to 23)
- Product availability (97%)
- Improving forecast accuracy (+10%)
- Improved NPS in retail

European-based multinational telecommunications company moved from cost center to profit center

Centralized and personalized by country market, channel, store portfolio

Channel/store prioritization, and dynamic assortment

- Reduced DOS by 20%
- Product availability (93%)
- Boosted store productivity by 8%
- Improved new product range management by 60%+

Nordic multinational telecommunications company implemented a centralized, automated planning processes

PO fulfillment process

Implemented agile S&OP model

Highly automated process helps operations do more

- DOS (from 60 to 35)
- Product availability (97%)
- Reduced planning time by 20%
- Reduced stockouts and slow-movers
- Improved accuracy of promotion forecast





Telecom Operations Must Lead Transformation

A new mindset and culture change is required to overcome internal resistance and be ready for the extraordinary challenges of this new era of telecom.

First your telecom operations must craft a detailed vision for building greater resilience and profitability. This should involve using data and analytics to improve predictability and strike the right balance between service and cost.

To successfully manage this much change, you need to apply collaborative, agile models where objectives are shared across functions. This new approach calls for service-driven operations and developing new skills, capabilities, and competencies.





The Crucial Role Your Operations Teams Play Includes:

1 /

Designing the transformation plan

2 /

Designing the communication plan: internal (sales, marketing, finance, C-suite) and external (suppliers and distributors)

3 /

Carefully replacing the current framework and legacies

4 /

Coordinating the implementation and system integration requirements with IT

5 /

Developing a simultaneous change management project to consolidate the transformation plan in the organization

6 /

Invigorating the company with new competitive advantages



How Will Next-Gen Telecom Operations Look?

1 /

Standardized digital planning technologies that automate complexity to allow planners to focus on exceptions

2 /

Digital process tools make it easier to integrate functional departments across the organization and, over time, convert company-level goals into supply chain strategies

3 /

Data-driven decision making with agile systems integration

4 /

Less functionally-oriented and more customer focused to help the business reach its strategic objectives





Maximizing Product Availability

How can you ensure you have the right products available in the right channel on the day your customer wants to buy? Let's work backwards from the yearly activity plan to the distribution plan, to see the activities and processes required to win the customer and subscription.

// Yearly activity plan/yearly sales forecast

Everything starts with the yearly activity plan and the yearly sales forecast of subscribers required by channel to cover company expectations with the commercial and marketing actions planned for the year.

// Quarterly activity plan/portfolio selection update

The next step is to translate this information into SKUs and operational targets for quarterly review and adjustments in the portfolio selection. This includes uploading additional commercial performance details to adjust the assortment.



// Quarterly portfolio selection for planned activities

Now is the time to plan participants (at the SKU level) for each promo and check their performance compared to the target. Determine the optimal balance between product availability and inventory investments.

// Quarterly and weekly sales forecasts

Calculate the bottom-up forecast by taking into account short-term device sales, life cycle status, calendars, seasonality, and "on-demand" promotion planning activity at the SKU level.

// Purchase planning/allocation to sales channels

Calculate the bottom-up forecast by taking into account short-term device sales, life cycle status, calendars, seasonality, and "on-demand" promotion planning activity at the SKU level.

// Distribution planning/exception management

Create distribution and replenishment order proposals to manage scarcity.

With ToolsGroup telecom companies can connect all the dots in one solution to:

- Integrate stakeholders across the organization and over time to translate targets into operations
- Automate forecasting complexity to empower operations to focus on strategic work
- Reach and exceed economic goals





Next-Gen Telecom Operations: 3 Principles

By initiating service-driven planning models, your telecom operations will be equipped to drive significant cost efficiencies and revenue growth—simultaneously. To achieve the best outcomes, your operations need to adhere to three key principles:

1

Be Customer-Centric

- Increase customer satisfaction and number of promoters
- Improve customer delivery promise
- Find the right balance between service and costs

2

Be a Collaborative Ecosystem

- System-driven consensus forecast process
- Fully integrated planning process (OEMs)
- Forecast accuracy with customer behavior planning

3

Be a Profit Center

- Sales channels productivity and profitability
- Increased impact of marketing and commercial initiatives
- Product availability with stock-cost optimization

Start Your Own Journey

You most likely know that digital planning is essential to achieve transformation and improve operations. You may already be executing a plan to build a more robust, resilient and future-proof supply chain ecosystem.

To increase your chances of achieving market leadership by delivering an unbeatable customer experience, focus on:

- Transforming to a service-driven planning model to match company-wide objectives with operational targets, market trends and customer preferences
- Successfully managing large-scale transformations impacting the ecosystem provider, IT stack and deploying an enterprise-agile operating model
- Developing your talent, governance mechanisms, processes, and mindsets that are essential to driving and sustaining profound cultural change

New tools, models, and planning approaches have the power to revolutionize all aspects of the telecom industry over the coming years. From consumer to enterprise business units, mobile to landlines business, and 5G private networks to IoT devices. The sooner you start, the sooner you'll be reaping the rewards.

Contact us for a
personalized telecom
supply chain benefit
assessment