

The Art of Business Transformation

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ABSTRACT

The paper analyzes the end-to-end process of Telecom Business Transformation (which can be applied to other Industries as well). Today majority of the Telcos around the globe are engaged in a business transformation in some form or the other. A business transformation is required to keep pace with the internal and/or the external factors within the Telco. An internal factor maybe defined as an initiative which is driven from within the organization, example "Sustenance like keeping pace with the subscriber growth". While on the other hand, an external factor may also drive an organization to initiate a business transformation like the readiness for Mobile Number Portability.

Business Transformations are critical to the success of an organization in near as well as long term. The same is required to provide the necessary fillip to an organization and the competitive advantage in the market place. Therefore, getting a business transformation "first time right" is crucial and the paper analyzes all aspects that essentially contribute to the success of a transformation program: Definition of Business Case, Resource deployment, Planning & Budgeting, Partner & Product Selection, Stakeholder Management, Performance Management, Change Management and overall Program Management.

The paper aims at assimilating the knowledge garnered during the implementation of large scale telecom business transformations within and outside the country. And present the key challenges faced by various Telcos in an anecdote manner and introspects the proactive resolution that would have helped in the transformation journey.

Keywords: Business Transformation, Telecom Business.

1. OVERVIEW

Darwinism finds true relevance in the way business is being driven today. Every industry welcomes its' new entrants; however the *struggle for existence* sooner or later come into play. And in the long run, the outcome of the game is determined by the commonly known principle viz. the *survival of the fittest*. With competition comes: efficiency and optimization, speed and growth, necessity and innovation. Change is the only constant: It is a means of ensuring that the companies stay put on to the game.

Table 1: Approach & Methodology and Definition

Approach & Methodology: To articulate the transformation journey and analyze the critical aspects and success factors; view-points have been assimilated from individuals working across national or international Telcos, System Integrators and Consulting organizations.

Definition of Business transformation: It refers to the making of revolutionary changes to an organization's setup to achieve desired objectives. Transformation has also been referred to as organizational reorientation. Transformational goals shape an organization into something "radically different".

Business Transformation is an approach that attempts to align an organization's activities relating to people, process and technology more closely with its business strategy and vision. This fundamental change aims to meet long-term objectives.

1.1. Business Transformation: Defining the Radical Change

Business Transformation is one such driver that provides the necessary fillip to an organization or the competitive advantage in the market place. The most unique facet of the Telecommunication industry is the fact that it requires continuous investment over the years brought about by changes in regulatory policies, introduction of newer technologies, internal restructuring or market consolidation, reengineering and business transformations.

The art of Business Transformation holds strong semblance with the art of war. Today, Telcos around the globe, in some form or the other, are engaged in a business transformation initiative. Primarily, two factors are instrumental for the initiation of Business Transformation engagement:

Table 2: Key Note Example for Business Transformation

Key Note Example: Bharti Airtel forayed into a Business Transformation engagement in 2004 with an IT outsourcing deal with IBM. At that time, it had 6 million subscribers in India and by 2012 it had become the 3rd largest Telco worldwide with 261 million subscribers and operations in 20 countries across South Asia, Africa and Channel Islands.
Other Indian Telco who have followed a similar Business Transformation approach includes IDEA Cellular and Vodafone India.

2. INTRINSIC FACTORS

An intrinsic factor can be defined as an initiative which is driven from within the organization. Typically, an enterprise would have some degree of control over these factors and acceptance of this transformation would be dictated by the cost-benefit analysis. Some examples or characteristics to illustrate this factor are mentioned here under:

3. EXTRINSIC FACTORS

In the case of External factors the degree of control maybe limited. At times the requirement maybe “untimely” and/

or “immediate” thus making the planning cycle really short. Some examples or characteristics to illustrate this factor are mentioned here under:

Table 3: Example of Intrinsic Factors

| Characteristic | Example |
|-----------------|--|
| Growth | BSS Transformation to keep pace with the burgeoning subscriber base. |
| Consolidation | IT Transformation to unify and standardize operations post in-organic growth (merger or acquisition) |
| Optimization | Cost optimization to streamline Opex spending |
| Differentiation | Customer Experience Transformation across Branded Retail Outlets |

Table 4: Example of Extrinsic Factors

| Characteristic | Example |
|----------------|--|
| Regulatory | Introduction of Mobile Number Portability |
| Competition | Replicating new product or services (launched by competition) that requires radical change in IT or Network infrastructure setup |
| Collaboration | Tie-up and alliances with third party (or non-Telco firm) for joint go-to-market play |

Figure 1: Binding Needs of Business Transformation

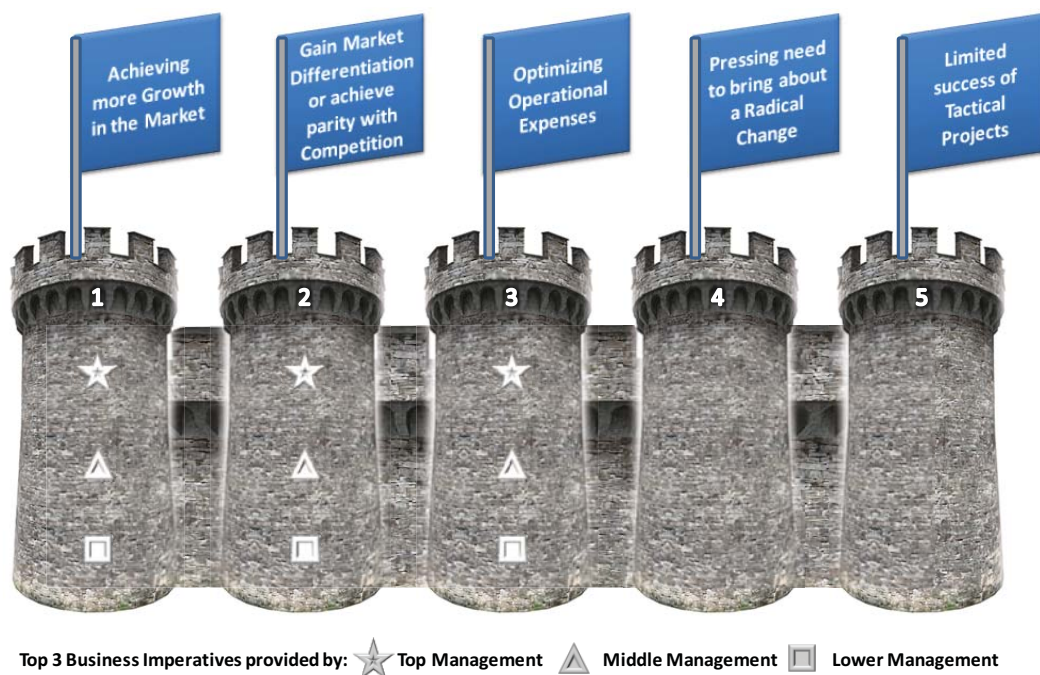


Figure 2: Arrowhead Business Transformation Model

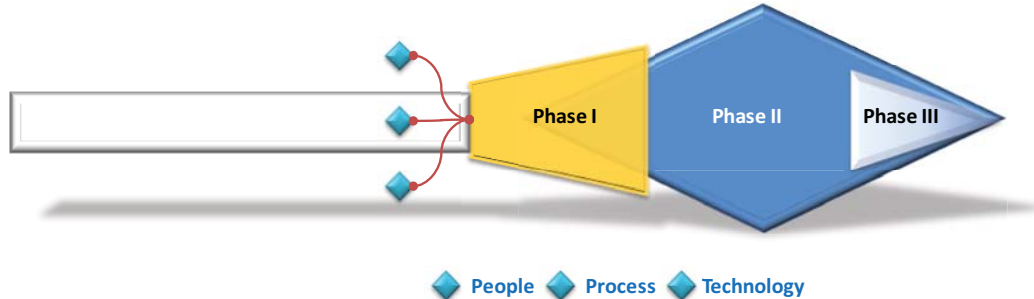





Table 5: Corporate View-point (Critical Business Transformation Lifecycle Phase)

| | | |
|--|-----------------------------|---|
|  | <p>Corporate View-point</p> |  |
| <p>Most critical (which would have maximum impact on the end outcome) Business Transformation Lifecycle Phases as defined by management:</p> <ul style="list-style-type: none"> • Top Management: Implementation & Rollout Phase • Middle Management: Rollout Phase (next: Implementation phase) • Lower Management: Initiation & Implementation Phase | | |
| | |  |

3.1. Strategic Business Imperatives: Understanding the Binding Need

It is interesting to note that individuals across the board (Top, middle as well as lower management) hold following reasons as the top 3 reasons to undertake a Business Transformation:

- Achieving more Growth in the Market
- Gain Market Differentiation or achieve parity with competition
- Optimizing Operational Expenses

3.2. Transformational Roadmap: A Critical Journey for the Organization

Embarking on a Business Transformation is critical for any organization whether big or small. The journey sprawls through various stages before reaching the end objective. It is explained through the Arrowhead Business Transformation Model as illustrated below:

The Shaft viz. the primary structural element of the arrow; to which the arrowhead is attached; represents the pre-transformation journey that an organization has undertaken before making a strategic decision to look forward to a transformational initiative.

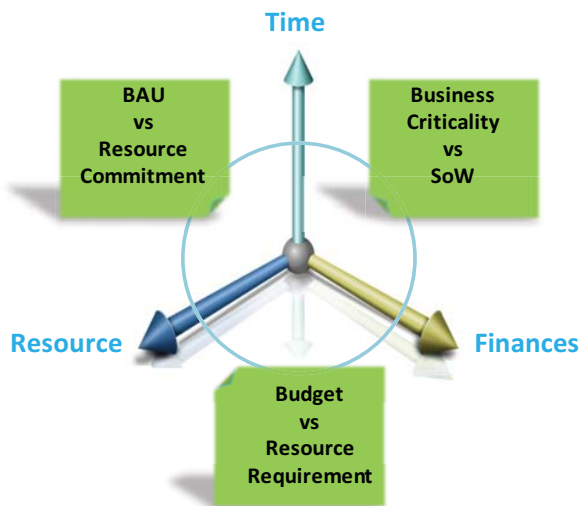
The business transformation roadmap may be characterized into 3 distinct phases:

Initiation Phase (“What starts well ends well”)

The initiation phase is pivotal to the success of any transformation. As depicted in the model it holds the arrow head to the shaft and impacts three critical organizational domains: People, Process and Technology. It defines the scope and objective of the Transformation; that most often transcends from the Organization’s Vision & Strategy or external market factors.

Large scale Business Transformations warrants a significant investment across three areas: Time, Resource and Finances. The degree of commitment varies based on the nature and scope of the engagement.

Figure 3: Time, Finances vs. Resource Trade-off



- A. Business Case Development** is therefore the key step in the initiation phase which balances the trade-offs across time, resource and financial commitments:
- i. Business Criticality (*How soon the organization wants the project to be delivered*) and Scope of Work (*How vast is the scope of the project*) define the time & financial commitment
 - ii. Budget (*Is the budget already allocated or fresh approval would be required*) and Resource Requirement (*How much manpower and/or additional resources the project demands*) defines the financial and resource commitment
 - iii. Business As Usual (*Can the organization afford to expense time at the cost of existing business activities*) and Resource Commitment (*Can the organization let go their prime resources for the transformation*) defines the resource and time commitment

The primary question that any business case demands is to selfishly ask “What’s in it for me (organization)?” It’s a justification or a reassurance that the said transformation is the only means of delivering the stated objectives and/or bringing about the radical change. In case of heavy duty Business Transformations, the business case requires the endorsement of the Board or Promoters.

B. Partner (or Product) Short-listing and Finalization is another process that has to be undertaken within this phase to support the business transformation. Type of partner(s) includes System

Integrators (in case of IT/Network/Technology enabled Transformation), Product Vendor (example: Common off the Shelf products) and/or Consulting organizations (to support Program Management or fulfill the role of Subject Matter Expert). Usually Telcos prefer partners who can provide a bouquet of services and can act as a single point of contact for the execution of the business transformation. Such partners may form a consortium (ally of partners) to front-end or bid for such an engagement. Telcos invite participation by floating Request for Proposal (RFP) and short-list the eligible partners. The short-listed partners are then scrutinize along qualitative (delivery team credentials or product implementation references), quantitative (including commercials) and technical parameters before selecting the preferred partner.




- C. Pre-Transformation Planning** is crucial for the seamless transition from the initiation to the implementation phase. It helps equip the organization to better manage the transformation journey. Resource identification and allocation are one on the key considerations. Nominated change agents or resources must go through proper orientation so as to better articulate the project objectives in day-to-day activities. While, the transformation goal defines “where the organization wants To-Be”; it becomes all the more important to understand “its’ current As-Is state”. Know-how of current scheme of things is best described through documentary evidence like staff manuals, organograms, process & policy documents, system architecture document, or system manuals. Having a complete visibility of As-Is documentation is highly recommended before kick-starting the transformation. Planning also encompassed preliminary activities like High level Project Planning, Approach & Methodology, Project phasing (in case of larger scope), logistics and document management.

Implementation Phase (“The rubber meets the road”)

Implementation phase is where the actual action kicks-off. This phase is therefore, depicted as the sizeable portion within the Arrowhead Model.

- A. Business Requirement Elicitation & Finalization** is the *heart and soul* of any Business Transformation. The foremost step is the under-

Table 6: Corporate View-point (Initiation Phase)

| | | |
|---|----------------------|---|
|  | Corporate View-point |  |
| <p>Key Challenges faced during “Initiation Phase” (in order of priority):</p> <ol style="list-style-type: none"> 1. Partner / Product Selection 2. Pre-preparation (Project Team Formation, Inter dependency Assessment, AS-IS Documentation) 3. Definition & Approval of Business Case 4. RFP or Preliminary Scope Definition 5. Commercial Negotiation | | |
| | |  |

standing or the articulation of the As-Is blueprint. Key consideration from a program management perspective is the identification of key participants for the business requirement elicitation. Adequate representation should be ensured across end-users, middle management and top management. This would ascertain optimal output as participants across these groups would have different level of envisioning of the To-Be or the end-state. The volume of requirements would reduce as one would move from the end-user to the top management.

In general, the end-user requirements are operational while the management requirements are of strategic orientation. The horizon of vision vs. the degree of impact is depicted through the Bow-Arrow & Target Model:

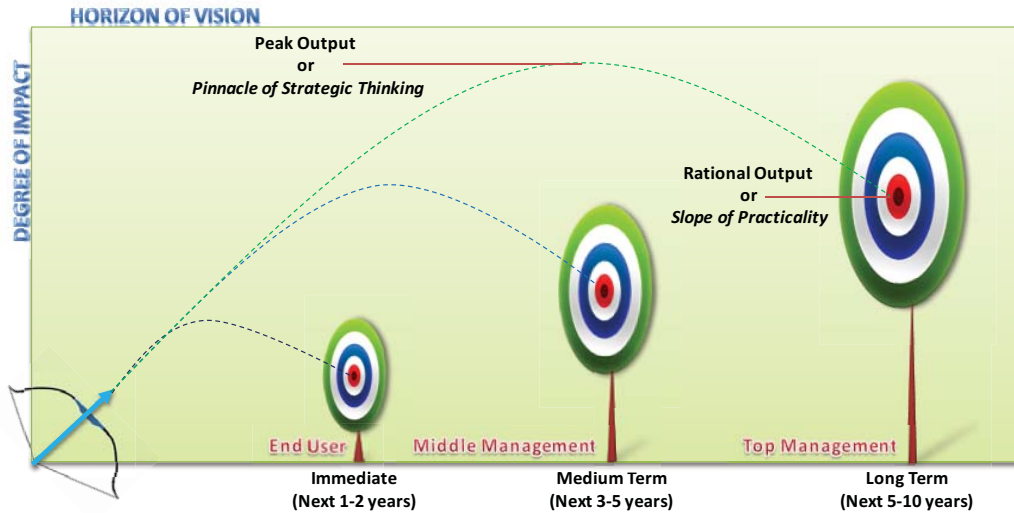
The end-user perspective is usually short-term and relates to their routine area of work experience. Typically, their first priority is to ascertain the sanctity of Business as usual (BAU), followed by depiction of contemporary pain areas or challenges. While, the middle management aims at medium term business requirements considering the emerging business dynamics for the next 3-5 years. Top Management holds the highest level of vision (next 5-10 years) considering close coherence with organization’s vision, business goals, larger understanding of business environment and market game-changers. Peak output or *pinnacle of strategic thinking* is derives based on the joint-discussion or brainstorming session which defines the Larger set of business requirements. However, accommodating and implementing all the business requirements may not be prudent or practical; hence the requirement should be restricted or qualified with a rational outlook. The qualified set of business requirements is

represented as Rational Output or *Slope of Practicality*. The Bow-Arrow & Target Model therefore aptly illustrates the trade-off between total vs. “must-have” business requirements. In case of technology centric business transformations like OSS/BSS Transformation, the business requirement finalization goes through a “Fit-Gap” analysis to understand the optimal set of business requirements that maybe fulfilled through the selected technology solution. The best practice is to adopt or re-align business processes in-line with standard technology packages or Common off the Shelf (COTS) product; while retaining strategic or operational enhancements (process or functionality). This activity is concluded with a milestone known as Business Sign-off.

B. Design & Build follows post the business sign-off. Design stage encompasses definition of solution tailored to the business requirements. In case of technology centric business transformations, design is a decisive stage within the project life-cycle; where actual translation or mapping of business requirements into technical solution is performed. The quality of design determines the ease of build or implementation which is carried out in a Development Instance.

C. Testing is the quality check-point or gating process in technology centric business transformations, where business users jointly check if there is parity between their defined business requirement and the delivered product. A Testing Instance of the system or application is released to the business users only after thorough internal testing (unit testing, system integration testing, performance / stress testing, etc) is done by technology experts

Figure 4: Bow-Arrow & Target Model



and commonly referred to as Business or User Acceptance Testing (B/UAT). It's worthwhile to note that while all defects encountered during the testing may not be reconciled; and hence an acceptance criterion (threshold value based on priority and severity) is defined to provide a go-ahead even with minimal (unresolved) defects.

D. Training equips the end-users with the understanding of the To-Be business processes and/or system functionalities. For example, a CRM Transformation would introduce an advanced front-end tool, and the Call Center representative need to be made aware with the process and system flow or functionalities before the system is made live. A training need analysis (TNA) is performed to ascertain the width and breadth of the training i.e. "Target Audience: *who needs to be trained*" and "Scope: *what all training needs to be imparted*". Training mitigates the "fear of unknown" and is one of the vital aspects of change management. The key theme being: "Preparing the organization for the change". In scenarios where the number of end-users is sizeable (like in the case of Call Centers) a select set of individuals are trained and it is referred to as "Train-the-Trainers" session. These skilled trainers in turn would go and train a larger set of individuals (typically in defined batches) and it is referred to as "End User Training" session.

E. Managing Business As Usual (BAU) while the business transformation is in progress is like the *Sword of Damocles*. The Transformation team is often pressurized by the Operational team(s) to include additional or contemporary business requirements post the sign-off of the business requirements. The level of intensity of such requests becomes manifold with the duration (or unplanned extension) of the business transformation. Needless to mention, that some of these requests maybe genuine, impact the market competitiveness of the operator or even critical from the regulatory perspective. It is equally true that keeping the signed-off business requirement open during the implementation phase might make equate it to a "Pandora's box". Adequate discretion should be applied to accommodate (as well as reject) such request and should be formalized through the Change Request (CR) Process and ratified by the designated authority or Steering Committee (body of key project stakeholders) members.

Rollout Phase (*All's well that ends well*)

It is in the Rollout phase that the business objectives are destined to see the light of the day. Hype and hoopla surrounds the transformation team as *the moment of truth* approaches. Rollout phase is the thin line between success and failure and all efforts should be exercised for one last time to bring adequate closure to the business transformation.

Table 7: Corporate View-point (Implementation Phase)





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|---|---|---|
|  | <p><i>Corporate View-point</i></p> |  |
| <p>Key Challenges faced during “Implementation Phase” (in order of priority):</p> | | |
| 1 | Requirement Gathering | |
| 2 | Implementation & Integration | |
| 3 | User Acceptance Testing | |
| 4 | Requirement Finalization & Signoff | |
| 5 | Handling Business As Usual (BAU) Requirements | |

Table 8: Corporate View-point (Roll-out Phase)

| | | |
|--|-------------------------------------|--|
|  | <p>CORPORATE VIEW-POINT</p> |  |
| <p>Key Challenges faced during “Roll-out Phase” (in order of priority):</p> | | |
| 1 | Stakeholder Commitment & Support | |
| 2 | Training | |
| 3 | Operations Hand-over | |
| 4 | Integration / Dependency Management | |
| 5 | Cut-off Management | |

- A. Migration** is one of the daunting tasks in case of technology centric business transformation where data transfer has to be facilitated between old and new systems (usually referred to as the Production Instance). This activity derives further complexity if data cleansing is also required prior to the migration. The key consideration in case of telecom operators is the fact that the volume of subscriber, product & transactional data is astronomically high. This is one of the opportune stages to optimize, cleanse and transfer the required data into the new system. One of the key challenges here is the strategy for ensuring limited or no impact on business as usual like customer billing or service availability. Migration is no less than a bypass surgery where the change has to happen while the system is live & running.
- B. War room** is one of the best practice approaches that are being adopted by leading telecom opera-

- tors. While, the training is one of the key aspects that ensures success at the front-end (or user level); the war room prepares the organization for the battle at the back-end (or technology or process level). Select individuals are nominated and deployed in a dedicated setup facility to handle any challenges, defects, fallouts or escalations on a 24x7 basis. The war room maybe referenced as an Intensive Care Unit which is required till the system reaches the stabilization point or normal functioning resumes.
- C. Go-live** is the moment when the business transformation kicks-off or reaches the execution stage. In case of technology centric transformation it is the moment when the transition or change of tracks from old to new system happens. This is also referred to as the “cut off” process; and may also involve the integration with host of surround applications or systems.

Table 9: Guerrilla War vs. Business Transformation

| <i>Stage</i> | <i>Guerrilla War</i> | <i>Business Transformation</i> |
|--------------|--|---|
| I | <p>Organization:</p> <ul style="list-style-type: none"> • It involves the organization, consolidation and preservation of base areas usually in difficult and isolated terrain. • It includes socializing with the rural locals, winning their trust and recruiting them. | <p>Initiation:</p> <ul style="list-style-type: none"> • It involves building of the business case and presenting it to the key stakeholders and seeking their approval. • Key business resources are short-listed for inclusion in the business transformation. |
| II | <p>Progressive Expansion:</p> <ul style="list-style-type: none"> • Attacks are planned for heightened effect - primary to grab attention • Engaging in initial act of violence demonstrates to the people that the revolution is real and that the <i>Guerrilla agents</i> mean business. • People become hopeful that a change maybe forth-coming | <p>Implementation:</p> <ul style="list-style-type: none"> • Project kick-off event is organized to beat the trumpet that the Program has started • <i>Change Agents</i> provide timely & periodic communication to the stakeholders / employees and maintain the buzz • Employees are forward-looking towards the transformation outcome. |
| III | <p>Decision or Destruction</p> <ul style="list-style-type: none"> • Adequate weaponry & soldiers are accumulated to gear up for the battle • Over time, more and more people join hands in the combat operations • Ultimately a regular military force emerges that can engage any institution on the field of battle | <p>Roll-out:</p> <ul style="list-style-type: none"> • Adequate preparations are made to ensure the go-live is successful (war room, pilot, etc) • Additional support is garnered from outside transformation team to support rollout • Transformational Change is initiated with the go-live |

The rollout phase maybe referenced as launch of artificial satellite i.e. the duration starting with the positioning of a rocket at the launch station to the deployment of an onboard satellite on the right orbit in the outer space. The success of a rollout is defined only when the stabilization point has been realized. Post go-live there may be several occasions when things might go from bad to worse, and adequate mitigation steps has to be enforced to perform a course correction. When enemy at war holds the high ground, there is no bravado in rushing the horses to the death pit. Similarly, when things go out of control, then sound judgment must be applied to roll-back the system or business processes and reduce the business impact or risk. Needless to mention, it provides the fall back plan to introspect, re-plan and re-launch with greater vigor and preparation.

Few portfolios that transcend across multiple business transformation phases are as follows:

A. Program Management ensures planning and progress monitoring of the business transformation. Planning would encompass scope, timeline and resource requirements to facilitate the transformation; while periodic monitoring would ensure whether the program is being executed as per

the defined objectives and within the pre-defined plan. Program Management performs the health-check of the program on periodic basis, highlights key dependencies or road-blocks and introduces risk mitigation measures from time to time. It also highlights key decisions or escalations that require the attention of the Steering Committee.

B. Change Management has emerged as a strategic tool that emphasizes the importance of “people aspect” within any business transformation. Hitherto this emphasis has been myopically being shown to the “impacted people”; however change management is a wider term and encompasses even individual who “can impact & influence” within the organization. Identification and alignment of such individuals with the overall objectives of the business transformation is crucial; so that they can in turn apply their sphere of influence to their team members. Training (explained earlier) is one of the facets of change management which mitigates the fear of unknown and equips the end-users for seamless transition. Communication Management is a potent tool to motivate and inform a team or

the entire workforce of an approaching “change” within the organization. Timely communication keeps them abreast about the transformation progress and generates the right buzz within the organization.

3.3. Guerrilla War vs. Business Transformation: An Uncanny Yet Pertinent Semblance

As mentioned earlier, Business transformation is like war. The art of guerrilla war throws key insights on how to win a battle and the stages thereof:




3.4. Critical Success Factors: Getting it First Time Right

Business Transformations are not like everyday projects; usually it is a “make or break” situation for the enterprise. Utmost priority should be given to such initiatives and some of the key considerations are as follows:

- **Strategy:** Business transformations should be planned with a 5-10 years horizon considering the time, energy, resource and above all the cost factor. In a complex transformation, while there can be multiple tracks however a single program plan should be defined and be available to all track leads or program managers. They should synchronize their micro activities to ensure timely catch-up with the overall project plan and milestones.
- **Warrior:** Business stakeholders should put form the best resources forward even if it is at the cost of Business As Usual (BAU). Only skilled warriors should go to the war and contribute to its success.

- **Torchbearer:** Key business leader should be made the Transformation Sponsor (especially in the case of technology led Business Transformations). The same would ensure the right commitment, direction and action towards the initiative.
- **Blessing of the Council:** Business Sponsor and other key stakeholders should be committed towards the transformation and provide necessary support and push as and when needed (and avoid political motives)
- **Single vs. Multiple Battles:** It’s always easier to handle one business transformation rather than having inter-dependent and concurrent business transformations
- **Fact vs. Fiction:** Business Transformation objectives and timelines should be realistic and achievable.
- **Grounding:** Adequate preparation should be done prior to execution. Some of the tools being utilized by Telcos in this aspect includes:
- **Pilot (or soft launch)** launch with a small focus group or select geography prior to the big-bang launch.
- **Dry Run** in case of technology oriented transformation to ascertain a complete sanity check prior to the go-live.
- **Business Simulations** is extensively emerging as a strategic tool to gauge the degree of impact on end customer, trade partners, internal or outsourced employees and/or execution of the defined business processes. It encapsulates an end-to-end testing of a business (or system) process rather than a piecemeal approach adopted during UAT.

Table 10: Corporate View-point (Critical Success Factors)

| | | |
|---|------------------------------------|---|
|  | <p><i>Corporate View-point</i></p> |  |
| <p>Critical Success Factors for any Business Transformation Program (in order of priority):</p> <ul style="list-style-type: none"> • Effective Change Management (at all Levels) • Alignment with Organization’s Vision & Strategy • Stakeholder Commitment • Early Identification & Mitigation of Inter-dependencies • Realistic Timelines and SMART Goals | | |
| | |  |

- **Escape route:** Alternatives or fall back options should always be planned in the event things go out of control especially in case of multiple project dependencies or budgetary considerations.

4. CONCLUSION

Business Transformation is a critical battle an organization undertakes to bring about a radical change as dictated by the pressing internal or external business parameters. The overall Transformation journey goes through several activities before the business goal or objective can be achieved. And, several factors would be instrumental in scripting the success of a business transformation. Alignment of business stakeholders and key resources with the overall objectives is one of the most essential elements that need to be considered before undertaking a business transformation journey.

Management's biggest predicament may be centered on the art of optimizing and balancing it's time, resources and finances to support the business transformation. Commercial negotiations might be critical; organizations give more priority on Partner (or Product) selection during the "initiation phase" of a business transformation.

Once the management decisions are in place; much of the effort goes in getting the best resources or visionaries who would collaborate to define the overall construct of the transformation. Requirement elicitation, therefore, becomes the most critical activity within the "implementation phase".

The final leg of the business transformation is the "Rollout phase" which is a thin line between success and failure. Best efforts should be exercised for one last time to bring the required closure to the business transformation.

The two most strategic tools that organizations across the globe have been leveraging to ensure a seamless business transformation are: Program and Change Management. While, the former is very critical from the perspective of risk and issue mitigation and the smooth running of

the transformation; the latter concentrates on rightfully addressing the impact of business transformation on the people. Like any military battle; it's the end outcome that decides the fate of the people and the kingdom; similarly the success of the business transformation dictates the success of an enterprise.

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