



Customer Case 5: Collaboration

Customer X is a US-based service provider with over 30,000 route miles of fiber. They provide backbone services for many of the large US Tier-1 and Tier-2 service providers. In the course of regular business, they handle on average 13,000 tickets per month, of which approximately 4,000 come from five of their premium service providers. Customer X's internal ticketing system is based upon Remedy ARS. Their premium partners use systems such as Clarify, Siebel, and Telcordia WFA as well as homegrown systems. Before using Vertel's Ticket Exchange, Customer X exchanged tickets manually with their partners using phone calls and faxes. This process was extremely slow, repetitive, and error prone. From a financial perspective it was also very costly. Customer X's own internal audits showed that their NOC team was spending over 1,200 hours per month working on these repetitive manual processes. The average cost for a NOC technician is \$60 per hour, so these manual processes were costing them over \$864,000 per year. By moving to an e-bonding process, Customer X could easily reduce the 1,200 hours of manual effort per month by 90%. This means an annual cost savings of over \$770,000. With a growing number of tickets, the costs of manual processing would grow proportionally.

Using a gateway approach, to e-bond with all five premium service provider partners required five unique gateways, each requiring a development cycle and separate maintenance. Purchasing commercial gateways cost around \$4 million, excluding 20% annual maintenance. To develop the gateway solution in-house, Customer X estimated that they would need three engineers for nine months to develop the solution and then another three months per partner for the end-to-end connection, **for a total of one year of development time**. A single engineer's time would also be required to maintain the interface. Of course, Customer X would also have to procure the third-party hardware and software for this approach, which must be factored into the total cost of ownership.

A virtual clearinghouse solution like M*Ware Ticket Exchange was quickly considered to be a much more viable alternative to the gateway approach. By using Ticket Exchange to connect directly into Customer X's existing ticketing system, the costs associated with connecting to their trading partners were minimized. Furthermore, each additional partner required only a single link into the M*Ware Ticket Exchange and not a unique end-to-end gateway.

M*Ware Ticket Exchange delivered the first fully working interface **three months** after the start of the project for less than \$300,000. Assuming the remaining four interfaces are implemented in 2002, the cost would be \$500,000, including maintenance of the total solution. An additional eight interfaces are planned in 2003 and 2004, making the total solution an automated exchange with 13 partners for a TCO in the first four years around \$2 million. Competitive commercial gateway products would have cost around \$8 million (excluding maintenance), and in-house development and maintenance would have cost around \$3.2 million.

Customer ROI conclusions:

Cost Savings Factor A—Running Costs

With the starting volume of around 800 tickets per month per partner, the provider saved around \$150,000 in help-desk costs per major partner by implementing automated processes. Additional savings in escalation, reporting, and SLA management added up to around \$200,000, purely on personnel costs.



With a slowly growing ticket volume, the net cost savings in the first year were \$200,000. With the additional interfaces implemented over the next three years, cumulative cost savings grow to \$3 million in the next year and \$9 million in the third year.

Cost Savings Factor B—Project Implementation Costs

Development and implementation costs for the complete solution were substantially reduced. Implementing the first interface, M*Ware reduced the implementation costs (\$680,000 in internal development savings and \$900,000 in commercial gateway savings) to \$300,000 total for the M*Ware Ticket Exchange solution. Over the complete planned project (13 interfaces), the development cost savings grew to \$1.2 million in internal development savings and \$7 million in commercial gateway savings.

Cost Savings Factor C—Cost to Expand Business or Automate

Every time the service provider decides to expand the service offering, M*Ware Ticket Exchange provides additional savings. Using figures (estimated from experience) from the provider, upgrades and changes due to service (feature) introductions occur twice per year for ticketing applications. The change management costs for M*Ware are \$40,000/year less with one partner interface, and up to \$280,000/year for the complete solution.

If the provider decides to offer new exchange services such as QoS, SLA, Inventory, or configuration data exchange, the savings are very considerable. In-house development costs and commercial gateway costs, which are significant, would not exist. Moreover, because M*Ware Ticket Exchange is made to deliver many additional OSS exchange solutions, one additional exchange service using M*Ware saves around \$2 million in the first three years.

Cost Savings Factor D—Shorter Time to Market

M*Ware provides additional cost savings because of the decreased time to market for automated solutions. In this case, the provider offered the service for free to his main partners, and there were no additional revenues due to the Exchange solution. Of course, the exchange solution is often implemented for major business customers as an additional service quality feature. Implementation times with this customer proved that M*Ware exchange solutions can be implemented within three months, where competitive solutions require around five months.

Cost Savings Factor E—Customer Satisfaction

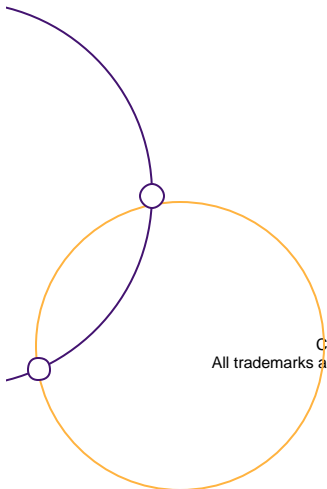
Different statistics regarding customer satisfaction show that end-to-end automation of trouble-ticketing processes is highly appreciated by customers.

Impacted Cost and Profit Areas

<i>M*Ware</i>	A: Running Cost	B: Project Implementation	C: Expanded Offering	D: Decreased Time to Market	E: Customer Satisfaction
Partner Collaboration	-\$ 200K First year	-55 % first interface -30% total project	-\$ 280 K For changes	-40 %	High
	- \$ 9 M Cumulative 4 years	-\$ 380 K first interface -1.2 M total project	-\$ 2 M Per additional service	Two months of revenue	

Project ROI without M*Ware (based on A) = 16 months
 Project ROI using M*Ware (based on A) = 9 months
 M*Ware cost savings: first full year (only 1 interface) \$ 198 K
 following three years (to 13 interfaces) \$ 9299 K

*Figure 1—The achieved cost savings in different areas for M*Ware Exchange solutions*



About Vertel

Vertel is a leading provider of Mediation, Network Management and B2B Exchange Solutions.

Since 1995, Vertel has provided solutions to over 300 companies, including telecom infrastructure vendors, operators and service providers such as Alcatel, Nokia, Siemens, Motorola, Lucent, Nortel, NTT, Samsung, AT&T, BT, Deutsche Telekom, Cingular and Williams Communications.

Vertel's in-depth knowledge and commitment to industry standards, combined with experience of working with many different equipment types, allows the creation of high performance solutions that enable customers to quickly overcome technological barriers.

Vertel's mission is to make its customers successful by enabling them to reduce operational costs and introduce new services, networks and OSSs whilst maximizing existing investments.

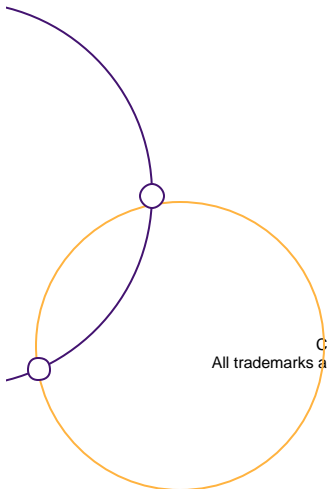
A core company strength is Vertel's Professional Services organization in USA, Europe and Asia, which develops customized communications software solutions tailored to individual customer requirements. Project management, systems analysis and other technical services are also readily available.

For more information on Vertel or our M*Ware products, contact us at 21300 Victory Boulevard, Suite 700, Woodland Hills, Ca. 91367; telephone: + 1818 227 1400; fax: +1 818 598 0047 or visit www.vertel.com

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