

# Four Stages of Enterprise Telecommunications Management

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## Stage Four: Alignment

### Utilizing the Telecommunications to Improve Business Performance

A Purple Paper on Enterprise Telecommunications Management

#### Abstract

*Enterprise Telecommunications Management (ETM) is not a product – it is a process and philosophy of business, using technology-based solutions and supporting services to manage the enterprise telecommunications environment. The process of ETM runs through four distinct stages. Similar to Maslow’s Hierarchy of Needs, each stage addresses a defined set of telecom management needs and desires.*

*As addressed in the white paper, Enterprise Telecommunications Management for the Network-Centric Organization, the needs of each stage build upon those of the previous stages. When the needs and wants associated with any particular stage are fulfilled, other more sophisticated and often more strategic needs and desires emerge. The four stages are:*

- *Accuracy*
- *Allocation*
- *Analysis and Planning*
- *Alignment and Enhancement*

*Each successive stage reflects the increased sophistication of the organization’s relationship with the telecommunications environment and the increase in the strategic significance of telecommunications to an organization. Unless organizations achieve the first three stages of ETM, they may not be able to achieve the expected benefits that accompany alignment of the telecommunications network infrastructure with the business processes.*

## **Alignment Stage**

The first three stages of successful Enterprise Telecommunications Management (ETM) are managing and optimizing the telecommunications network as an entity unto itself. Stage one of ETM addresses the management of expenses. The second stage facilitates the allocation of resources and assignment of the costs of the telecommunications network. The third stage helps enterprises plan and optimize the network. The first three stages make it possible for the enterprise to deliver the network the business requires at the optimal cost.

The fourth stage, alignment, uses the entirety of the ETM solution to align network-based applications and business processes with the telecommunications network. Aligning the telecommunications network with network-based applications, solutions, and processes can profoundly improve business performance. The result of this alignment is operational efficiencies, reduced costs, and increased revenues.

Between 1998 and 2003, adopting network-based business solutions resulted in a cumulative cost savings of \$155.2 billion to a sample of 2000+ U.S. organizations. In addition, these organizations indicated that their network-based business solutions have also helped to increase revenues cumulatively to approximately \$444 billion. (Source: NetImpact Study 2003, Momentum Research.)

At the very macro level, the impact of network-based solutions and processes on the overall U.S. economy is potentially enormous. The aforementioned NetImpact Study estimates that migration to network-based solutions and processes will be responsible for nearly half of the increase in productivity rate in the U.S. over the next decade. The Congressional Budget Office estimates that the U.S. productivity growth rate will continue to grow during the next 10 years at a rate of 2.1 percent. This 2.1 percent represents an acceleration of .9 percentage points over the productivity growth rate of 1.2 percent from 1974-1995. Network-based business solutions could contribute roughly 48% of the .9-point increase in the productivity growth rate.

Some of these revenue increases and efficiencies would be possible without an ETM solution, but using a latest generation ETM solution allows the enterprise to achieve maximum efficiency and revenue enhancement. The more fundamental question to consider is whether deploying and aligning widely distributed networks and network-based solutions would be possible without a sophisticated ETM solution.

## **Alignment and ETM**

Alignment, stage four of ETM, enables the transition of the enterprise from focusing on specific system and platform-centric solutions, to being network-centric – using network-based solutions and business processes. It enables this transition by helping the enterprise align network-based solutions and processes with the telecommunications infrastructure. Specific network-centric solutions and processes that the sophisticated ETM solution can help align include:

- *Deployment of network-based solutions*
- *Mobile and wireless communications*
- *Mobile access deployment*
- *Enterprise-wide telecommunications security*
- *Adoption and deployment of Virtual Private Networks*
- *Use Quality of Service policies and tools to prioritize network traffic*
- *Adoption and deployment of VoIP.*

For an enterprise to gain the benefit of transitioning to network-based solutions and processes, there needs to be an alignment between the solutions and processes in use by the enterprise and the telecommunications network. Three key steps need to be addressed:

- *Ensure an adequate telecommunication network to implement enterprise-wide, network-based solutions and business processes.*
- *Adopt network-based solutions that automate business processes as they relate to key enterprise functions.*
- *Implement enterprise-wide telecommunications management systems that can align network-based applications and processes with current and anticipated telecommunications capabilities.*

An example of what happens when there is a high degree of alignment between the technical infrastructure and the business processes is on display is Cisco Systems. Cisco's migration of customer service and support functions to network-based solutions and processes has yielded an impressive set of measurable business enhancements. Cisco believes that its use of a networked infrastructure to support its service and support applications has yielded the following results:

- *Annual expense budget for the service and support functions decreased by more than 20%*
- *Number of cases resolved each month up by more than 25%*
- *A decrease in the average cost per case resolution by 30%.*

(Source: Cisco Systems in NetImpact Study 2003 from Momentum Research)

## **Summary**

Achievement of the first three stages of ETM turns ETM into a strategic solution that helps the enterprise deploy network-based solutions and business processes, thereby realizing the benefits of being network-centric. Without an ETM solution, an enterprise may not be able to provide the required network at the optimal price and therefore diminish its ability to efficiently participate in the networked economy.

Enterprises that want to maximize the return on their investments in network and communications technology must take a holistic view, ensuring that networks, applications, and processes are in alignment. Key to this view is having management and measurement tools that are able to envision and manage the telecommunications environment in its entirety – including applications, processes, users, equipment, and services. Then the telecommunications network and environment can be aligned with the network-based solutions and business processes that are characteristic of the network-centric organization.