BMC CONTROL-M TELECOMMUNICATIONS COMPANY

ANALYST

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THE BOTTOM LINE

A large telecommunications company deployed BMC Control-M to provide greater stability that would support automation in its billing department. Nucleus found that with high levels of success in automating billing processes, the team was able to further leverage BMC Control-M in additional departments to support new capabilities, providing benefits including increased employee productivity and the avoidance of new hires.

ROI: **406%**
Payback: **2.4 months**
Average annual benefit: **$930,025**

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THE COMPANY

This large telecommunications company provides digital video, Internet, telephone, and home security and automation services on its nationwide IP network. The company provides its services to more than 6 million residences and businesses. One of the company's major units offers voice, video, and data solutions for commercial customers and another of its divisions provides full-service national and local cable spot and new media advertising.

THE CHALLENGE

Like any major telecommunications company, it had to constantly maintain complicated scheduling and billing processes. The importance of constantly upholding scheduling and billing is crucial to customer satisfaction and the ongoing success of the company because any disruption of billing processing would result in an interruption of customer use. With the homegrown system that the company had been using, the company had to manage 8 minor and 1 major technology barriers per month. Although the company coped with these presented issues, the company decided that it wanted more advanced technology that would provide more efficient functionality without internal ongoing maintenance requirements.

Cost : Benefit Ratio | **1 : 2.6**

THE STRATEGY

The telecommunications company began its due diligence in 2006 and evaluated a number of solutions to address its needs. The team decided to choose BMC Control-M for reasons including:

- The team believed that BMC Control-M would provide a more advanced architecture that would support its technology requirements without needing ongoing maintenance and support.

- They felt that BMC Control-M would be within budget for the project, and that it would provide ongoing value.

- The team felt that the scalability of the new system would support new technology requirements as needed.

- They found that because they could run the system using Linux, it would be more stable than it would be with Windows.

The company began its installation of BMC Control-M in March 2007 for the 21 sites that run billing. Within a few days, the virtual machines were available for use. In April, the team automated its proof of concept and solved its pain point on the first run.

CUMULATIVE NET BENEFIT

2,789,925

1,756,618

783,311

| Year 1 | Year 2 | Year 3 |
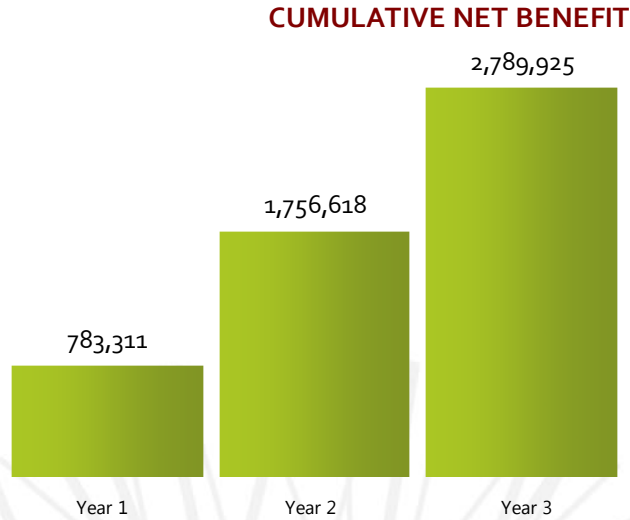
KEY BENEFIT AREAS

Deploying BMC Control-M has allowed the telecommunications company to accomplish a higher level of efficiency and effectiveness across many levels of its organization. Some of the key benefits include:

- Increased billing productivity. Prior to implementing BMC Control-M, the company had to dedicate 18 people to process billing, which was run every night for 12 hours. Now, the majority of the processes are automated and the company has been able to eliminate or reallocate 9 billing employees to more effective roles within the organization.

- Support for JDSU. JDSU is an application that schedules trucks to be dispatched to customers. This would not have previously been possible, but BMC Control-M's stability has enabled the support for this system to be automated at 16 sites.

- Support for automated message accounting (AMA). Previously, the message accounting was being done manually and errors resulted. Since automating the processes by leveraging BMC Control-M, the team has not encountered any errors and has reduced time-consuming, tedious labor.

- Increased customer satisfaction. Before implementing BMC Control-M, approximately 8 small barriers and one large barrier occurred in the billing process per month. These were not only time consuming to solve, but they also directly affected the customers who had to be re-billed. Now, with the large majority of processes automated, the team does not have problems in its application and has been able to improve customer satisfaction levels.

"With BMC we can integrate anything in this company, we can do just about anything we are asked to and now we must filter out what is best."

KEY COST AREAS

Costs of the project include license subscription fees, maintenance fees, training costs, and personnel time to implement and support the application.

NET CASH FLOWS

1,033,157   973,307   1,033,307

(249,846)
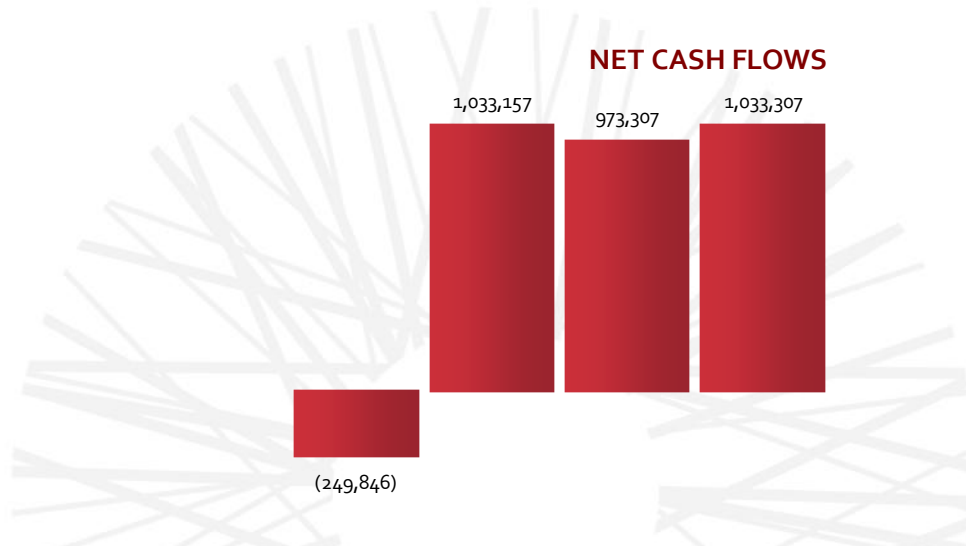
BEST PRACTICES

In deploying BMC Control-M, the telecommunications company found it beneficial to leverage it as a strategic resource across the company. With this approach, the team has been able to automate functionality including message accounting and truck distribution, influencing the success of the entire organization. BMC Control-M is capable of supporting this because of its stability and scalability. Now, the team has more control over additional processes that had previously been manual, which had often led to problems from natural human error. Now, with improved governance and better performance, the company is able to ensure drastically fewer errors with faster fixes.

CALCULATING THE ROI

Nucleus quantified the initial and ongoing costs of license subscription fees, employee training, and personnel time to implement and support the application over a 3-year period to calculate the company's total investment in BMC Control-M.

Direct benefits quantified the reallocation or elimination of 9 billing employees and the automation of JDSU, which would have otherwise required 12 employees to manage 16 sites. Indirect benefits quantified included productivity enhancements that resulted from the use of automated message accounting and were calculated based on the average annual fully loaded cost of the employees.

Not quantified were the overall enhancements to customer service capabilities. Moving forward, the telecommunications company will experience additional efficiencies and capabilities as it expands its use of the application.

FINANCIAL ANALYSIS
A Telecommunication Company's BMC Project

Annual ROI: 406%
Payback period: 0.2 years

BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	1,500,000	1,500,000	1,500,000
Indirect	0	4,507	4,507	4,507
Total per period	0	1,504,507	1,504,507	1,504,507

COSTS - CAPITALIZED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	0	0	0
Hardware	0	0	0	0
Project consulting and personnel	0	0	0	0
Total per period	0	0	0	0

COSTS - EXPENSED	Pre-start	Year 1	Year 2	Year 3
Software	50,000	176,200	176,200	176,200
Hardware	0	0	0	0
Consulting	192,000	150	0	0
Personnel	3,231	295,000	355,000	295,000
Training	4,615	0	0	0
Other	0	0	0	0
Total per period	249,846	471,350	531,200	471,200

FINANCIAL ANALYSIS	Results	Year 1	Year 2	Year 3
All government taxes	45%			
Cost of capital	7.0%			
Net cash flow before taxes	(249,846)	1,033,157	973,307	1,033,307
Net cash flow after taxes	(137,415)	568,236	535,319	568,319
Annual ROI - direct and indirect benefits				**406%**
Annual ROI - direct benefits only				404%
Net Present Value (NPV)				1,325,133
Payback period				**0.2 years**
Average Annual Cost of Ownership				574,532
3-Year IRR				407%

All calculations are based on Nucleus Research's independent analysis of the expected costs and benefits associated with the solution.

NUCLEUS RESEARCH