MARKET BRIEF

Origin-Based Rating for CSP

When Communications Service Providers do not base termination rates on a call's origin, they may be leaving money on the table and risking financial penalties.

The High Cost of Flat-Rate Termination

Communications Service Providers (CSPs) traditionally charge flat-rate termination fees regardless of the call's originating country, the CSP and the type of connection used. Now many are breaking that tradition, and it is easy to see why. With increased pressure on voice and data revenues, CSPs are looking for opportunities for new income streams.

Take the example of a mobile customer in New Zealand who calls a friend in Germany. With the flat-rate model, the traditional German CSP used a termination rate that did not reflect where the call came from, which CSPS were involved or which type of line was utilized. These are all attributes that affect the cost of providing service. That model no longer makes financial sense due to trends such as data usage outpacing voice and the rise of over-the-top (OTT) providers.

Hence the global trend toward Origin-Based Rating (OBR), which enables CSP to identify previously overlooked attributes and monetize them, too. If you work for a CSP and are responsible for networking, rating, billing or numbering, read on to learn more about:

- How OBR works.
- Why it is an opportunity to save and make money
- How to implement it quickly and successfully
- How OBR can also be used for anti-fraud and call-blocking initiatives, including verified caller ID

What Is Origin-Based Rating (OBR)?

OBR uses both the origination location and the termination destination of a voice call to determine the correct amount to bill. Terminating CSPs apply charges to termination rates based on the call's originating country, CSP and line type, whether it is mobile or fixed.

Terminating CSPs may also add a surcharge to the rate if calling line identification (CLID) or automatic number identification (ANI) is not accurately provided by the originating CSP, as well as charge a penalty for calls with manipulated or invalid telephone numbers. These surcharges and penalties can quickly add up — sometimes more than 3,000% over a CSP's standard termination rate — putting a major drag on the originating CSP's revenue. In fact, one CSP reported potential losses of more than US$120K due to OBR penalty surcharges on 3 million minutes originating from a single destination. That figure is 30 times the margin generated on that traffic.

Dozens of countries across Europe, the Middle East and Africa have implemented OBR programs, which highlights why it is rapidly becoming a must-have capability for any CSP that originates or terminates international voice traffic. As this trend continues to expand globally, so do the financial risk for CSPs. For example, the penalty surcharge can vary from €0.20 per minute (a 1,000% increase) to €0.35 for an invalid CLID (a 3,500% increase)[1]. Every additional country that implements OBR is another place where CSPs risk paying those penalties.

1. https://www.linkedin.com/pulse/origin-based-rating-disrupting-voice-market-lee-suker

Origin-Based Rating for CSP

How CSP Can Implement OBR Quickly and Cost-Effectively

CSP can use TruNumber® Protect to simplify and streamline OBR management. Available for use in any country, it provides access to a global authoritative database of telephone number ranges to assist in identifying the origin country, CSP, type of number and validity for any worldwide telephone number range. This helps CSPs accurately rate and charge for terminating calls to their network based on the originating telephone number range. Users can also quickly look up a number to see if it is allocated, along with other attributes in the database: country, country code, provider, type of service, description, minimum length, maximum length and date of activation.

To implement TruNumber Protect, CSP simply have their existing rating and billing tables ingest its data. This process requires no manual entry and no system modifications, which are two ways that TruNumber Protect significantly lowers both the cost and implementation lead time of OBR compliance. CSP can choose one or both methods of accessing the TruNumber Protect database:

- A full database that is downloaded via SFTP, providing unlimited access to the data and the ability to interface with other internal applications. In this method, the CSP maintains and updates the database.
- A premium web-based GUI service that allows multiple users to create rules/partitions and download/export data from the database that is maintained and updated by TNS. Regardless of the method used, TruNumber Protect includes data for approximately 245 countries and territories. There are no additional hidden costs.

The subscription includes help desk support and all updates: once a month for Geographic numbers and twice a month International Premium Rate Number (IPRN) ranges. This frequency gives TruNumber Protect customers confidence that their OBR solution is using the industry's most authoritative database, protecting their revenue and margins.

In addition to saving money, CSPs make money by monetizing the global OBR trend. Adding TruNumber Protect to existing rating and billing solutions enables them to determine the correct amount to charge based on the call's originating country, CSP and line type (mobile or fixed). They also can levy a surcharge if the originating CSP does not provide CLID or ANI information. All of this can quickly add up to a significant amount of new, much-needed revenue.

Finally, implementing TruNumber Protect for OBR also allows CSP to use the solution to support their anti-fraud and call-blocking initiatives. This includes the emerging global trend toward verified caller ID using standards such as Signature-based Handling of Asserted information using toKENs (SHAKEN).

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