How Data Infrastructure Can Improve Fixed Asset Management

Maximizing Value to Deliver Change

Wherever you look in the world of telecommunications at the moment, you will find change. It really does not matter how advanced the network and the services are, there is always change on the horizon. Change that requires investment.

In 2023, 46 new 5G networks were launched in 32 African countries, with Sub-Saharan Africa leading the way. Communications Service Providers (CSPs) in Africa are busy devising programs to roll out their 5G networks, all of which require more broadband infrastructure.

In global terms many nations are looking to roll out faster, more reliable, fixed fiber networks, there is an industry-led drive to create high performance Internet of Things (IoT) networks and the most developed nations and CSPs are busy developing and testing SG mobile network solutions.

The need, globally, for investment in telecommunications networks at all levels and stages of development has arguably never been greater. At the same time, it is also true that the scrutiny being applied to that investment has never been higher.

Where Are the Guarantees?

The climate among those charged with making the investments is challenging. They look at the mobile sector as an area where some of the market indicators are tracking in the wrong direction. Average Revenue Per User (ARPU) is falling even as the size of the investment required is rising. What is more, countries where there was once a seemingly endless supply of unconnected

customers are now also approaching saturation point; a factor that adds to the downturn in revenue growth.

Today's network providers need to have a firm grip on their cost base and where the savings can be achieved, especially as new competitors and internet scale companies threaten their traditional revenue model.

In this climate, one way to bolster confidence and encourage investment is to be able to demonstrate and prove the accuracy of financial and operational performance data. To be able to show that previous investment in network equipment has been properly documented and accounted for, and that equipment is not lying as a hidden charge on a balance sheet that is not properly optimized.

Because if there is one thing that investors hate, it is balance sheet surprises. Especially the type of surprise that can turn a balance into red figures.

https://www.analysysmason.com/research/content/articles/5g-network-deployments-rma18/

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The Rules Are Also Changing

To complicate matters further, the global financial regulators are also becoming increasingly active. The IFRS regulations covering international financial reporting standards require companies to report their capital and fixed assets at what is termed a disaggregated level.

This means that an international operator group needs to know the value of its assets and network equipment within each individual network it operates; it is no longer able to simply put all the Group's network assets into one giant pot. This is not as easy as it might appear because most operator groups have grown through network deployment and acquisition of either a whole network or a share of one. The ability of a Group to be able to accurately value the assets of a shared-ownership network, originally deployed by its partner, may very well be limited.

Operator Groups being able to fully document and assess the performance of network assets on a like-for-like basis, can also lead to improved efficiencies and learnings being shared.
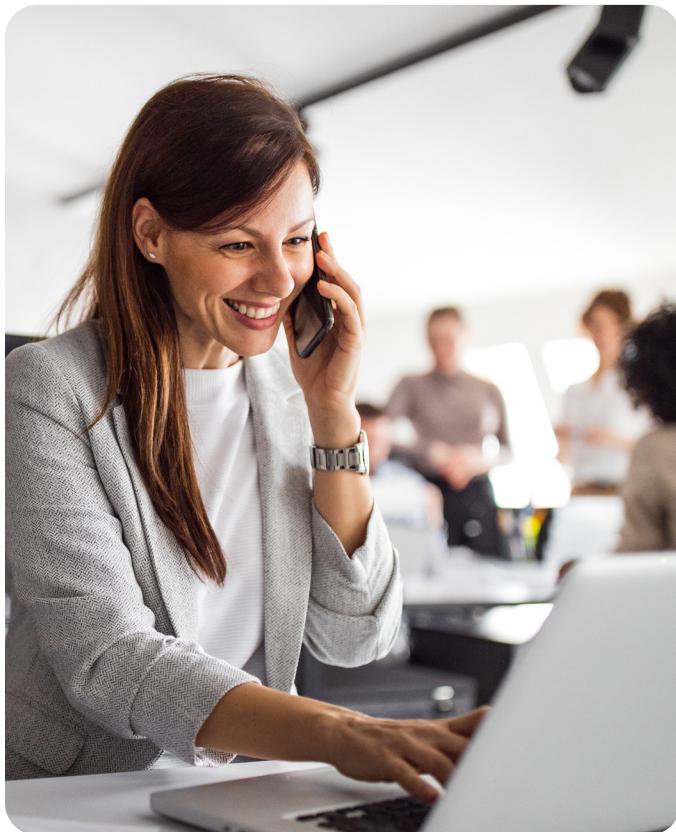
A Perfect Storm

The need for more investment, the need to document network assets precisely and the need to be able to value them accurately and manage their efficient operation are combining to create a perfect storm for a solution originally designed with an entirely different, operational purpose in mind.

In the United States, a move to standardize network equipment terminology arose from an FCC mandate on customer service assurance. Adopting a universal language was an effective way to ensure that networks could always successfully interconnect. To further smooth the way TruOps® Common Language®, which is adopted by all the major US CSPs, helped eliminate ambiguity of terminology, enable efficient network interconnections and served other operational and business needs.

Common Language works by providing a series of unique codes that identify and describe various elements of the network and support interworking between different networks. The codes cover the equipment itself, the location where it is installed, and operational information about connections and the ordering of services on the network. Common Language Codes associated with the equipment and its location can be particularly valuable for efficient and accurate asset management.

In addition, the codes are vendor agnostic and so they give CSPs a universal means of determining what the equipment is, where it is, the function it performs, an accurate idea of its net-worth and when it is likely to need to be replaced. And it can do this on a global basis.

Common Language is market proven and tested. In the USA, it has successfully supported CSP interworking and driven common reporting standards for more than 40 years.

During that time Common Language has continuously evolved to meet the changing demands of the telecommunications industry; smoothly anticipating and adapting to a world where hardware assets are constantly changing. The Common Language approach can also be applied in virtualized, NFV and SDN environments, as well as within traditional fixed and mobile networks.

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A New Application

Now, Common Language can serve an important new purpose. With Common Language, both the operational and finance teams within the CSP can have a completely accurate picture of the network's assets and their value. Given the nature of a CSP's business, this information tends to be effectively siloed within each operational department making it harder to grasp an overall picture of business and network health. But it does not have to be that way.

By combining Common Language with data from the finance inventory, it becomes possible to more accurately amortize the cost of network equipment, down to a single line card within a server or a network switch. To know when that card was installed, exactly what cabinet it sits in at what location and when it needs to be replaced, is invaluable from a network maintenance perspective and enables more accurate financial planning and valuation of network assets.

The application of Common Language coding can also help Group operators track spending on network equipment and aid efficient network maintenance. For example, Common Language Codes can help CSPs reduce the overall spares inventory by identifying compatible equipment or track recall notices to enable equipment with known faults to be replaced before it fails to reduce network downtime.

Network Finance and Operations in Sync

Common Language was developed to help ensure that networks can always interconnect and deliver quality service assurance for the subscribers. Today it still delivers that basic, and vital, goal and can also help in many more ways that are equally vital to the CSP's business.

When judging the need for network investment and assessing the return on previous activity, data from Common Language can be combined with other management data in order give a much clearer picture on business performance.
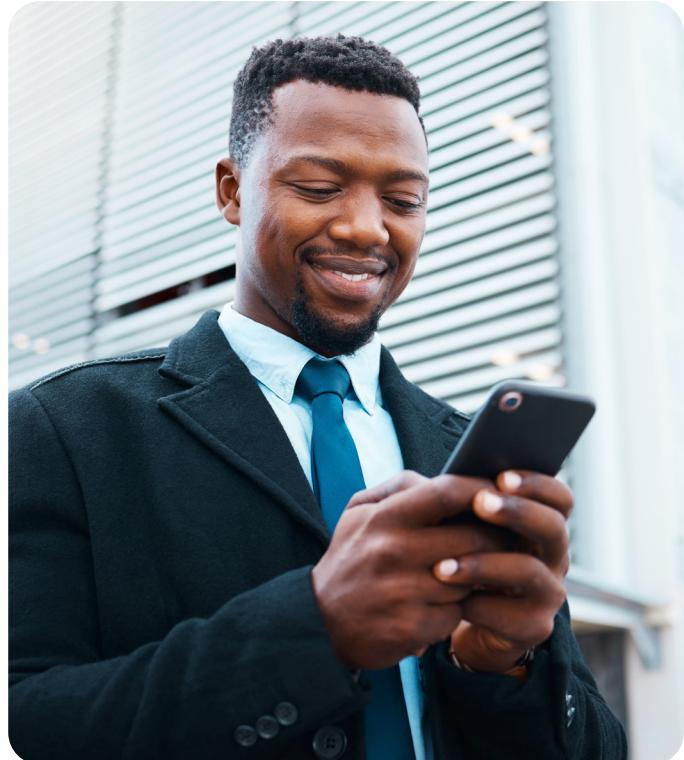
As well as helping to prove the efficient fiscal management of past network investment, Common Language data also provides a more accurate valuation of current network assets than has ever been possible before.

All networks require continual operational and developmental investment. Common Language is a simple, seamless and a secure way for CSPs to accurately track, record, manage and report on that investment.

When a business can share vital information, reliably and accurately, across its value chain and supply chain, partners and business units can work together and deliver improved business decision-making. Collaboration means more accurate forecasting, better trend analysis, better inventory management and better product or parts availability. It bolsters profitability, supports investment and builds better businesses. Common Language underpins and supports all those goals.

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