

# A Billion+ Dollar Annual Savings and 10% EBITDA Uplift Through Digital Monetization

## A Telco CFO Guide

### The Need for Change

The effective and sustained material monetization of key network assets and the associated return on capital invested is the single biggest issue confronting CFO teams in telcos today. Agile, flexible and innovative revenue management approaches are crucial to solving that issue. The harsh reality is current revenue management systems are not fit for purpose. If telcos could re-design them from scratch, the new approach would look markedly different — a clear indicator that urgent change is needed.

Over time, ongoing investments in legacy revenue management systems and processes have added layers of complexity and cost that are acting as major financial drags on telco business; that is what is preventing the lack of sustained return on investment.

**MATRIXX believes it can save typical Tier-1 telcos over \$1 billion per year and increase EBITDA by 10% through its digital monetization offering.**

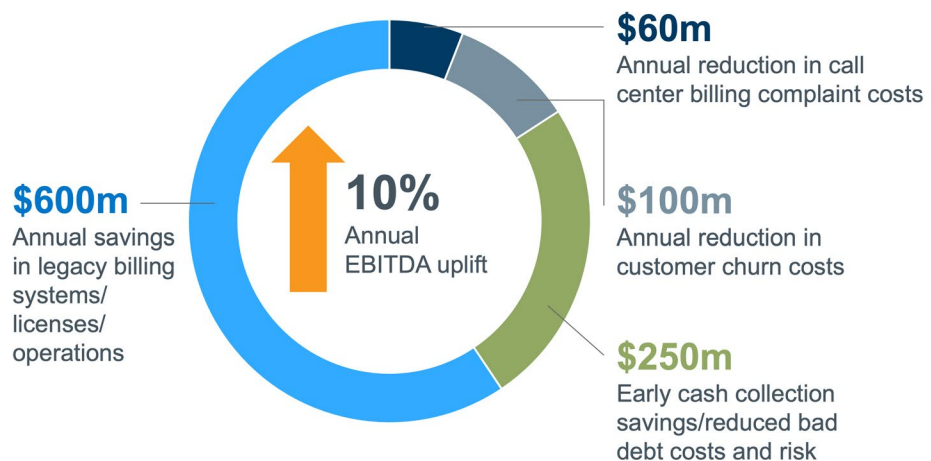


Figure 1: Typical annual savings/earnings uplift for a Tier-1 telco using MATRIXX digital monetization

## What's on the Line?

Telcos are struggling and will continue to struggle to drive sufficient returns on major network investments such as 5G. This clearly has a major short-term impact on revenue and margin, which further impacts market valuation and the cost of raising new market funds to invest in the next wave of technological developments such as AI, network APIs and 6G. That inability is driven by legacy revenue management systems and processes that are unfit for purpose and are acting as a major drag on several business metrics and KPIs that MATRIXX Software believes it can help resolve.



**“It’s the complexity of doing operations from the whole number of systems we have — billing and rating platforms — that make it highly inefficient in how we operate.”**

*Technology and Innovation Manager, Tier-1 operator, EMEA\**

## What Legacy Billing Vendors Aren't Telling You

Legacy billing vendors are happy with the status quo. It's against their interests to innovate in this space given the “cash cow” revenue they are making from telcos. They will, of course, prescribe “billing consolidation” or “next-generation billing” type programs, dressed as progress and innovation; however, the harsh reality is these approaches simply address the symptoms, *not* the root causes of the issue.

A fundamentally new approach to monetization is needed.

Current billing systems and processes are highly siloed with excessive amounts of data sprawl, driving the need for regular, time-consuming and costly reconciliation activities which are error-prone, driving revenue leakage and a potential audit risk. Having billable data in some cases spread across 50-100 separate billing systems is the root cause of this. That spread and sprawl of data drives little combined visibility for AR and AP processes, resulting in poor management information and erroneous decision making, leading to an increased bad debt risk with collection teams having to collate the truth across billing and ERP systems, which is both costly and error prone. The cost of bad debt management alone could be around 5% of the outstanding debt total.

The inherent lack of monetization agility in current revenue management approaches drives delayed time to market, which severely impacts competitiveness and innovation. Furthermore, the impact of poor commercial processes and a corresponding lack of accuracy and transparency on your customers is stark. Typically, customer dissatisfaction with billing is the number one source of call center complaints. Handling those calls and the resulting churn costs Tier-1 telcos over \$200m per annum.

The corresponding reputational damage is a major contributor to poor NPS scores, pointing to a challenge that won't be fixed via minor tweaks.



**“We have a legacy billing solution and it’s customised like crazy. Any changes take forever and it’s integrated into a big landscape monster.”**

*Director, IT Mass Market, Tier-2 operator, EMEA\**

## Why MATRIXX Software?

MATRIXX digital monetization takes an axe to legacy billing approaches — unifying the various business segments and all payment methods (prepaid, postpaid, contract, one-off, subscriptions) on one platform. No longer a billing or charging system per business need but one single source of truth for *all* commercial transactions. New market offerings such as a subscription service are now simply configurable items, with no new system additions or additional complexity and cost. That single source of truth is fundamentally a real-time commercial engine as well that can provide real-time commercial accuracy and transparency to your customers and be used to drive new, agile processes internally — accelerated cash collection, near elimination of bad-debt risks and precision in internal reporting hitherto unforeseen. That approach fundamentally does away with the requirement for legacy billing systems and processes while maintaining your ERP investment.

It is all implementable now.



**“Before I wouldn’t be surprised if 50–60% of calls were billing related, but now everything is transparent, so we never have complaints about this. It’s a game changer.”**

*Principal Transformation Office, Tier-1 operator, EMEA\**

## A Call to Action

MATRIXX has over 30 customers globally, including major telcos such as AT&T, Orange, Swisscom, Telefónica, Telstra, TELUS and Verizon, supporting 100s of millions of subscribers and executing billions of dollars of transactions annually. What links all of them is a desire to innovate in monetization, to approach longstanding operational challenges through a new lens and to grow.

That experience has given MATRIXX a unique insight into how smart, digital monetization can be a significant game changer for telcos of all sizes based on a lean, agile and fit for modern purpose monetization platform that opens up a new wave of commercial innovation and opportunity.

The MATRIXX team stands ready to help.

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\*Source: STL Partners