

Bharti grows at a stunning pace by keeping its focus on the customer.

Overview

■ **Business Challenge**

Bharti needed to maximize its future flexibility and growth potential by adopting a business-driven framework for integration, allowing it to implement and deliver new services rapidly. With competition intensifying in the Indian telecom services market, Bharti Airtel Ltd. needed to find a way to focus on developing new services that could set it apart from the competition and strengthen its customer relationships.

■ **Solution**

Bharti entered into a comprehensive ten-year agreement with IBM to transform its processes and take on the management of its IT infrastructure. Its new platform provides a standardized framework for Bharti to integrate its channels and customer-facing processes—enabling a more seamless customer experience, higher customer satisfaction and more profitable growth.

■ **Key Benefits**

- *Ability to process 1.5 million new customers per month*
- *90% reduction in its service activation cycle.*
- *Outsourcing of technology enables Bharti to focus resources on growing the business*



Based in New Delhi, Bharti is India's largest private sector telecom operator, with a strong presence in mobile communications, fixed line services, and domestic and international long distance services. Bharti is India's sixth-largest company by market capitalization, with nearly 40 million customers and \$4.6 billion in annual revenues.

In the global telecommunications market, it's hard to imagine a more fertile environment for explosive growth than India. With a large, young and tech savvy population, an economy whose growth rate is second only to China and telephone penetration of just seven percent, India stands as a textbook example of how demand for communications services can be explosive if the conditions are right. A few years ago, when forecasters predicted a fourfold increase in subscribers in three years—to 200 million—it seemed an impossibility. Since

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– Jai Menon, Director of IT and Innovation, Bharti Airtel Ltd.

Business Benefits

- Ability to process 1.5 million new customers per month
- Improved cross-selling and targeting and a more seamless, efficient total customer experience through end-to-end integration of customer-facing processes
- 90% reduction in service activation cycle
- 5% higher cash flow margin than the telecom industry average
- Optimization of business processes and infrastructure through flexible, standardized integration framework
- Outsourcing of technology enables Bharti to focus resources on growing the business
- Flexible pricing model enables Bharti to avoid major increases in capital expenditures

“Our new strategy is all about delivering a truly differentiated experience, and having the flexibility to continually improve the customer experience.”

– Jai Menon

then, however, market growth has outstripped the unlikely forecast, and no operator has been better poised to capitalize on this opportunity than Bharti Airtel Ltd. (www.bhartiairtel.in).

Based in New Delhi, Bharti is India's largest private sector telecom operator and India's sixth-largest company by market capitalization, with nearly 40 million customers and \$4.6 billion in annual revenues. Bharti is also the only operator to offer its services (mobile, fixed line and Internet access) in each of India's 23 “circles,” or operating areas. While this wide service footprint made Bharti especially well-positioned to capitalize on India's telecom boom, it also presented the company with significant challenges and risks in addressing this demand. In order to keep up, while also maintaining high levels of customer service, all the processes required to run its business—from order management and service activation to those processes involved in the operation of its core network—needed to run smoothly and in sync with each other. With the company approaching a new phase in its growth as a business, and with the need for a compelling user experience of utmost strategic importance, Bharti knew it needed to take a fundamentally new look at the way it created and managed its customer-facing processes.

The risks of growth

Bharti's other big challenge was the need to make the major investments in IT infrastructure required to service its rapidly growing base of subscribers. As a capital expenditure, these investments are typically offset by the future service revenues that they enable. However, in addition to the inherent risks of a large fixed investment, Bharti faced an added financial risk from a steady decline in India's average revenue per user (ARPU) for mobile telecom services, the result of government mandated pricing changes that created—at roughly eight dollars a month—one of the lowest ARPUs of the region. Thus, while Bharti realized that it was absolutely essential to invest in its future growth, factors unique to the Indian market substantially increased the risks of making these capital investments.

To address these unique opportunities and challenges, Bharti established a far-reaching outsourcing relationship with IBM that substantially mitigates its IT investment risks by giving IBM full control and ownership of Bharti's IT infrastructure and associated processes. By substituting predictable operating expenses for risky, upfront capital investments, this strategy fundamentally transforms the financial underpinnings of its business model. An equally important aim of this strategy is to allow Bharti to focus its energies on growing, serving and

retaining its customer base—and thus fully capitalize on India’s astounding growth surge.

Growth through flexibility

Bharti realized that the key to capitalizing on its growth opportunities was to establish deeper and more personalized relationships with its customers, as well as to provide a consistent, high quality customer experience. It further realized that, from an IT perspective, the ability to integrate its diverse systems and processes was essential. Bharti saw the flexibility of IBM’s integration approach—and recognized the application of IBM’s extensive portfolio of middleware products and expertise in service oriented architecture (SOA)—as an ideal match for its integration requirements. Dr. Jai Menon, whose title of Director of IT and Innovation underscores the importance of innovation in Bharti’s strategy, was a key architect of the plan. “Our new strategy is all about delivering a truly differentiated experience, and having the flexibility to continually improve the customer experience,” says Menon. “We knew that having a flexible framework for integrating our systems and customer-facing processes was essential to enabling this—and that IBM’s strength in this area would prove to be a great fit.”

Incorporating the proven IBM Service Provider Delivery Environment (SPDE, or “speedy”) Integration Hub solution, IBM Global Business Services designed and implemented an Enterprise Application Integration platform that integrates a wide range of customer-facing and back office processes. Its flexibility is evident in the range of integration options it provides Bharti. In the case of customer self service, for example, each of the three main channels—Web, interactive voice response and short message service—employ different integration technologies (such as publish/subscribe via IBM WebSphere MQ and asynchronous messaging via IBM WebSphere Business Integration Server) depending on the channel’s technical needs.

In line with its vision, Bharti’s advanced integration capabilities have enabled the company to transform key aspects of the customer experience; account activation is just one example. With Bharti signing up an average of *1.5 million customers per month*, the ability to activate new accounts with maximum efficiency is essential. By integrating the account activation process with such key backend systems as billing, provisioning and order management, Bharti was able to cut the time required to activate new mobile accounts by 90 percent. Bharti’s integration framework has also led to stronger business intelligence capabilities, which have in turn enabled the company to maximize the value of their customer relationships through cross selling and market segmentation. Menon sees these improvements as part of a broader pattern that came out of Bharti’s partnership with IBM. “One of the biggest payoffs from our relationship is that IBM has helped Bharti institutionalize innovation,” explains Menon. “By helping us transform our go-to-market strategies and reinvent our internal processes, IBM has been a catalyst for the innovation that we see as essential in our ability to sustain our rapid growth.”

Key Components

Software

- IBM Service Provider Delivery Environment
- IBM WebSphere® Business Integration Server
- IBM WebSphere MQ
- IBM DB2®

Servers

- IBM System p™
- IBM System x™
- IBM TotalStorage® Enterprise Storage Servers

Services

- IBM Global Business Services
- IBM Global Technology Services
- IBM Strategic Outsourcing

Timeframe

- Design, deployment and integration 1 year
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Why it matters

As part of its first-of-a-kind IT outsourcing agreement, IBM helped Bharti create a highly flexible platform for integrating its customer-facing processes across all lines of business. The dramatic process streamlining this system has enabled is a key reason Bharti’s has been able to add an astounding 1.5 million new customers per month without a hitch.

A key driver of Bharti's decision to outsource its IT activities to IBM was the desire to channel its internal energies and resources into capitalizing on a spectacular market opportunity rather than on the enabling platforms needed to do so. The scorching growth of Bharti's customer base, and the ability of its business processes to keep up with this growth, illustrates the success of this strategy. But it was also driven by the desire to maximize the efficiency of its operations by entrusting IBM with the ownership and management of its IT resources, and, in the process, making its IT costs more predictable and manageable. IBM has held up its end of the agreement by continually investing in the optimization and consolidation of Bharti's infrastructure—key components of which include IBM System p and System x servers as well as IBM TotalStorage® Enterprise Storage Servers. IBM Global Technology Services performs ongoing software maintenance and development, while IBM Strategic Outsourcing provides installation services, help desk services and the ongoing management of Bharti's IT environment.

Two years into the agreement, Bharti's innovation efforts have resulted in external recognition, a highlight of which was receiving the 2006 NASSCOM IT Innovation in India Award from Indian President Dr. A.P.J. Abdul Kalam. Bharti's bold strategy has also produced outstanding results at the bottom line. Even in the face of declining average revenue per customer in India, Bharti has been able to post an operating cash flow margin of 40 percent, a full five percentage points higher than the rest of the industry. Menon sees process efficiency and scalability as a big factor in their performance. "It's our ability to bring activation from four days to two hours, and our billing cycles from 15 days to two hours," says Menon. "It's our ability to handle more and more customers."

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