

# WORLD QUALITY REPORT

2011/12

# TELECOMMUNICATIONS, MEDIA, AND ENTERTAINMENT

The challenge is that competition among telecom service providers is increasingly harsh, and customers often view phone and Internet services as a commodity. Mostly driven by price, consumers can effortlessly switch from one provider to another. So providers have to find ways to offer attractively priced packages, as well as differentiate themselves by offering new products, better customer service, and faster access. Most service providers are willing to invest IT funds in value-added products – especially now that the economy is improving and IT spending is once again, albeit slowly, on the rise. However, investing more money into new offerings means that companies must cut costs associated with delivering their core commodity services.

One such popular cost-saving measure is migrating from custom-built legacy applications to packaged ERP/CRM billing solutions that have become very specific to the market served. The upgrade from highly specialized systems to standard platforms is not easy, as transactions in the TME sector are very complex, and operations volume is extremely large. However, the cost savings of centralizing, consolidating, and simplifying back-office systems far outweighs the migration challenges.

With the boom of mobile applications, many carriers are also making investments in mobile applications and mobile application stores, which bring new quality challenges. In addition to the testing of every new device from device manufacturers and validating that these devices work on the carriers' networks, the carriers also have to fully validate the functionality, performance, and security of each individual mobile app and then finally certify third-party applications to ensure that they meet application store standards. All these activities can cause a huge delay and potential loss of business in the entire supply chain if not appropriately automated or efficiently executed.

Cost-efficiency and customer retention are also the drivers behind the growing importance of application quality for TME companies. IT simply cannot afford to have faulty applications or inefficient IT systems. If a customer-facing web site is not available or has functional errors, or a back-office billing system is not generating correct customer statements, the provider runs a real risk of losing the customer to competition. Our survey confirms that Telecommunications companies are willing to increase their QA budgets to ensure better service quality. Over half (54%) of TME sector respondents say that their testing budgets have grown in the past two years – the second largest increase of all sectors behind only the Energy and Utilities sector.

In addition to increased QA spending, TME companies enjoy stronger outsourcing relationships than many other industries. Since telecom service providers already outsource a large portion of their IT infrastructure, they can naturally extend these outsourcing practices to include application quality. In our survey, TME is the number one consumer

## Using Technology for Competitive Advantage

*By Mark Buenen, Global Testing Services, Telco lead, Sogeti and Pierre Marin, Solutions and Alliances, TME Sector, Capgemini*

**This is an extract from the World Quality Report 2011-2012 which presents findings from a global survey completed online by over 1,200 CEOs, CFOs, CIOs, IT directors and managers, and quality assurance (QA) directors and managers around the globe. The goal of this report is to examine the state of application quality and testing practices across different industries and geographies.**

**The full report can be accessed at [www.capgemini.com/testing](http://www.capgemini.com/testing) or [www.sogeti.com/testing](http://www.sogeti.com/testing).**

The Telecommunications, Media, and Entertainment (TME) sector includes a variety of telecoms businesses such as Internet, cable, and mobile service providers, as well as network equipment suppliers and media and entertainment companies. It is fair to say that TME is among the fastest-paced and most innovative industries, with companies continuously revising their business models, offering new packages, and bringing additional services to their clients. In just a few years, telecommunications companies have shifted from offering mostly landline phone services to delivering multiplay bundles that include everything from mobile service to broadband Internet, and even TV. In addition, TME companies are rapidly moving towards online interaction with their customers. A growing number of consumers are conducting most of their transactions such as paying bills or ordering new services using their computers or mobile devices. Naturally, these innovations are putting enormous pressure on IT to build, integrate, and maintain applications that can support the new TME business and consumer behavior.

of outsourcing testing services, with 79% of respondents stating that their companies use contractors or outsourced third-party providers for their QA function. TME companies are also among the highest (70%) users of nearshore and off-shore QA services, with 21% preferring nearshore within their country or continent, 13% willing to contract their QA function out to providers in China, and another 13% to Eastern Europe. An equally popular outsourced destination for TME is South America (13%), suggesting perhaps that the choice of outsourced partner in this highly competitive and cost-conscious industry is largely dictated by price (see Figure 34).

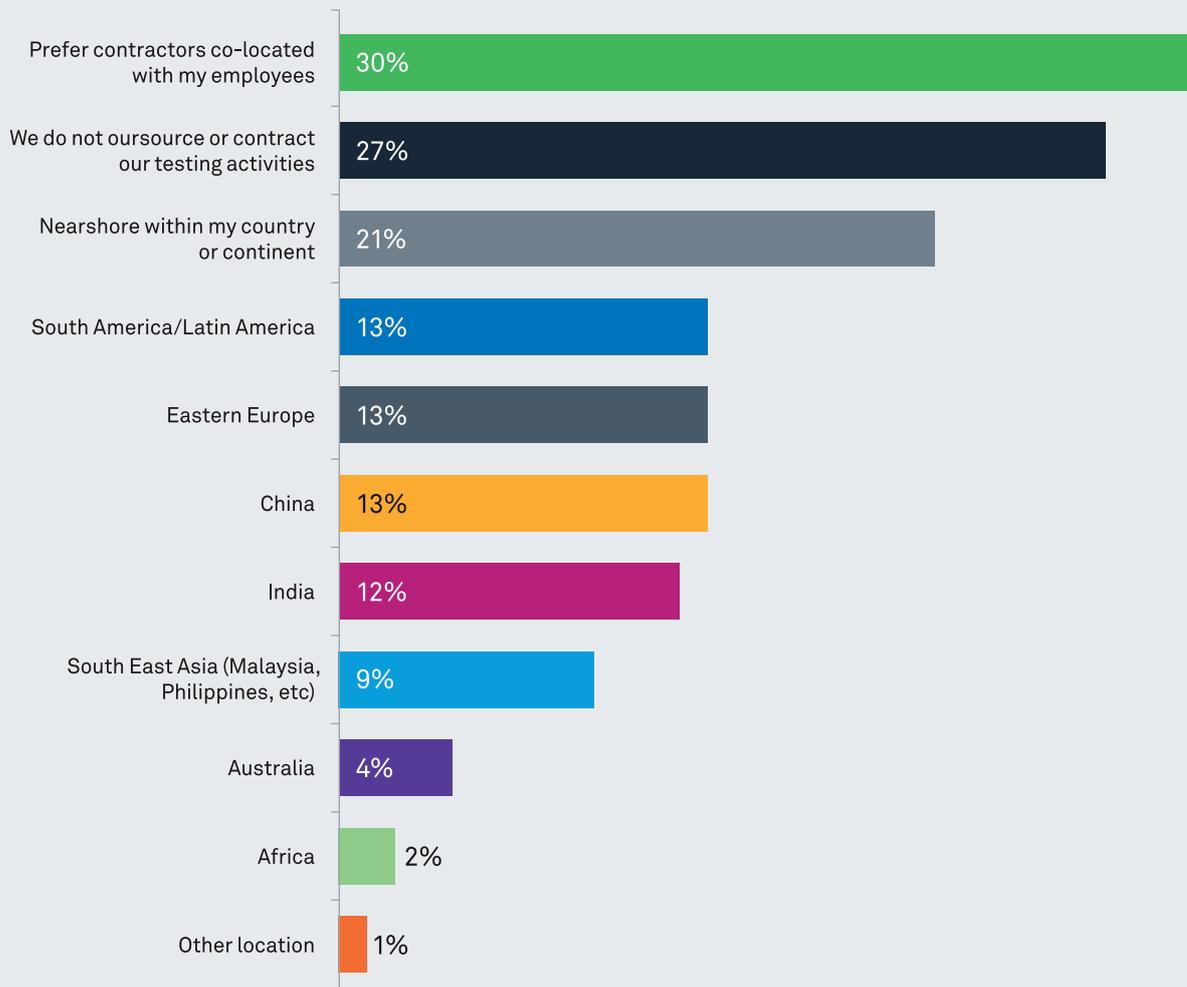
Having too many different vendors however can be difficult to manage and does not improve the efficiency of the QA team. Successful TME companies are beginning the process of consolidating their outsourced partners and testing practices into centralized and standardized TCOE. While only 4%

of Telecommunications companies can say that they have a fully functional TCOE, a majority of survey respondents (61%) indicate that their companies have either plans or ongoing efforts to create a TCOE within the next two years.

The market for Telecom services is growing exponentially, but the competition among service providers also continues to intensify. The once-regulated markets are now open, and telecom companies that previously enjoyed the monopoly on their services have to compete fiercely for customers. The evolution of network and service platforms based on IMS and 4G LTE technologies is fueling this competition even further, creating additional demands for IT and testing to ensure that all system components work seamlessly together. The winners in this game will be the companies who find ways to operate efficiently on a global scale and deliver better quality services at a competitive price.

### FIGURE 34

WHAT WOULD BE YOUR IDEAL GEOGRAPHICAL LOCATION TO CONTRACT AND/OR OUTSOURCE YOUR TESTING ACTIVITIES (SELECT ALL THAT APPLY)?



## Contacts

We value your comments and ideas. We welcome you to contact us in relation to any questions you might have concerning the 2011-2012 *World Quality Report*.

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## About Capgemini and Sogeti

With around 115,000 people in 40 countries, The Capgemini Group is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2010 global revenues of EUR 8.7 billion. Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its world-wide delivery model. Sogeti, its wholly-owned subsidiary, is a leading provider of local professional services, bringing together more than 20,000 professionals in 15 countries and is present in over 100 locations in Europe, the US and India.

Together, Capgemini and Sogeti have developed innovative, business-driven quality assurance (QA) and testing services, combining best-in-breed testing methodologies (TMap® and TPI®) and the global delivery model, Rightshore®, to help organizations achieve their testing and QA goals. Capgemini and Sogeti have created one of the largest dedicated testing practices in the world, with over 8,200 test professionals and a further 12,500 application specialists, notably through a common center of excellence with testing specialists developed in India.

More information is available at:  
[www.capgemini.com/testing](http://www.capgemini.com/testing)  
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Our Business Technology Optimization (BTO) products, along with our new and complete approach to Application Lifecycle Management (ALM), help our customers to achieve better business outcomes.

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