

Giving a Global Telecommunications Company Growth Scenarios They Can Talk About

CLIENT SUCCESS STORY



BLUESTONE
INTERNATIONAL

Industry:
Mobile
Communications

Needs:
Forecast Modeling

Product Solution:
Hyperion Strategic
Finance (HSF)

Oracle Essbase

SITUATION

Telenor is a European-based global telecommunications company whose growth from a national telephone service company in Norway to one of the world's largest mobile and telecommunications providers is attributed to the company's dedication to innovation in technology research and development. By focusing on its core services of voice, data and content, the company has continued to expand its growth to 172 million mobile subscribers worldwide and more than 18 billion in revenues.

THE CHALLENGE

Seeking to maintain its leadership position in a competitive European market for mobile and telecommunications services, **Telenor's Norwegian Division wanted insight into forecasting revenue** in order to decide the best direction for growth. Additionally, the competitive marketplace makes customer attrition a factor and **Telenor needed to attract new subscribers while encouraging current subscribers to adopt new products and services** on top of keeping what they already have. Planning to grow market share and introduce new products, Telenor needed to better understand how its current customer base was generating revenue by determining which products they were using, the frequency of use and how much they were paying each month for the company's offerings. Were they business owners using the phone services for multiple lines or residential users looking for the best price? Of course, many of the decisions for expansion would be based on pricing. **Telenor had the capabilities to look at customer data but wanted to improve its ability to run long term forecasts** based on this information. Telenor was also in the middle of shifting its planning culture from one of detailed budgets to a beyond budgeting mentality, requiring controllers to take a more top down perspective on a rolling forecast basis. Telenor believed this approach would push the team to focus on what results could be achieved rather than simply

continuing the status quo from the year before. Since the company made many decisions from a P&L based perspective, the Telenor Norway team sought a strategic planning process that would allow them to look at all the key drivers affecting revenue and costs in order to prove that the next phase of growth would be profitable.

THE SOLUTION

Telenor Norway chose the Blue Stone International team to implement Hyperion Strategic Finance and design a reporting environment with Oracle Essbase technology due to Blue Stone's telecommunications industry experience and strong background in financial modeling. **Blue Stone was able to provide strategic insight and advice** from both a finance and technology perspective. By implementing and using Hyperion Strategic Finance and Oracle Essbase as well as working with Telenor employees in their key business areas, the Blue Stone team developed insights into the essential key drivers that truly add value to the business, and future demands that could impact the business. Using the P&L as a starting point, the **Blue Stone team helped Telenor break out all products and services**, the subscribers for each product, whether they were business or residential customers, and how much they pay each month. By using the source data from Oracle Essbase to bring in the actual historic values, HSF was able to focus on the key calculations to generate the forecasts. Once the initial forecast was created, Telenor used the Scenario Management capabilities in HSF to generate a series of ad-hoc 'What-if' Scenarios to understand the various business opportunities and possible market shifts that could occur throughout their five year outlook. How many new fixed or mobile customers were needed, what price per minute did they need to pay, what was the churn rate, what was the average revenue per subscriber? This quick and easy analysis tool gave Telenor the ability to spend time analyzing their business rather than simply creating and managing the models as they had done before with their initial Excel environment. With Telenor offering more than 50 different products and services, the team then used Essbase to slice and dice all of this information and generate any required reports via the Microsoft Office integration.

“We have started a process of changing the mindset among our controllers to focus on what's most important and not all the details. We will see the results of this in the years to come.”

Paul Ranbo,
Business
Performance
Manager

The inherent financial intelligence of HSF allows the team to flex the key revenue and cost drivers to see what could happen in the future by creating a variety of scenarios. Using the analysis and query tools of Essbase, they were then able to quickly drill into those results in the familiar Excel front-end environment, while seeing the possibilities in the revenue and cost lines. New ad hoc reports could now be created on the fly from Essbase while maintaining the integrity of their financial models in HSF. The combination of these two best of breed technologies therefore allowed Telenor to apply best practices for long term forecasting and reporting and develop efficient and trustworthy growth strategies and expansion plans.

THE RESULTS

Since August, **Telenor's multiple users have been able to successfully forecast various scenarios in a quick and easy forum** in order to develop strategies for retaining their current customer base and to plan for continued growth in expanding markets; thus spending their time analyzing the data and adjusting to any market shifts rather than building up detailed budgets which become out of date as soon as they are finished. By investigating potential scenarios for bundling and pricing products and services, Telenor can continue to remain competitive while taking the industry challenge to introduce new and profitable content for subscribers across the fixed and mobile divisions.

ABOUT BLUE STONE INTERNATIONAL

Blue Stone International, LLC is a leading global financial and strategy consulting firm. Offering a unique balance of financial, industry and technical expertise, we enhance the way our clients manage their financial processes. We serve clients with in-depth analysis and technology enablement through products and services that provide management with greater visibility into the company's overall financial condition.

Our teams develop financial models and streamline processes for CFO-related activities, such as strategic planning, mergers and acquisitions, divestitures, corporate valuation and treasury management. Blue Stone International's specialized financial and strategy consulting services are globally recognized and valued for the results we help our clients achieve.