

CANADIAN CARRIER PREPARES AN OUTSOURCING PROPOSAL FOR A WORLDWIDE ENTERPRISE

General overview

This is a Canadian carrier that has most advanced broadband fibre-optic network in the world, covering more than 100 points of presence (POPs) throughout Canada and key cities in the United States.

The company serves not only Canada's most densely populated cities but also remote communities, and maintains technical staff across the country. It is constantly adding nodes to extend its network reach across the continent. In addition, the company offers several different kinds of services grouped into three distinct categories: Transport Network, National IP Network and ATM/Frame Network.

The client for whom the proposal was prepared was a US-based company with a worldwide presence. It had 690 branches across the world, including 19 branches in Canada and 280 in the US.

What triggered the process

The Canadian carrier was preparing a proposal to outsource the voice services of an US-based corporation with worldwide presence.

The Canadian carrier had a complicated problem: how to provide an attractive proposal given that they owned the infrastructure only inside Canada and in a small area in the US. In addition, the international carriers who service the Canadian carrier relied on to connect the client's international locations, were themselves preparing proposals.

To make things worse, the client had less than five percent of its sites inside the area covered directly by the Canadian carrier.

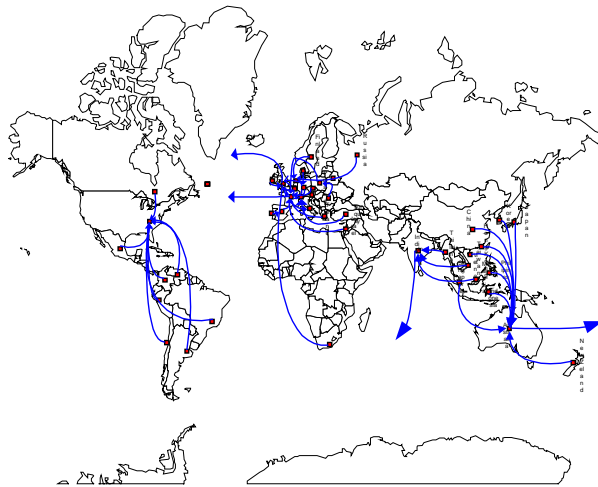
Faced with the fact that it was contracting the international links from companies, which were themselves concurrent, the carrier had to guarantee the optimization of the needed flows.

It became clear that the only way to produce a competitive proposal would be to study the traffic flows carefully, then arrange it in such way as to take advantage of cheap interconnection possibilities as much as possible.

The solution was to have two major international carriers to provide the main international links and nine regional ones to provide the regional interconnections.

The strategy adopted

Our strategy was in many aspects very classical. First, we identified the company's sites and volumes (the client made this task easier by providing a very detailed traffic matrix) and all the prices and interconnection availabilities of all eleven carriers (international and regional). Secondly, we agglomerated the sites, identifying all possible scenarios (understanding scenarios as the number of sites that make a node feasible). Finally, we identified the topology and flows arrangements that would provide the most cost-effective solution. All these steps were taken using our Ariete® tool.



Results achieved

We were able to produce a proposal almost 10% cheaper than the cheapest competitor. This was a remarkable result considering most suitors had a much larger percentage of the client's sites covered by their own network.

The outcome wasn't completely positive because the client wasn't interested just in price, but also in having the biggest possible percentage of its network supported by the outsourcer's own infrastructure.

Nevertheless, the Canadian carrier made the client's short list against all odds because it was able to select the most cost-effective solution by combining all possible routes with all possible service providers.