

# Supplier/Partner Settlement

## The Need

### *Broadband Service Provider's Perspective*

Companies have invested years and millions of dollars to build first class networks and establish a respected brand. Information systems, Operations Support Systems, and Business Support Systems are positioned to ensure world-class service quality and customer care.

There's just one problem—customers view each principal service as a commodity and are accustomed to paying as such.

What is needed are products that deliver new value in the eyes of customers. By leveraging infrastructure investment, companies will realize significant margin dollars.

### *Content Provider's Perspective*

As a producer of content, and a dominant name in one of the following segments, news, financial, or entertainment, a company's traditional channel of distribution helped it to establish a reputation that has yet to be leveraged into the new electronic marketplace.

In addition, it has entered the marketplace with a direct sales approach, but market growth seems likely to plateau due to the amorphous character of Web surfers as a target audience.

What is needed is a channel partner who brings a customer community and a desire to fill that channel with profitable products.

## Supplier/Partner Relationships: The Basis for a Successful Business

Service Providers and Content Providers have the opportunity to satisfy each other's complementary needs and profit considerably. The following Supplier/Partner relationship sets an example:

A Broadband Service Provider serving over one million subscribers approaches a Content Provider who produces the premier business daily in the world. They offer to host a local copy of the daily in their infrastructure and sell it directly to those subscribers.

The offer will relieve the Content Provider from costs of direct marketing, customer care, and scaling IT infrastructure. Better, both project it will spur net sales growth. In return, the Service Provider requests a wholesale price for the content permitting an offer price slightly below that of the normal retail price.

The Service Provider charges the subscriber on their monthly bill and agrees to pay the Content Provider the wholesale price for each subscriber in service. Both parties will end with more satisfied customers and new revenue streams if only they can resolve how to exchange usage records on an agreed financial cycle.

## Supplier/Partner Settlement

### Yesterday's Settlement Options

How does the Content Provider verify the amount due with the delivery process in the hands of the Service Provider? How should the detailed information about usage and payments flow reliably between parties? The partners might consider the following options:

**Blended Rate Estimation.** A simple approach is to use bulk estimation in place of accurate measurement. Commonly used before infrastructure is in place, this is an ideal way to launch a relationship quickly, but it invites an adversarial relationship and abuse over the long-term.

**One-to-One Transaction Processing.** Certainly, the partners can establish a bilateral agreement for the business relationship and the electronic data exchange. But the costs of such agreements rise in proportion to the number of partners, confounding such an approach.

**Clearing house.** Clearing houses promise to solve the problems of one-to-one communication by serving as the hub in a "wheel" of partners. They charge their own fees, but the net savings of common communication flows usually offsets that cost. Unfortunately, existing standards for settling telecommunications services assumes an existing service model, and change occurs through a slow-moving, centralized process. Those clearing house companies actively participating in the formulation of new approaches will be the ones to win this race.

If the opportunities for Supplier/Partner relationships are to be realized, an approach that is simple, scalable, and flexible must be found.

### Today's Option: IPDR Supplier/Partner Settlement

IPDR introduces a new option -- One-to-Many Transaction Processing based on the **flexible** and **open** Supplier/Partner Settlement (S/PS) **specification**. Benefits include:

- **Instant-on.** IPDR Compliant™ packages reliably recognize each other and exchange information within hours or days. They can be configured simply and simultaneously along with Radius proxy authentication.
- **Do it once, use it many.** IPDR's NDM-U standard is now widespread and because S/PS builds upon NDM-U this ensures that the communication will work with most or all of the partners you might consider.
- **Completely free.** No maintenance or user fees to sap profits.
- **Flexible.** Advanced IPDR technology permits you to structure a complex and unique relationship with each partner, yet change it quickly as the relationship evolves.
- **Proven.** NDM-U has been tested by industrial use and is backed by the leaders of the industry.

IPDR.org comprises leaders from the Service Provider, Mediation, Billing, and Clearing House segments, who have crafted an open, flexible, and responsive technology to enable Supplier/Partner relationships to be practical and profitable.

Any vendor member of IPDR.org can tell you exactly how they can make this a reality in your operating environment, and you can visit the IPDR.org website at [www.ipdr.org](http://www.ipdr.org) for more information on IPDR Settlement and NDM-U.