



MTS: Reducing fraud and maximizing revenue

Moscow's telecommunications giant calls on SAS® to identify fraudulent subscriber and partner activities and to improve debt management and product profitability

Industry

Communications

Business Issue

Prevent fraudulent activity from subscribers and partners, manage debt and maximize profitability from new products.

Solution

MTS uses SAS to collect, store, clean and analyze data that improves the company's ability to identify fraud, reduce bad debt, and improve products and services offered to customers.

Benefits

MTS has seen improved revenue through fraud reduction efforts. It has also been able to reduce the reserves for bad debt, which improves its profit margin. The company has also improved the efficiency of its operations that handle existing debt.

Partner

SAS partnered with Irbicon and Amdocs to help MTS visualize the typical issues specific to telecommunications forecasting. These consulting partners also helped to identify how poor data quality impacts reporting results.

As the leader in the mobile communications market in Russia and the Commonwealth of Independent States (CIS), Mobile TeleSystems (MTS) has massive amounts of data it must manage and transform into intelligence. To maintain its market position, the company must stand out among fierce competition – from well-established operators, smaller regional competitors and operators from foreign countries looking to expand their share of the market with Russia and the CIS.

Within MTS, the department for revenue management is helping the company keep its competitive edge by maximizing revenue while also avoiding losses through technological errors and from subscriber and partner fraud. Alexey Tsymbal, Director of MTS' revenue management department, explains, "To be really competitive, the operator must maintain the balance between convenient, accessible subscriber services while also minimizing risks we take by offering certain services."

Tapping into a wealth of information

His team began using SAS five years ago to identify and prevent fraud by using SAS analytical models. "One of the purposes for implementing SAS was to integrate the wealth of information from all our different data sources so that we could quickly identify areas that we needed to address," says Tsymbal. As the company's growth exploded, so did its need to collect, store, clean and analyze data from disparate geographical locations, sources, formats and billing systems.

With a subscriber base of more than 75 million, lots of information passes through MTS' billing system, data that Tsymbal's team must use to identify fraudulent activity and prevent losses. Tsymbal says, "Of course, collecting data is not sufficient. You have to know how to manage that data. SAS has powerful business intelligence and analytical tools that allow us to understand what the data is and what it means for our business."

For MTS, that business intelligence leads to revenue assurance – including maximizing revenue from services the company provides its customers, but also conducting profit analysis for new products and fraud and debt management.

MTS has developed predictive models that make it easier to analyze behavior patterns that point to fraudulent practices. "We create a profile of a potential fraudulent customer based on an analysis of existing statistics. And then we apply that model to the subscribers in our network. Once the model flags a potential fraudulent subscriber, we can start an investigation," says Tsymbal.

He goes on to say, "One of the key factors to make sure we're effectively reducing fraud is time. The quicker we can identify risks and understand the activity, the sooner the company can stop our losses." As the department continues to hone its predictive models, Tsymbal anticipates being able to

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Alexey Tsymbal
Director, Revenue Management
Mobile TeleSystems

prevent the fraud from ever developing in their network.

Results that make a difference

Since implementing SAS, the revenue management department has seen dramatic results. According to Tsymbal, “We can see considerable improvement in the company’s revenue through our fraud reduction efforts. We’ve also been able to reduce the reserves for bad debt, which affects our profit margin. And overall, we have improved the efficiency of our operations that handle existing debt.”

Data quality was also an issue, given that various acquisitions over the years had left MTS reliant on 10 different billing systems in 10 different regions. That complicated the work with debtors and debt collection. “We have created mechanisms that help us check the accuracy of our data. Improving the quality of our data is one of the important challenges we face, and we’re using SAS to help,” says Tsymbal.

“Considering the almost frightening amounts of data we have to process, SAS as a company has helped us undertake very complex projects – something

not all vendors would be able to do,” says Tsymbal. “SAS has helped us understand what makes up our company’s profits and what our subscribers need.”

There’s definitely a balance to achieve in the fight against fraud. “There’s fighting fraud and preserving good relationships with existing subscribers. When we fight fraud, it doesn’t mean that those actions are visible to our good subscribers,” says Tsymbal.

He knows that fighting fraud is only one piece of the revenue puzzle, and that ensuring profitability by offering customers the right products and services is another important component. “It’s important not only to combat fraud or address other technological problems that could lead to revenue losses, but also to analyze the products and services we’re offering to the market to make sure we remain competitive,” concludes Tsymbal. “SAS gives us the in-depth understanding of the multiple aspects of our business to make timely, effective decisions.”



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