

Case Study

Service Virtualization

Telefónica Chile Cuts Time-to-Market for Applications by 15%



Client Profile

Organization: Telefónica Chile, the Telefónica Group
Industry: Telecommunications

Telefónica

Business

Part of the Telefónica Group, Telefónica Chile provides landline and mobile telephony, Internet, data access, and pay TV services, as well as IT services for companies under the Movistar brand.

Challenge

To maintain market leadership in the digital business space, Telefónica Chile needed to adopt more efficient practices for developing applications with the time-to-market speed, and the quality, that customers expect.

Solution

Telefónica Chile chose Service Virtualization as a platform to optimize costs and to support their software and application development lifecycles and testing processes.

Results

Among other benefits, Telefónica Chile was able to cut their time-to-market for applications by 15%. They also achieved a 20% reduction in the cost of infrastructure requirements for testing, in addition to advancing their Service-Oriented Architecture (SOA) practices.

Business

A Chilean Leader in Telecommunications

Telefónica is one of the world's largest telecommunications companies by market capitalization. Telefónica's activities are centered mainly in the landline and mobile telephony business, with broadband as the key tool for the development of both businesses. Globally, Telefónica is present in 25 countries and has a base of approximately 295 million customers who look to Telefónica for landline telephony access, Internet and data access, mobile access, and pay TV.

A part of Telefónica's Spanish-language group, Telefónica Chile is now the largest operator in Chile, where it sells its products through the Movistar brand. The company is present across the country, including in Antarctica and Easter Island, with products and services covering all segments.

Each month, Telefónica Chile serves over 150,000 new applications for its customers, carries out 128 million calls, and receives over 2.8 million hits on its website.

Currently, Telefónica Chile has more than 13.6 million subscribers in Chile. The company's growth is leveraged by TV and post-paid mobile telephony, with Movistar having a 70% market share for post-paid mobile telephony in Chile. In addition to telecommunications services, Movistar provides IT services to its customers.

Challenges

IT Quality and Efficiency to Maintain Market Leadership

"We had been adopting inefficient practices to develop applications with the time-to-market demanded by the business," said Eliacim Manriquez, Planning, Government and Architecture Manager.

For the next three to five years, Telefónica Chile will strive to maintain its market leadership through the development of new digital businesses, while leveraging the growth of TV ultra broadband in landline and mobile telephony. To do this, Telefónica Chile is focusing its efforts on doing the following three key things:

- Delivering quality service in an efficient and timely manner.
- Discovering and meeting their customers' needs instantly.
- Disrupting the business space by pursuing innovative new opportunities and partnerships.

The IT area is recognized as a lever for the business and, as such, is leading the company's initiative to change systems and processes over the next three years. Through innovation initiatives, the IT area has begun to turn into a *business* unit. Growing beyond its role as optimizer of business processes, IT now plays a central role in generating additional revenue. Because of this, applications and software development, which were already essential to meeting the needs of customers, the business, customer management, accounts, networks, and market demand for new and increasingly efficient services, have gained more importance. For Telefónica Chile, issues such as time-to-market, development costs, and application quality control were obstacles to be overcome. "The inherent complexity of application development and testing made the work of testing and development teams more difficult," said Manriquez.

Solution

Optimizing Application Development, Testing and the Quality Cycle

Telefónica Chile decided to search for a technological solution that could allow it to optimize and shorten the development cycle and reduce the infrastructure costs involved in creating and testing software. "We had been adopting largely inefficient practices to develop applications with the time-to-market and quality demanded by the business," said Manriquez.

In the tool selection process, Telefónica Chile compared how available solutions solved virtualization in special cases of integration in the company. They also evaluated other factors such as simplicity of use, variety of protocols, and platforms supported, as well as the infrastructure requirements inherent in the solution. Telefónica Chile chose Service Virtualization because the platform could help them to optimize their software development lifecycle, to optimize their costs, and to support their software application development and testing processes.

Solution (cont.)

“Service Virtualization has exceeded expectations with special cases of Telefónica Chile, without any sort of inconvenience or delay,”

~ Eliacim Manriquez, Planning, Government, and Architecture Manager of Telefónica Chile.

With the aid of TDI, a local partner of CA Technologies, a Broadcom company, Telefónica Chile has implemented the solution and developed the virtualization of the first 30 services in a record time of three months. “CA Technologies is the technological partner of Telefónica Chile in all aspects related to making the most of our applications and capabilities to create them,” said Manriquez. “We have received constant support directly from sales specialists of CA Technologies, as well as its growing network of partners.”

Currently, the company uses Service Virtualization to simulate systems, scenarios, and services on which it can test new applications. In addition, instead of implementing related applications in the phases of development, certification, and testing, Telefónica Chile now uses the solution to virtualize those services, ensuring that tests are conducted using real-life scenarios.

Telefónica Chile also uses Service Virtualization to advance its SOA practice, through which it can now leverage developments in new, different services. For example, the solution has helped Telefónica Chile to offer a service called Customer Additions for different products through the channels of interactive voice response (IVR), and Web.

Currently, Telefónica Chile has three levels of virtualization services based on Service Virtualization:

- Forty services with case studies prepared on a as-needed basis
- One-hundred-and-ten virtualized services through proxy capture
- One-hundred-and-fifty simple services based on WSDL definitions (web service description language).

Results

Telefónica Chile’s implementation of Service Virtualization involved all development units (480 staff) and the testing and quality assurance areas (30 staff). Telefónica Chile identified many benefits since the adoption of Service Virtualization, including the following highlights:

- A 15% reduction in the time-to-market of new applications and services.
- A 10% reduction in the total construction time for applications.
- A 5% decrease in development costs.
- A 20% reduction in infrastructure requirement costs for testing and trials.
- Progress in the maturity of the SOA practice.
- Improved software quality with testing started at earlier stages.

In addition, with the adoption of Service Virtualization, the company has achieved some indirect benefits such as:

- Identifying services not present in the catalog.
- Identifying the need for technology upgrades for the development teams to ensure alignment with the architecture.

Results (cont.)

Prior to adopting Service Virtualization, the company had to provide services and environments for testing, including the allocation of a design infrastructure. This caused high costs to Telefónica Chile and delayed the time-to-market of new applications and services. Now, with Service Virtualization, the company virtualizes services and the testing scenarios so that they can test new applications and assure their quality without the need to invest in trial environments.

Also, the Service Virtualization solution eliminated the need for the use of mocks in application testing. Manriquez explains that the development of mocks is not able to capture a wide variety of business cases. In addition, working with mocks has high integration costs. "With Service Virtualization, applications are tested in an integrated and real environment. Tests are only conducted in isolation", said Manriquez. "Today, we can ensure the quality and smooth performance of applications with testing scenarios that perfectly simulate the operating environment," said Manriquez.

In summary, the benefits obtained with Service Virtualization allow Telefónica Chile to compete with the best services, to operate with efficiency, to streamline processes, and to achieve a business transformation.

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