Transformation for Change: Defense Telecommunications Services-Washington

Defense Telecommunications Services-Washington (DTS-W) is the telecommunications provider for all Department of Defense (DoD) offices in the nation's capital and surrounding region. As a fee-for-service government organization, DTS-W does not receive appropriated funds from Congress, and so must generate revenue through services it provides to Defense customers.

In 1996, Congress passed legislation allowing other telecommunications providers to bid for this work. Facing increased competition, DTS-W called on Booz Allen Hamilton to help transform its operations and services. Drawing on expertise throughout the firm, Booz Allen collaborated with DTS-W to reduce overhead fees by $75 million, increase both customer and employee satisfaction, and expand its customer base.

Demands of a New Competitive Environment

When the Telecommunications Act of 1996 opened Defense Department telecommunications work to competition from other providers, DTS-W officials recognized that they needed to dramatically streamline and improve the organization in order to maintain their competitive position.

DTS-W also faced serious roadblocks to change. This included heavy regulation by the DoD, Department of the Army, and Federal Communications Commission, as well as shrinking customer budgets and increasing customer expectations for improved service at a lower cost.

Strategic Vision and Practical Roadmap

In 1997, DTS-W's parent organization, the US Army Information Technology Agency, turned to Booz Allen Hamilton's strategy and technology consultants for help with crafting and implementing a plan to transform the agency's business operations. Using cross-functional teams of specialists—in such areas as strategy, process improvement, organization design, human capital, change management, information technology, business analysis, and mission assurance—Booz Allen worked closely with DTS-W executives and staff to develop both a strategic vision and a practical roadmap for overhauling business practices and modernizing information technology systems and processes.

In a long-term partnership now spanning more than a decade, DTS-W and Booz Allen created a customer-focused business model that reduced costs and expanded options for customers. This included an integrated call center and a proactive

Ready for what's next. www.boozallen.com

Booz | Allen | Hamilton

delivering results that endure

customer relationship management approach. At the organizational level, DTS-W eliminated overlapping roles and stove-piped divisions to create a matrix structure that facilitates the flexible use of resources, including outsourced functions, to meet customer demands. The effort also strengthened human capital management by streamlining staffing levels, identifying relevant skills and training for staff that aligned to strategic objectives, and recognizing and rewarding employees.

DTS-W also developed metrics to measure its progress, ensuring that activities remained focused on the strategic plan for competing in the new telecommunications marketplace.

Better Service at a Lower Cost

As a result of DTS-W's initiatives, customer satisfaction increased from 45 percent in 1998 to 91 percent in 2008. Staff levels were reduced through attrition and placement within other agencies, resulting in no layoffs. At the same time, overhead costs were reduced by 65 percent, netting savings of $75 million from 1998 through 2004. DTS-W also modernized its financial and billing operations by building a new Financial Asset Management System that helped to reduce phone line rates, saving customers $149 million from 2000 to 2003.

And despite growing competition from other telecommunications providers, the DTS-W customer base has continued to grow, as reflected in the increased number of phone lines and associated revenue. The number of lines increased from 160,084 in 1997 to 225,000 in 2008—a jump of nearly 40 percent.

An independent examination of these programs by the Quality Management Office in the Office of the Secretary of Defense concluded: "The DTS-W transformation demonstrates how a government organization can change its business model, reengineer processes, and utilize technology to streamline operations, create efficiencies, operate like a business, and provide better service at a lower cost."

Helping DoD Be Ready for What's Next

The pace of innovation in telecommunications is breathtaking, as is the incessant demand by users for new applications and services. To effectively serve Defense personnel in our nation's capital region—who require the most advanced products and services—a telecommunications provider must anticipate long-term development while responding quickly to innovations and changing market conditions.

DTS-W's transformation initiatives have put in place the people, processes, systems, and organizational structure to create a business model that supports continuous improvement. Strategic planning, once an ad hoc process that lacked strong accountability or support, now plays a central role in aligning the organization to its mission and objectives. By giving its strategic initiatives strong visibility and management within the organization, DTS-W has become a leader in business performance and customer service.

Ready to Help You

Booz Allen's work on the DTS-W business transformation initiative is just one example of how our global strategy and technology consultants collaborate to help organization leaders achieve their goals. To learn more about the know-how behind this project's success and how Booz Allen can help your team be ready for what's next, visit www.boozallen.com/organization-strategy.

contact: Ted Sniffin, Vice President
e-mail: sniffin_ted@bah.com
phone: 703/902-5203

contact: Frank Lee, Principal
e-mail: lee_frank@bah.com
phone: 703/902-5199

contact: Penny Edgos, Senior Associate
e-mail: edgos_penny@bah.com
phone: 703/902-5216

Booz | Allen | Hamilton