TXO

The ultimate guide to CAPEX and OPEX reduction while managing a telecoms network

First edition

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Reduce CAPEX & OPEX effectively

We are still very much in the midst of a global pandemic.

For many of us, the advice is to work from home whenever possible in order to minimise the transmission of COVID-19. It means that for many organisations spending is capped and budgets are under pressure. Achieving profitability and finding opportunities to reclaim lost revenues is paramount.

At TXO, we understand that reducing expenditure and making up for lost revenue while maintaining business continuity is essential when you're managing a telecom network. This guide was created for you, and outlines the breakthrough models to follow in order to reduce capital expenditure (CAPEX) and operational expenditure (OPEX) while managing a telecoms network

Driving down CAPEX

Network expenditure is forecast to rise significantly over the next decade as operators deploy 5G and edge-cloud networks. With the addition of potential budget cuts, it's now more important than ever to drive down CAPEX and OPEX where possible. However, it is crucial to remember that reducing expenditure can be complicated. If you don't get the right strategy in place, reducing OPEX incorrectly can affect service quality and impact customer experience.

Here are the tips we recommend to effectively drive down CAPEX and OPEX. Following this framework will ensure that you are in control of your expenditure for the future:

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1. CAPEX/OPEX analysis

To avoid making rash decisions about cost reductions, a crucial first step is to perform a stringent CAPEX/OPEX analysis. The analysis sets out your organisation's strategies and rollout plans. This is important so that you know the current cost drivers and the potential alternatives.

2. Planning

Give yourself plenty of time to implement your actions and make sure things run smoothly. Action planning ensures that time and money is not wasted unnecessarily. Wasted time can be very expensive. Working out your staff's time carefully, for example, ensuring that the necessary equipment is ready and available on site before your network technician begins any maintenance or troubleshooting.

Planning means that the job at hand can be performed in optimal time. Arranging outsourcing services such as remote hands services can also be beneficial as this releases the network engineers' time to be spent elsewhere.

3. Buy refurbished hardware

We hold one of the world's largest, most complete inventories of fixed-line and mobile telecoms infrastructure.

A quick win for reducing CAPEX is buying quality, refurbished hardware instead of brand new. Refurbished equipment can save you up to 60-90% in comparison to the OEM list price, depending on the series and manufacturer, and of course available supply. The key to success here is using a trusted hardware supplier that can guarantee the same quality products as the OEM and give you immediate availability from stock.

The savings you generate by buying from the secondary market can make your budget go further and you'll be able to spend it elsewhere. This purchasing model is particularly of interest to those who manage legacy networks. Where equipment becomes end of life and the OEM no longer supplies it, purchasing from the secondary market is the only way to access the required parts.

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4. Monitor your stock

It sounds simple, but having correct tracking of your current stock is key to avoid wasting CAPEX on unnecessary equipment. It's important to correctly catalogue and inventorise your stock across all your warehouse locations to have complete visibility of all your parts and spares. This means that you avoid placing orders for products that you already have in stock.

It sounds simple, but having correct tracking of your current stock is key to avoid wasting CAPEX on unnecessary equipment. It's important to correctly catalogue and inventorise your stock across all your warehouse locations to have complete visibility of all your parts and spares. This means that you avoid placing orders for products that you already have in stock. Monitoring your stock correctly is also good for saving on OPEX to avoid buying unnecessary equipment. Many companies make the mistake of sitting on inventory to avoid showing a large write off in their quarterly reports. But telecom networking equipment can be energy hungry to upkeep and test. In addition to this, once the inventory reaches the obsolete stage of its life cycle and there is no longer a market for that equipment, it's too late to take actions that will result in the most profitable return on that investment. You should only keep the equipment you need to utilise warehouse space and avoid wasted OPEX.

5. Sell your unwanted equipment

After performing a stock audit, you may find that you have equipment that you no longer use or need. The OPEX costs of keeping fixed or mobile telecom infrastructure running 24/7 can be eye-wateringly high as networking equipment uses a lot of energy and a huge proportion of budget to run, upkeep and repair as it ages. The problem is worse when you consider the quantity of spares, surplus and redundant equipment being housed in expensive sites and potentially depreciating in value.

The perfect solution is remarketing your products to generate revenue and boost your CAPEX budget further. Remarketing your assets is easy with access to an experienced reseller. A good reseller will offer benefits such as having a global network of partners. Also having partners that are multilingual is key for contacting people globally to offer equipment for sales. Furthermore, a good resale partner will invest heavily in digital marketing including pay per click (PPC) activity which makes it easier for customers to find your equipment online. Here at TXO, we have been experts in sourcing and remarketing telecoms equipment for over 15 years and we have a finger on the pulse of international market demand.

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How TXO can help

It's evident that there are options immediately available to you for minimising CAPEX and OPEX for both deployment and maintenance of your telecom network. Our team here at TXO can support you with the steps outlined above and we will be more than happy to help.

For an initial conversation please reach out to our team of experts by phone, email or online contact form.

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