by Joseph Waring

It's back to basics

Service quality trumps new service rollouts as focus turns to retention

A joint *Telecom Asia*-Stratecast Partners survey of operators across Asia Pacific found a much higher focus on service quality than a year ago, with 60% more of the respondents indicating quality as a high priority for 2009.

Prakash Sadagopan, director of product strategy for Convergys, attributes the shift to a renewed emphasis on getting back to basics and being able to deliver quality service across their ever increasing portfolio of services in a more cost effective way.

More than two-thirds of Asia-Pacific operators said service quality was one of their most important OSS/BSS initiatives – that up 26 percentage points from last year's results when new services ranked as the top initiative (see chart on page 17).

Services quality has moved to the top in part because consumers have more competitive alternatives and the services offered are more complex.

In a frank assessment of 3G services when it announced its all-IP HSPA+ network in Hong Kong last month, CSL CEO Tarek Robbiati said the mobile industry had failed to deliver with 3G.

"3G over-promised and under-delivered. It was a voice-centric network with erratic coverage and poor speeds," he said. "Operators under-invested in the network and offered a poor customer experience, which users accepted because it was cheap."

The quality of the complex services operators offer will continue to be a key differentiator, said Karl Whitelock, a senior consulting analysts with Stratecast, a division of Frost & Sullivan.

He noted that this is especially true due to the rising level of applications available from Web 2.0 platforms, such as Ovi, Android and iTunes, combined with simple service capabilities such as IM and VoIP.

The annual online survey was conducted in February and March and received 174 responses from operators. More than 29% said they were wireless operators, 23% integrated telcos and 13% wireline service providers. Almost 50% were from operators with fewer than one million subs, 28% had 1-10 million subs, 13% had 10-50 million and 8% had more than 50 million.

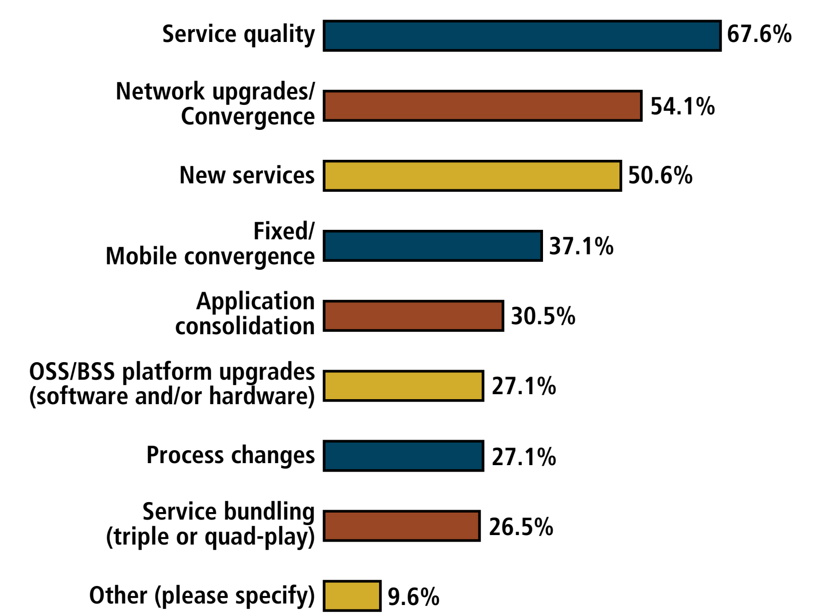
Network upgrades/convergence ranked as the No. 2 OSS/BSS priority, with 52% of those surveyed saying it was important, moving up from the No. 3 position a year ago. New services fell to No. 3, but received a higher response – 52% said it was a high priority compared to 46% in 2008.

Just over a quarter said triple- and quad-play bundles and OSS platform upgrades were a major initiative.

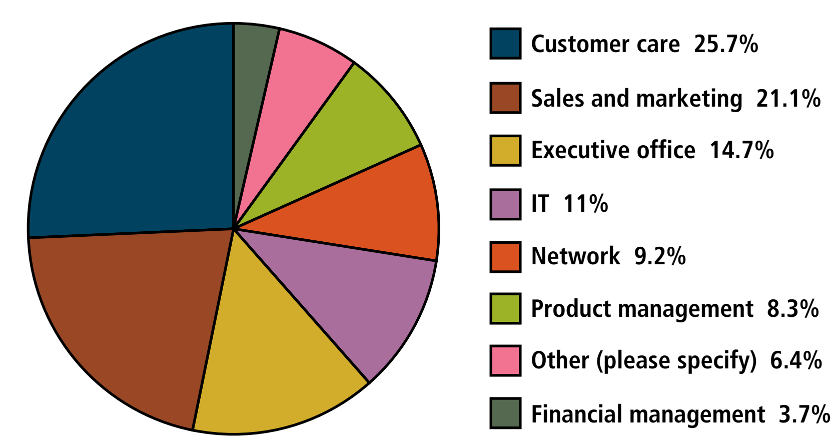
More insight

This year's results showed a major shift forward in gaining insight into the customer's experience of the services they use. From only one-third of respondents last indicating they had a customer experience management (CEM) program the number jumped to 59%.

What are your most important company initiatives right now?



Who leads your CEM program?



***Source:** Telecom Asia & Stratecast survey*

This is a reflection of the continued emphasis on customer service quality as a significant part of operators' business strategy. It comes as no surprise that the customer care and sales/marketing teams are primary leaders of CEM programs (see chart page 20). This is consistent with last year. One sharp change is that the number saying product management leads this function dropped from 20% to 8%.

"CEM is an evolving discipline that should blanket every aspect of an organization," Whitelock said. He added that the major push for solutions for measuring the customer experience is

> **"Operators are waking up to the fact the great customer service trumps price"**

coming from the mobile and converged services markets and focused on both consumer and enterprise customers.

Sadagopan from Convergys said we're seeing this focus shift because operators are waking up to the fact the great customer service trumps price.

At a Frost & Sullivan OSS/BSS conference in Singapore last month he citied survey data that show a huge gap between what customers see and what executives believe they deliver. When asked if they have a good understanding of the customer, 84% of executives thought they do while just 57% of their customers had the same view. And when a customer has a bad experience, executives believe just 17% will tell friends about the negative service, when 87% of customers actually relay the message to their friends.

He pointed out that the definition of loyalty has changed. "Executives think loyalty means customers will buy more while customers think loyalty means they will recommend to friends."

The latter is much more powerful and a potential form of viral marketing – both positive and negative – so ensuring quality service and a great experience is not longer a nice to have for operators.

Why failing?

One of the main reasons behind that gap Sadagopan said were disparate channels of communication, which make it impossible to deliver a consistent message. "Siloed OSS platforms make it hard to really understand the customer and consistently implement policy."

When asked which customer-oriented business functions are receiving the most attention, just over 50% said customer care/self care and customer experience management (CEM) were the top areas. This was virtually the same as a year ago (see chart on page 17).

Both are critical ingredients for providing a quality customer experience.

As complex services (network connectivity plus active content) have gained market appeal, Whitelock said the need for customers to interact with these services and to receive a quality experience each time they use the service is of paramount importance to the customer, as well as the operator.

Other areas receiving the same level of attention as last year are revenue assurance along with business analytics and business intelligence. Slightly more than one-third of those surveyed indicated these were receiving priority attention.

Whitelock speculates that billing is significantly less important than in 2008 because many billing problems were previously addressed. Only 33% said it was getting attention, down from 45% a year ago when it ranked No. 3.

Two customer-oriented areas experiencing shifts were interconnect and cost management (24% said it was receiving the most attention compared to 15% in 2008) and content partner management (down to 15% from 21% a year ago).

Looking specifically at customer self-care or e-care, 59% of operators say they offer the option for most of their services while another 24% say they plan to in the next 12 months. Just 16% said they have no self-care function in place and are not planning to in the next year compared to 22% a year ago.

This shows a clear trend for more interactive engagement with the customer.

"Today's convergence of technology, IT and content brings flexibility and choice for customers in ways never thought possible," Whitelock explained. This includes customer-configurable network service control (usage policy) coupled with real-time rating/charging and notification. He said it's not just about network usage and simple billing event calculations.

Global BSS supplier function analysis

	Billing/invoicing	Prepaid billing	Payments	Converged real-time rating/charging	Product catalog	Order management	Customer care	Customer self-care	Billing mediation	Content partner management	Customer experience management	Revenue assurance	Business analytics	Real-time inventory management	Real-time provisioning	Real-time activation
Alcatel-Lucent	○	●	○	●	●	●	○	●	●	◐	○	○	○	○	○	○
Amdocs	●	●	●	●	●	●	●	●	●	●	◐	◐	◐	●	●	●
Cerillion	●	●	●	●	●	●	●	●	●	○	○	○	○	●	●	●
Clarity	○	○	○	○	●	●	◐	◐	○	○	◐	○	○	●	●	●
Comptel	●	●	●	●	●	●	◐	●	●	○	○	○	○	●	●	●
Comverse	●	●	●	●	●	●	◐	●	●	●	◐	○	○	○	○	○
Convergys	●	◐	●	◐	●	●	●	●	●	●	◐	○	◐	○	○	○
CSG Systems	●	○	●	◐	◐	◐	◐	◐	◐	○	○	○	●	○	○	○
Ectel	○	○	○	○	○	○	○	○	○	○	○	●	◐	○	○	○
Ericsson/LHS	●	●	●	●	●	●	◐	◐	●	●	◐	○	◐	○	◐	◐
FTS	●	●	●	●	●	●	◐	●	○	○	○	○	○	○	○	○
HP	○	○	○	○	○	◐	○	○	●	○	○	●	◐	◐	◐	●

● = full functionality ◐ = partial functionality ○ = not provided

	Billing/invoicing	Prepaid billing	Payments	Converged real-time rating/charging	Product catalog	Order management	Customer care	Customer self-care	Billing mediation	Content partner management	Customer experience management	Revenue assurance	Business analytics	Real-time inventory management	Real-time provisioning	Real-time activation
IBM	○	○	○	○	○	○	○	○	○	○	◐	●	●	◐	○	○
Intec	●	●	●	●	●	●	●	●	●	◐	○	○	◐	○	○	○
Martin Dawes Analytics	●	○	●	○	○	○	○	○	●	●	○	●	●	○	○	○
NetCracker	○	○	○	○	○	●	○	○	○	○	○	○	○	●	●	●
Nokia Siemens Networks	●	●	●	●	●	●	●	●	●	○	◐	○	○	●	●	●
Openet	●	●	○	●	○	○	○	○	●	○	◐	●	○	○	○	○
Oracle	●	●	●	●	●	●	●	●	●	◐	◐	◐	●	●	●	●
Orga Systems	●	●	●	●	○	○	○	●	●	○	○	●	○	○	◐	◐
SAP	●	○	●	○	○	●	◐	◐	●	●	○	◐	◐	○	○	○
SAS	○	○	○	○	○	○	○	○	○	◐	◐	◐	●	○	○	○
Subex	○	○	○	○	○	●	○	○	○	●	○	●	◐	●	●	●
Telcordia	○	●	○	●	◐	◐	○	●	◐	◐	◐	○	◐	●	●	●
Tribold	○	○	○	○	●	○	○	○	○	○	○	○	○	○	○	○

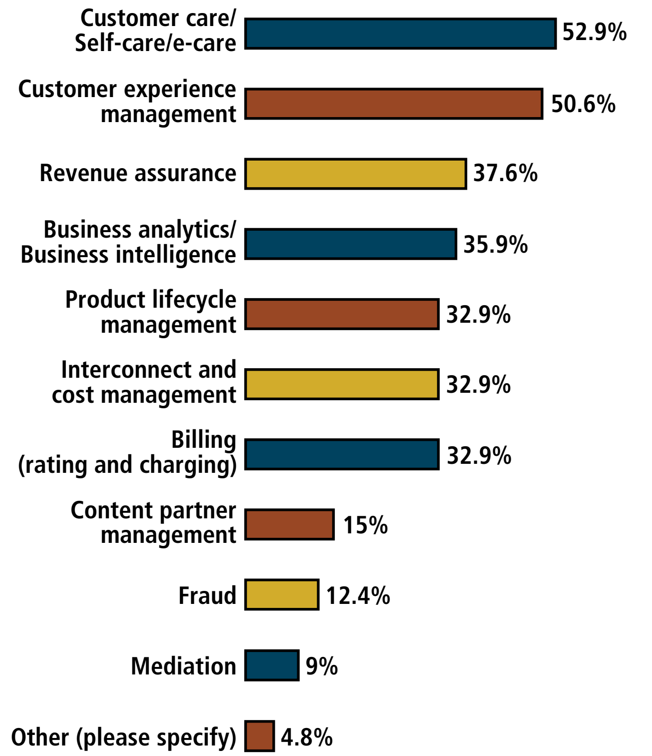
● = full functionality ◐ = partial functionality ○ = not provided

This is a representative sampling of solution vendors and not an exhaustive list of all OSS/BSS suppliers

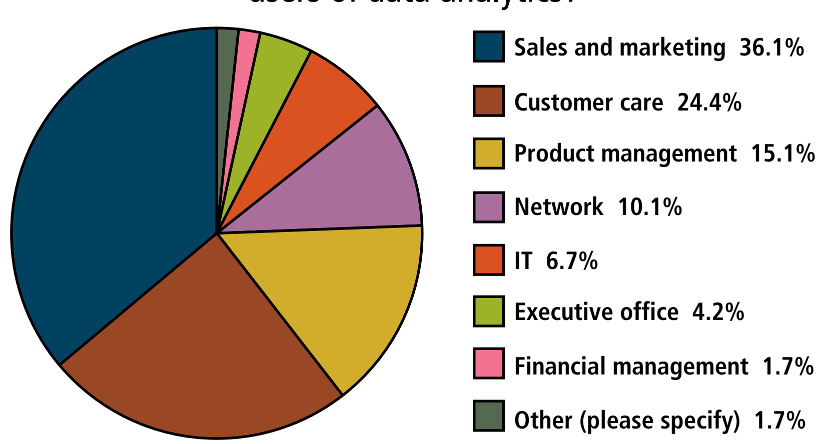
Source: Stratecast

COVERSTORY

Which customer-oriented business functions are receiving the most attention?



Which departments are the most frequent users of data analytics?



Source: *Telecom Asia & Stratecast survey*

"Anywhere and on any device is fast-becoming a customer expectation that requires input for service option selection, configuration and billing."

Customer care, like rating/charging, is a real-time OSS/BSS requirement that will keep gaining importance as network and user device technology evolves.

Limited view

The survey found that 63% of respondents said they use analytics and business intelligence to better anticipate customer needs (no change from last year). Whitelock, however, reckons that most of this usage is tied to simple trend reporting rather than the more "meaty" predictive analytics function.

Analytics uses the power of statistical analysis and large-scale data mining to correlate seemingly unrelated bits of data in a way that may lead to important and actionable insights.

He said predictive analytics technology mines historical records to identify patterns that may indicate, for instance, the likelihood of customers with a particular profile to purchase a particular new product. This is different from simple reporting, which stops short of the data analysis required to predict the future.

With more than one-third of operators still not applying any type of data analytics and limited use of the data among those that do, operators show a continued focus on customer acquisition.

Which departments are using this data? As one would expect, company's sales and marketing teams are the most frequent users as they look to for ways to create innovative offers. But with less emphasize on new services, their usage has declined – last year 44% of respondents said sale and marketing was the most frequent user compared to 36% this year (see chart on the left).

Interestingly, customer care is becoming a bigger user of advanced analytics. It moved from fourth last year to second, with this function being the main user for a quarter of operators, compared to just 9% last year.

Stratecast senior analyst Susan McNeice said this is noteworthy because it means companies are finally giving customer-care people access to the information that can help deliver a quality customer experience, which can create additional value.

This new emphasis is being driven by a search for sustainable competitive advantage in the marketplace. "In a market where there is little differentiation and everybody has the same offerings, we have to look for new ways to find value from the things we know about our customers," McNeice said.

Companies outside telecom have long used analytics to understand and predict customer behavior, maximize revenues and close margin-draining operational gaps.

She said there are many interesting opex reduction strategies that can be implemented through advance data analytics – such as reducing inter-carrier expenses and revenue leakage.

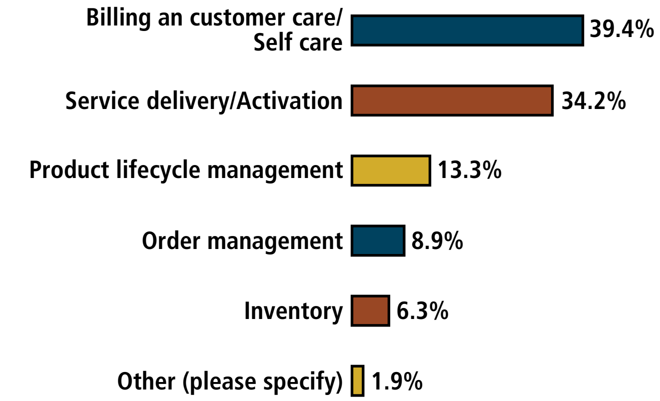
Telcos are also using this data to boost revenue and to be more cost effective in how they spend their marketing dollars. "Since their budgets are flat, the marketing teams are looking to maximize their existing marketing budgets."

With the current economic conditions, "we don't anticipate a step-change in investment in analytics this year – we expect it to be largely flat. But as an industry we are learning. We're expanding the range of data sources to understand customers better," McNeice said.

She noted that companies that have more sophisticated analytical capabilities tend to be the ones spending more on retention initiatives. "So we think these companies are getting the message."

As operators consider alternatives to improve time-to-market for new services, a more than one-third said either improvements to billing and customer care or service delivery and activation would have the most impact. These were the top two last year, but delivery/activation was on top. The decrease matches the de-emphasis in new services.

Which OSS/BSS improvements or replacements will have the greatest impact?



Source: *Telecom Asia & Stratecast survey*

Operators were much less interested in improvements in product lifecycle management (just 13%), order management (9%) and inventory (6%).

When it comes to problems with systems integration and process automation, 44% of the operators surveyed said that this was a major concern and that actions are being taken to fix. This was down from 58% who said they were working to resolve last year. The percentage who said this was a concern but have taken no action has remained at 22%. One-third said the problem had been resolved – up from just 19% last year.

Expanding revenue in the current environment will continue to be a challenge across the region. Operators' renewed focus on quality services means many are putting more attention on self-care and CEM, and some are starting to invest in data analytics, as they battle to understand and serve their customers better and to keep them. As services become more complex, competition increases and customers more demanding, operators will have to quickly get up to speed in data analytics to stay in the game.*TA*