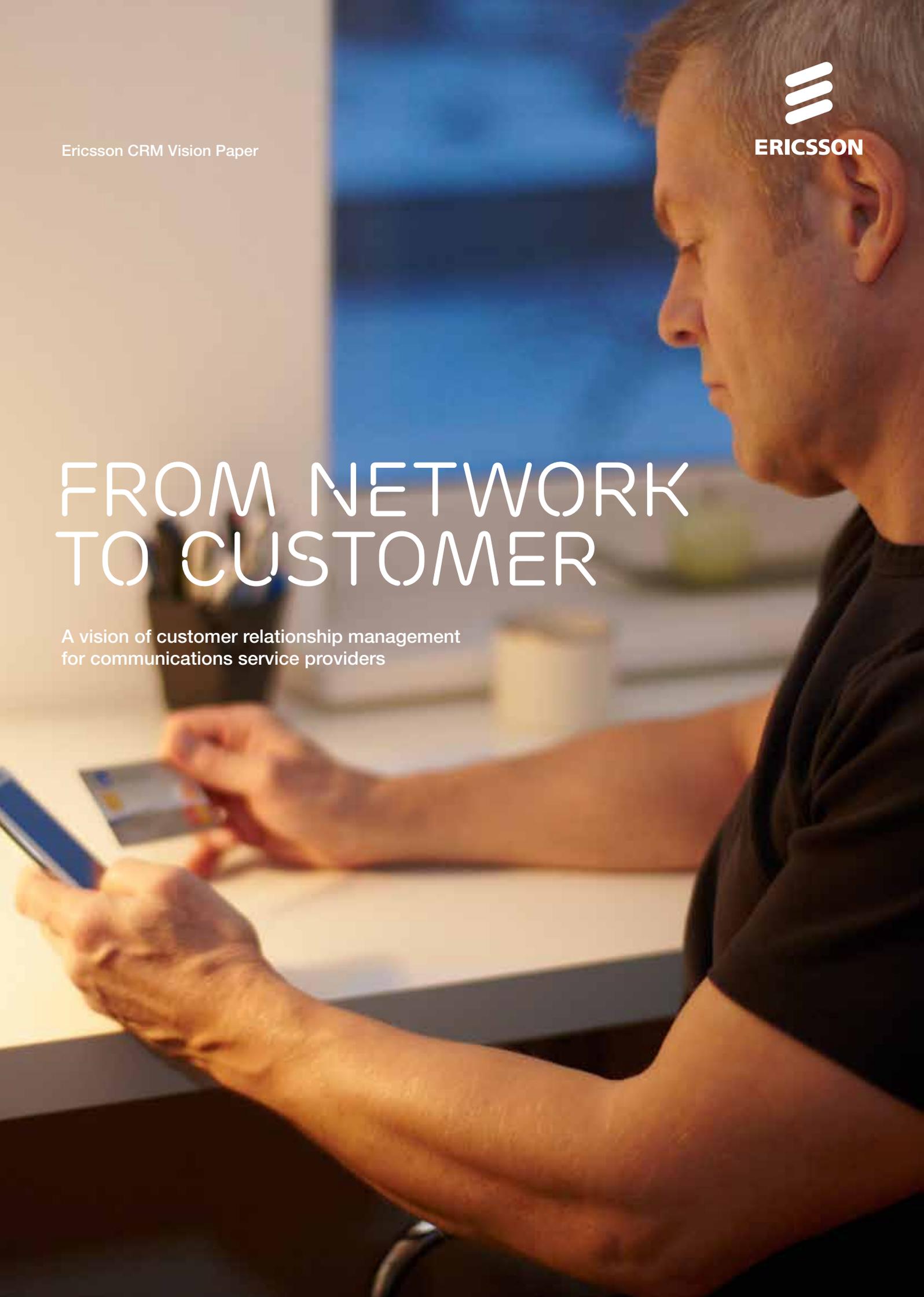




FROM NETWORK TO CUSTOMER

A vision of customer relationship management
for communications service providers



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Ericsson vision paper: Customer Relationship Management

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THE BOTTOM LINE

As consumers, most of us have experienced bad customer relationship management (CRM) at the hands of a large consumer-facing enterprise, such as a utility company, communications service provider (CSP), bank or other retailer. Lack of contact options, lengthy or multiple calls to helplines, not being sold the right product, incomplete customer history and being subjected to unsolicited or poorly targeted promotions are all symptoms of bad CRM.

Investment in mobile broadband network infrastructure is helping drive us toward the Networked Society, where both people and devices will be ubiquitously interconnected. Ericsson predicts that there will be some 50 billion connections by 2020. But for a CSP to capitalize on its investments, getting CRM right – particularly in the area of customer care – is critical. High-quality connectivity is becoming a commodity and, for a CSP, differentiation is harder to achieve. Moreover, the cost of providing customer support for new broadband products and services can be up to 200 percent of the cost of providing traditional telecoms services.¹

For chief marketing officers (CMOs) in this industry, reducing churn and maximizing the value of existing customers are the critical KPIs, and CRM is one of the few areas where consumers can truly differentiate between providers. When was the last time you told someone about a positive experience with your service provider? Statistically, you are seven times more likely to tell someone about a negative experience.

Consequently, chief information officers (CIOs) are being charged with creating an IT environment that enables their CMO counterparts to extract the full value from their most valuable asset, their customer data, and to provide their customer-facing channels in sales, marketing and customer care with the CRM tools needed to differentiate, innovate, deliver or support the optimum customer experience and retain loyalty.

An important strategy is to integrate charging and billing with CRM systems to create a holistic customer view, along with the tools to act on the insights provided. But in an increasingly competitive market where differentiation is difficult, CSPs need to look beyond charging and billing at all the relevant data held on their customers – from the network through the OSS/BSS domains to the CRM systems. Only then can CSPs gain the depth of insight required to fully understand their customers and address their needs in the proactive way necessary to truly make a difference, build trust and ensure continuing loyalty.

All this has to be achieved against a backdrop where intense competition and adverse economic conditions are pressuring most CSPs to reduce operating expenses and create leaner IT environments.



¹WDS Global



MEETING CUSTOMER EXPECTATIONS

When it comes to customer expectations, one size simply does not fit all. CSPs must therefore understand their customers' needs and expectations. They must focus on providing the right customers – in terms of their profile, value and loyalty – with the right choice of services, delivery, care and personalization.

Simplicity and convenience

Consumers increasingly demand more from their service provider, with the concept of multi-play extending beyond mobile, fixed line, broadband and TV. Today, some customers want a package consisting of communication, entertainment and even utility services from a single provider. Consumers want the convenience that comes from dealing with a single provider, monthly charges on a single bill and one point of contact. This shows that a CSP's most valuable asset is its trusted relationship with the customer and, especially, the billing relationship.

Industry insights

For e-commerce transactions, 80 percent of consumers prefer to pay via their operator rather than use a credit card. This is due to the trusted billing relationship that customers have with their operators, one-click convenience (with no log-on required) and no dependency on an existing banking relationship.

Source: Ericsson ConsumerLab

The good news for providers that are able to provide multiple services is that they can expect far greater customer loyalty and a greater share of each customer's budget, if they can only get CRM right.

To achieve this CSPs need a holistic, 360-degree view of their customers and all the services they have

subscribed to – and can potentially subscribe to. This needs to be presented intuitively and seamlessly in a CRM environment that includes charging and billing information for each service, as well as any related applicable promotions. Moreover, for CSPs that can offer multiple services, their salespeople will require CRM tools to identify appropriate customers, and efficiently guide them to up-sell an enhanced package that fits their customers' needs. For example, identifying mobile users willing to upgrade to a fixed-mobile package, or broadband customers willing to subscribe to a new IPTV service, would be essential for a multi-play provider trying to maximize its revenue.

With customer care, consumers want to choose how they interact with their providers. For example, older but no-less-valuable customers might prefer contact via phone or face-to-face in a shop. Other, busier or more tech-savvy customers would prefer interaction through an online self-care portal, or a self-care app on their smartphones.

Instant gratification

Customers are increasingly demanding services delivered in real time, and this extends to the customer care and support experience. With the emergence of the smartphone, customers expect instant gratification. They expect to be able to order new services in real time and download applications to enjoy immediately. But the information in CRM tools must also keep pace.

Real-time updating of all customer information in the CRM environment therefore becomes essential in being able to serve the customer effectively and efficiently.



CIO view

“It’s no good if a customer downloads an application and then (when faced with technical issues) instantly calls the CSP helpline only for the staff to know nothing about it and be unable to answer any queries.”

CIO, multi-play operator, Southeast Asia

Device-centricity

CSP customers are becoming more device-centric in their usage behavior. Today’s digital natives are well informed about telecoms services and device capabilities and constantly seek out state-of-the-art models. Furthermore, they expect their devices – TVs, computers, tablets and smartphones – to interact with each other.

As a result, CSPs are constantly seeking exclusive device launches and building marketing campaigns around them.

Such campaigns must be supported by the right information and CRM tools. When a campaign is launched, some services can behave differently, or stop working, because the new device has different settings and needs reconfiguring. The resulting pressure on customer-care channels is a common headache for CSPs.

Customer-service representatives therefore need tools that can automatically detect and display customer device settings in their CRM consoles. This information is highly valuable when supporting customers who have changed their handsets. The ability to then trigger an over-the-air reconfiguration from the same CRM console presents an efficient means of solving the customer’s problem.

Ideally, such issues should be avoided altogether by proactive measures. The CRM tools should identify each new device recipient and provide device setup instructions, for example, through MMS or a self-care portal. Indeed, for the new generation of tech-savvy users, this would be the preferred method of support.

Personalization and proactivity

Consumers expect far greater levels of personalization. This includes purchasing the combination of services that suits their lifestyle or business, choosing the payment method (postpaid, prepaid or a combination of the two) that suits their situation, and having a customer-care experience tailored to their requirements.

CSPs need to know where to focus their valuable sales, marketing and customer-care resources. They need to know who are currently, and potentially, their most valuable customers and consequently what to offer them and how to treat them. For example, should a valuable device-based retention offer be given to a customer whose profile suggests they will be loyal anyway? Or should a customer-care representative waste time appeasing a serial complainer who delivers minimal value?



MEETING CUSTOMER EXPECTATIONS (CONT.)

A salesperson needs automation tools to capture the precise requirements and then guide the customer through the CSP's catalog to the most appropriate package. Capturing other information about the customer's needs and preferences would enable the CSP to include them in future promotional campaigns and relevant offers, or deliver services that are better suited. For example, a frequent traveler might be interested in new mobile-broadband roaming options.

Customer-facing channels therefore require the insight that enables them to anticipate customer needs and provide customer care in a more proactive, appropriate way.

Business intelligence and analytics can unlock this knowledge, but crucially this data must be made actionable by presenting it in an intuitive format to sales, marketing and customer-care channels alongside the right CRM tools. Imagine if a customer-care representative was equipped, in the CRM console, with warning indicators displaying the customer's likelihood to churn, priority (based on lifetime-value analysis) and suitability for an upgrade. Furthermore, information about the customer's network performance experience would give insight into the individual's mood and satisfaction.

This is the level of insight that will be required to make CRM a real differentiator for CSPs.



DOING MORE WITH LESS

In parallel with improving the customer experience, most CSPs worldwide are under pressure to drive efficiency and reduce costs. Customer-facing channels, particularly sales and customer care, are inherently staff-intensive and expensive to run.

The objectives of operational efficiency and delivering an enhanced customer experience are not mutually exclusive, but do depend heavily on an IT structure providing the right tools and information in an intuitive CRM environment.

Spending less time with the customer improves the customer experience

Customer-care operations depend on extensively staffed call centers, so their typical KPIs include average time needed to resolve a customer query, percentage of queries resolved on the first call and, increasingly, the percentage of queries that can be resolved through automated means, such as a self-care portal. These same KPIs can, to a large extent, measure the customer's experience when interacting with a provider.

To achieve success, customer-care channels need a CRM IT environment comprising four key components:

1. Full availability of relevant customer data, to answer and act on any conceivable query.
2. A single seamless environment where all relevant information is easily accessed, intuitively presented and actionable.
3. Real-time updating where the latest information on each customer's profile, status and activities is always available.
4. Consistency of data, where the information for each customer channel (phone, point-of-sale or self-care portal) is fully synchronized and up-to-date. This enables channel-agnostic contacts where, for example, an order could be started in a self-care portal but completed over the phone without having to start the process again.

More time for sales

For a CSP's telesales force, "net selling time" is critical. No matter how talented the salesperson, spending hours on administration is a drain on productivity. Assuming there are qualified opportunities to pursue, more selling time should translate into increased sales.

CSP salespeople therefore need tools to guide them through the catalog of services available, create bundles (rate plans, devices and roaming options) of different services and enable them to make offers based on customers' real needs. They also need to capture orders seamlessly within a common CRM environment, without the need to switch systems, and be able to create an offer and take an order during a single phone call, or in a few minutes on an online sales portal.

Industry insights

Forty-one percent of telesales people believe they spend up to 40 percent of their time on non-selling administrative tasks, while 28 percent of respondents believe they spend up to 60 percent of their time on non-selling tasks.

Source: CustomerThink Corp survey, 2008



ACHIEVING A SINGLE HOLISTIC VIEW OF THE CUSTOMER

CRM should provide as holistic and transparent a view of the customer as possible, with the objective of optimizing a relationship that will develop over time.

The CSP's goal is to offer customer-facing channels as much actionable information as possible to provide customers with the most personalized and relevant experience achievable, in the most efficient and cost-effective way.

A CSP's billing database is often described as the "crown jewels" of customer information – all details of all transactions with all customers across all their services – representing a strategically important

However, this is not only a data problem. Delivering the desired customer experience also requires a CRM system that is designed to support a service provider's business processes. For example, customer support contact sheets, guided-selling workflows, and order and case management are all specific to the way CSPs conduct their business.

For many CSPs, this lack of business process support in the CRM environment, combined with data fragmentation across systems, causes a lack of business process

consistency, which means they simply cannot work efficiently or offer the seamless experience their customers demand.

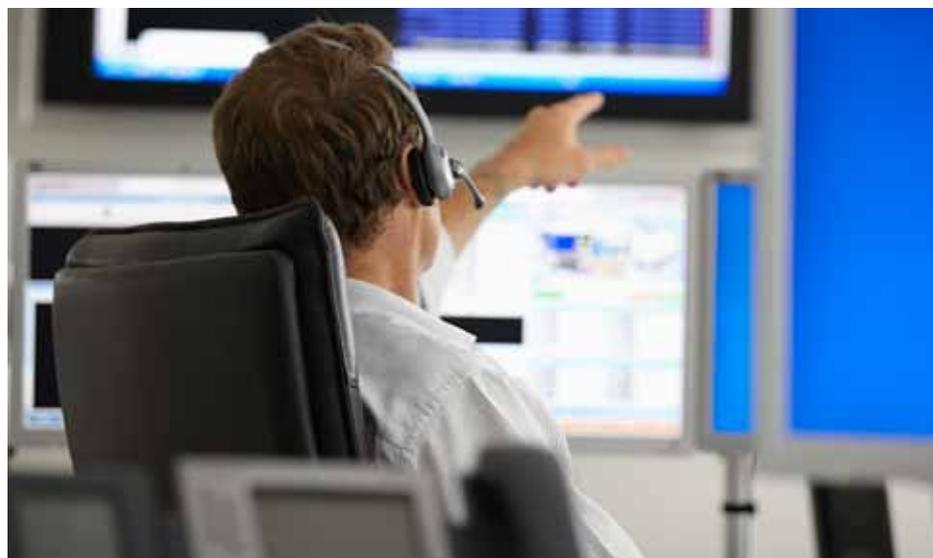
Inhibitors to transformation

The primary inhibitor is a legacy BSS infrastructure with multiple, connected systems that evolved around, for example, customer segment, service type or even payment method.

The complexity, cost and risk of projects integrating CRM with BSS environments can present a major hurdle at a time when many CIOs are already under pressure to reduce IT spending – particularly in the area of systems integration. Yet, for many operators, maintaining

the existing IT environment accounts for up to 70 percent of the available IT budget.

Therefore, operators are looking increasingly for "best-of-suite" solutions built from pre-integrated charging, billing and CRM components.



information asset. Therefore, a frequent IT objective is the integration of charging and billing systems with CRM. Currently, most CSPs have not achieved this, according to an Economist Intelligence Unit survey, in which only 9 percent of CSPs said they had the desired 360-degree view of their customers.



ERICSSON'S VISION OF CRM

Integrating charging and billing with CRM systems is a major step toward achieving a holistic view of the customer and meeting the twin objectives of a superior customer experience and greater operational efficiency. But in a Networked Society that is increasingly dependent on people and devices being ubiquitously interconnected, Ericsson believes that, ultimately, this is not enough.

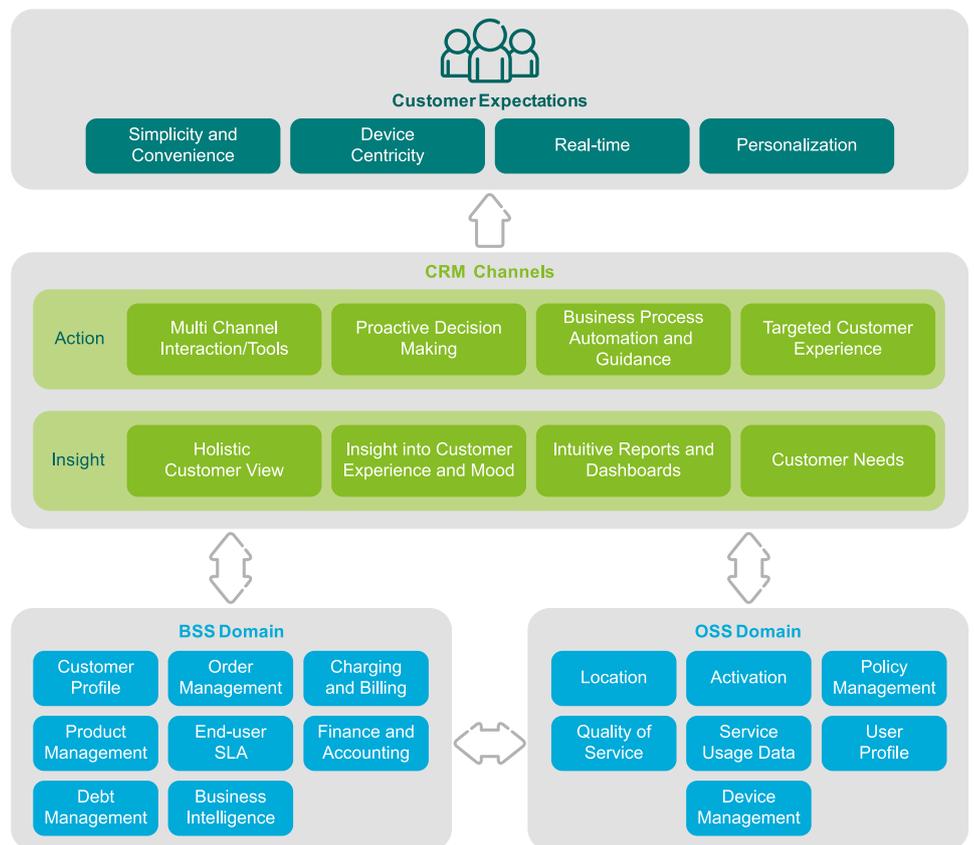
Exploiting your data – from network to CRM

To gain the insight required to deliver a superior differentiated customer experience, CSPs must be able to address customer needs and concerns proactively.

Much of the information from charging and billing systems is inherently static and, while highly valuable, does not tell the operator much about the mood of its customers. If a customer has experienced poor network performance, with a frequently broken connection, why should a CSP wait for the person to contact the helpline and complain or, worse still, churn? CSPs should be able to identify such issues and be proactive in their responses.

A CSP should not only have a holistic view of its customers but also of its customers' experiences while using its network. Put simply, CSPs need to fully exploit their most valuable assets: their customer data. They need to be able to access and act on all the customer data they have in real time, whether from the network, OSS, BSS or CRM domains, together with the predictive indicators based on this data.

From network to customer: Ericsson's vision of CRM



This level of insight will enable CSPs to add value and differentiate themselves from the new breed of over-the-top internet and device competitors that simply cannot access the same information.



ERICSSON'S VISION OF CRM (CONT.)

Next-generation architecture

For many CSPs, achieving this new level of customer relationship requires a substantial architectural transformation at the OSS/BSS level.

Rendering in real time within the CRM IT environment, all this information concerning network performance, churn analytics, device configuration, charging and billing requires, by definition, the integration of multiple systems that were not designed to work together.

OSS/BSS architectures therefore need to be assembled from loosely coupled, modular components. These need to be interconnected with portal-like user-interface integration and open application programming interfaces (APIs). This allows fast and cost-effective integration and the ability to interchange components, reflecting technology and business changes, while maintaining a high level of intuitive cross-system usability.

The underlying architecture should also support cross-enterprise orchestration of multisystem-dependent business processes, using open standards such as enterprise application integration (EAI) middleware.

With the changing demands of today's telecoms markets, a high level of adaptability is essential. The key is the ability to remove or integrate new components seamlessly, with minimal cost, risk and time spent.

A holistic ICT partner for the Networked Society

Doing this requires a transformation partner that understands the Networked Society; one that has the experience, expertise and technology from the network right through to the CRM layer that customers interact with.

At Ericsson, we are the trusted partner of CSPs for end-to-end OSS/BSS solutions worldwide, capable of offering these solutions built around pre-integrated modular components. We are helping CSPs build next-generation broadband networks. And we provide the technology and experience that helps CSPs monetize, differentiate and reduce the cost of supporting their mobile broadband businesses so they can maximize the return on their investments.

In the area of CRM, we are building on our position as a holistic ICT vendor, with our unrivalled knowledge in telecoms from the network to the subscriber. We bring together cutting-edge technology, first-rate managed services and an unrivalled, holistic view of the industry.

Continuous dialog with our customers gives us an exceptional global perspective. Through Ericsson ConsumerLab, we talk to customers representing 1.1 billion users worldwide. That provides us with an invaluable level of understanding – one that's reflected in the products and services we offer. And it's a level of understanding that can help strengthen your customer relationships, giving you the edge in ever-tougher world markets.

We're committed to listening to the market and our customers, and to driving progress through dedicated research and development. We look forward to a Networked Society and the possibilities it brings, together with finding out what we can do for you.



THE NEXT-GENERATION CUSTOMER EXPERIENCE

Peter runs a small business, and is highly dependent on his operator, “Call Easy Telecom.” One day, he experiences problems using his mobile-broadband services and calls the helpline. A customer-service representative (CSR) greets him after just 10 seconds.

Call Easy Telecom uses Computer-Telephony Integration technology, so the CSR has a 360-degree view of Peter and his experience even before answering the phone.

The CSR knows exactly who Peter is, his average monthly spend, his service subscriptions, his payment behavior and complaint history – but also the likelihood that he will churn based on his network service quality experience. The CSR also knows Peter is a high-priority customer based on an analysis of his probable lifetime value.

On the console, the CSR can see that Peter has experienced good network performance but notices he is using a different mobile-broadband device from the one originally bought from Call Easy Telecom. The CSR confirms this with Peter and sends an “over-the-air” reconfiguration. Peter receives this while on the phone and confirms that his data service is working again.

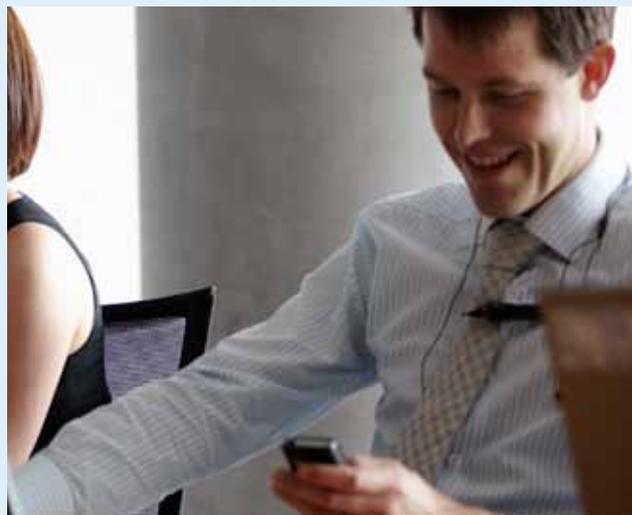
Finally, the CSR notices on the CRM console that Peter qualifies for a retention offering of a cheaper daytime call tariff. Peter gladly accepts and the tariff change is made quickly.

Result:

Overall time spent on the line? 7 minutes.

Problem resolved? Yes. Complaint turned into positive experience, using minimal CSR time.

Customer mood? Pleased and satisfied.



Ericsson is shaping the future of mobile and broadband internet communications through its continuous technology leadership.

Providing innovative solutions in more than 180 countries, Ericsson is helping to create the most powerful communication companies in the world.

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