

# The drive to enrich customer experience

Nokia Siemens  
Networks



Customer experience moves to pole position



# The drive to enrich customer experience

## **The business benefits of enriching customer experience:**

- Higher operational performance
- Increased profitability
- Competitive differentiation
- New service revenues
- Positive impact on brand

It is a sign of the times – communication service providers (CSPs) are starting to emphasize the quality of their all-round customer experience rather than just the raw speeds or other technical features of their offerings. Take O2 – in the UK it has been advertising its Home Broadband service as “voted number one in customer satisfaction”. Meanwhile, Vodafone’s CEO, Vittorio Colao, told investors in late 2008 that one of the core pillars of its strategy now is to “...drive

operational performance through customer value enhancement”.

Overall, according to research by Nokia Siemens Networks, a majority of CSPs are taking steps to become more ‘customer-centric’ and put deeper customer insight at the heart of their plans to provide more value.

CSPs are recognising that customers are becoming far more demanding about relationships with their providers as communications technology becomes an integral part of their lives. Customers are gaining more power for negotiating terms and conditions with CSPs, while social media enables people to share opinions and opportunities and help each other to make decisions. Customers are better informed and more discriminating about their suppliers than ever.

In most markets, increasing competition makes it difficult for CSPs to differentiate themselves just through applications, tariffs and price campaigns. As Hamid Akhavan, chief technology officer at T-Mobile, comments: “It is not about the killer application, but the killer experience.”

### Remarks by Vittorio Colao, Vodafone's CEO

**We will drive operational performance through customer value enhancement, rather than revenue stimulation, and cost efficiency.**

Value enhancement involves maximizing the value of our existing customer relationships, not just the revenue. We will shift our approach away from unit pricing and unit based tariffs to propositions that deliver much more value to our customers in return for greater commitment.

This will require a more disciplined approach to commercial costs to ensure our investment is focused on those customers with higher lifetime value.

**We are confident that by targeting our offers, we can deliver more value to our customers and have a better financial outcome for Vodafone.**

Customer value enhancement replaces revenue stimulation.

The recent global economic downturn is putting further emphasis on the role of customer experience management, in two ways. First, focusing more closely on customers boosts operational efficiency, as better understanding of their needs allows CSPs to target investment and resources more precisely to match these needs. Second, CSPs are recognizing that they need to focus more on retention, to maximize the lifetime value of each customer.

Indeed, a growing number of players are using superior customer experience as a means of capturing customers and strengthening loyalty. As Vodafone's CEO states, to increase profitability it is necessary to focus investments on customers with higher lifetime value and enhance the value they get. Superior customer experience is critical to driving this value in today's markets and it is a key differentiator among CSPs. It is a strategy confirmed by analyst Ovum: "Broadly speaking, telcos offer comparable products and services, so good customer service and positive customer experience are among the few avenues for differentiation."

A positive customer experience is also crucial for new service revenues. As Jozef Chyznaj, packet core engineering manager, Orange Slovensko, highlights: "If our data customers cannot use their services after trying two or three times, they will find another solution to retrieve data."

But what exactly are all the factors that comprise customer experience, how do they impact on CSP performance and most importantly, what actions can be taken to enrich the experience?

### An essential component in building sustainable and profitable relationships with customers

Customer experience is a much wider concept than simply customer service, billing, network and service quality or any other single factor. Instead, it includes all touchpoints with the company and all aspects of a company's offering and is critical for a customer's perception of the CSP. Improving the performance of the drivers that influence customer experience has a direct impact on profitability, new revenues, differentiation and brand. But what are the key drivers affecting customer satisfaction and what is the relative importance of those drivers?

Results from Nokia Siemens Networks' market research on customer experience in more than 30 markets reveal in detail the factors that are most likely to lead to customers changing their provider. For example, in a mature market such as France it is striking that several factors, including poor customer care and data service quality, are threats to retaining mobile customers (see figure below). In contrast, an emerging market such as India reveals tariff structure and service offerings as the key drivers for improvement for mobile customers.

Meanwhile, research from Ovum on fixed broadband markets shows that the reasons for switching provider are dominated by customer service and a desire to obtain a better deal – with the actual service portfolio being a relatively small but fast growing part of the picture.

<sup>1</sup> Nokia Siemens Networks, Subscriber Insight Survey, 2008

<sup>2</sup> Ovum, How the telco can provide an excellent customer experience, 2008

## Mobile customer experience in mature markets → Example France

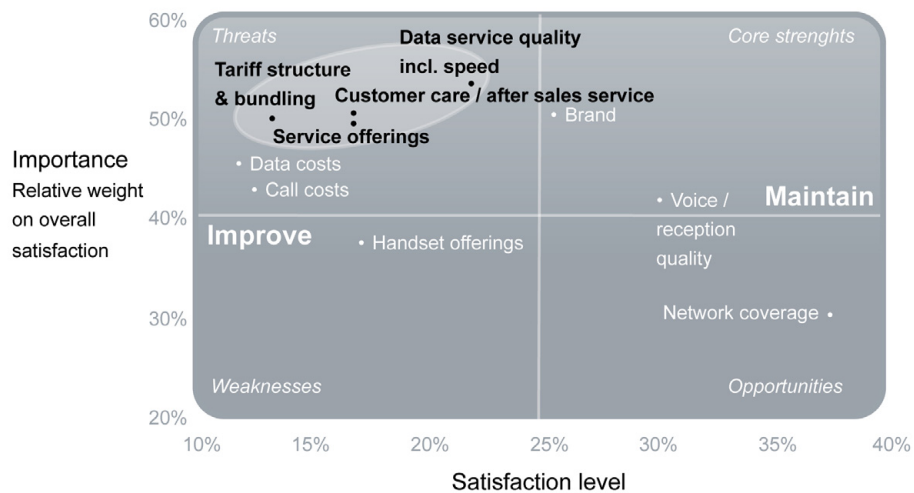


Figure 1: Importance of customer experience drivers versus satisfaction in mobile networks in France

But while customer experience is an essential differentiator it can also be a large cost factor. The most effective improvements will be achieved by focusing investments on the drivers with high importance for customers but which show low satisfaction levels (as shown in figure 1). The challenge is to identify which areas to invest in for each customer segment, and to do so in the most efficient manner.

Based on this market research, Nokia Siemens Networks has identified five key driver categories:

### Service and device portfolio

Covers services that are attractive, easy to find, buy and start using; services that match customer needs; devices and customer premises equipment (CPE).

### Network and service quality

In mobile networks this encompasses coverage and service availability, service retainability (eg call drop rates), service performance (eg service success rate or delays), usability and security.

In fixed broadband this includes network performance and coverage, characterized as usable data speed or bandwidth, stability and security.

### Cost and billing

Includes total monthly cost, device cost, perceived value, cost of same network calls, tariff plans, and billing clarity and accuracy.

### Customer care

After-sales service that is easy-to-contact and quick-to-respond and solve the problem, including call centers.

### Brand

Includes reputation for good service, understanding customer needs and behavior and trustworthiness.

## Enriching customer experience **profitably**

5 Key driver factors for better customer life time value



Away from transaction towards relationship orientation

Figure 2. The five key drivers of customer experience

The CSP's performance in the first four driver categories determines the way people perceive the brand and the company's position in the market. Overall, customer experience is a journey that starts before an actual purchase and continues long after. During the journey, a customer will pass through several stages, each of which can have several touchpoints with the company. The journey translates into the all-important customer lifetime value (CLTV) figure, which is essentially the revenue created by a customer, less the costs associated with acquisition and service delivery.

The longer the CSP can keep high value customers, the higher the profitability. For example, one European CSP gained revenue and savings of €13.5 million a year just by retaining a targeted base of 43,000 customers an average of 3 months longer – purely through improvements in customer care.

Managing customer experience in a holistic way ultimately drives the whole brand experience – which in these days of 'Web 2.0' is communicated rapidly by social networking sites.

A simplified customer lifecycle model is shown in the diagram – and shows how lifetime value grows and matures as the relationship develops. Addressing the drivers and touchpoints at the right times for each customer can greatly maximize the experience and so deliver value for both the CSP and its customers.

## Maximizing the customer lifetime value

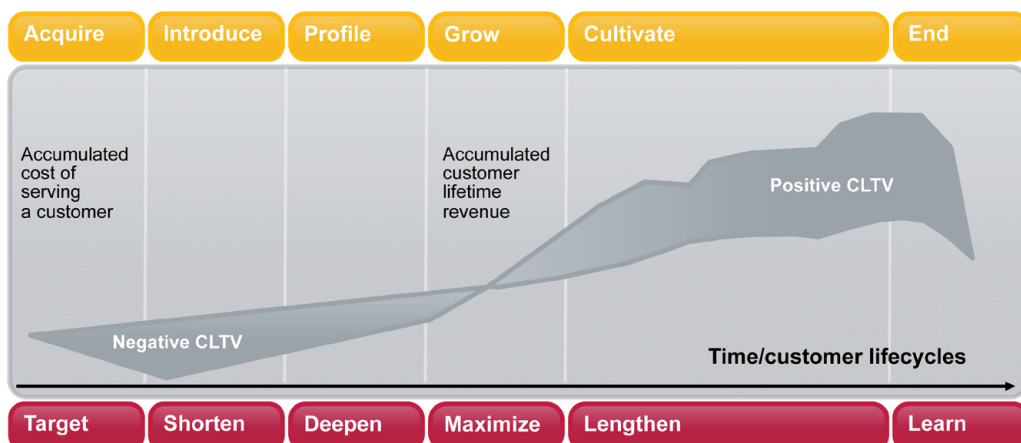


Figure 3: customer life cycle phases



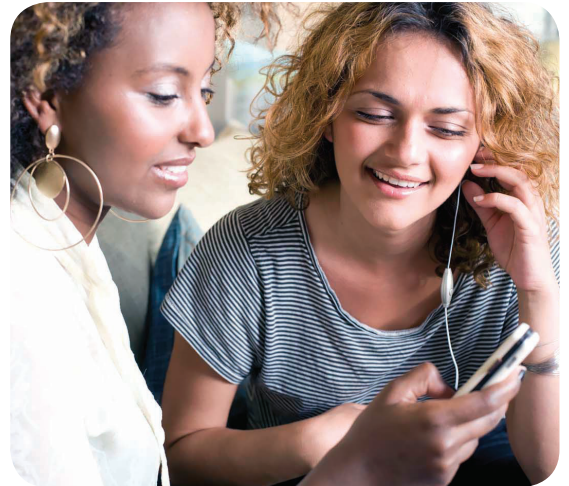
### The customer insight challenge

Of course, there are barriers to delivering value and enriching the experience, and one in particular is fundamental. According to a study by Bain & Co in 2007, all industries, not just telecommunications, suffer from a major disconnect between their own perception of the service they provide, and what customers actually report. In fact the difference can be huge – the research finds that while 80% of companies feel they deliver superior customer experience, customers themselves reckon that only 8% of their suppliers deliver such an experience.

The way to close this gap is first to understand how customers perceive the experience (ie, subjective insights), and to combine these insights with key performance indicators of the service delivery and customer behavior (ie, objective insights). Then a CSP can apply the combination to optimize all relevant touchpoints, focusing on those that are underperforming from the point of view of their customers.

Detailed customer insights enable CSPs to:

- Pay special attention to the most valuable customers and better target activities at specific customers, customer segments or geographical locations
- Understand customer needs to increase personalization of every interaction and make customers feel special
- Optimize their processes and create business rules based on analytics to raise operational and business efficiency through the customer life cycle.



A current challenge is building the customer data management infrastructure to support a unified view across a CSP's organisation that delivers these detailed customer insights. In a survey carried out in 2008 by Nokia Siemens Networks, of senior CSP executives (including mobile CSPs and ISPs), more than half (53%) stated that existing customer data does not allow customer profiling while almost as many (46%) complained that data is not being analyzed quickly enough. In addition, only 14% of the respondents have real time customer data analysis available to them.<sup>3</sup>

### Moving forward

Recognizing the customer experience challenge, 87% of CSPs worldwide are seeking to improve customer insights over the next 12 months. Most CSPs have yet to achieve the ideal position of a cross-departmental and real-time view to consolidate insight on customer, service, network, device, charging and billing data. But it is encouraging that so many CSPs are putting more emphasis on integrating their people, processes and systems to bring together 'silos' of information and are gaining much better insight into customer experience.

In doing so, they are best placed to identify and act on those drivers of customer experience that are underperforming for their target markets, as detailed in the remainder of this paper.

# Service and device portfolio

I want services that match my needs and preferences. Services must be cool and work well.

I want to combine my own service packages.

Services must be easy to find, easy to subscribe to and easy to use.

I want a particular device.<sup>4</sup>

The key strategies to tap into and combine are:

- **The 'media biz' approach – offering premium content.** Television is entering a new phase as the centerpiece of a 'rich media' experience, where various TV and video services will converge and merge across home and mobile devices. As technology and services develop, customers are looking for convenience, availability and personalization – deep insight into customers in each market will be crucial to offering appealing content bundles and charging structures that will create new value for customers. Belgacom, for example, is one CSP winning with tailored IPTV packages, offering more channels more cheaply than its rivals, and an easy-to-control interactive digital experience, including pausing and rewinding programs.
- **The 'longtail biz' approach – personalized web.** Using a simple interface and easy identitymanagement, CSPs can become aggregators, offering personalized web access to a range of applications. CSPs are also forming partnerships with application service providers – offering them platform opportunities and local market access. Ways to add value include creating 'mashups' of different applications – combining services such as Facebook with presence and location information that is gathered from the customer base to create a completely new experience. Providers also need to develop interfaces that make it easy for customers to access and use the services they want. For example, T-Mobile is successfully providing a convenient single sign-on for a variety of partner sites and personalized one-touch access to preferred sites. When customers are used to such functionality, they are much less inclined to go to the trouble of changing their provider.
- **The 'Internet biz' approach – own communities and VoIP services.** CSPs are launching their own community sites, presenting customers with unified access to a range of communications, messaging and content applications, including their own Web 2.0 applications as well as the global favorites. An innovative approach is that of European mobile CSP, Blyk, which offers a free mobile experience and community to young people. In return, Blyk gives its own community of advertisers controlled access to the customer base.

## Outpacing competitors with innovative, easy-to-use services and bundles.

There is a direct correlation between the attractiveness of a CSP's service and device portfolio and its market position. The key issues in the portfolio area are as follows.

### Shaping the portfolio – many options to create irresistible packages

The Internet is changing the way people communicate and deal with content – it has become a platform on which active customers connect to each other in social networks and share self-generated or selected content. People are 'always connected' and are moving a part of their life to the web. Customer behavior is becoming increasingly independent of time, location and certain devices, and there is increasing use of multimedia applications. At the same time, people want to simplify their Internet experience to gain more control of the huge variety of services, contacts and communication channels. Providing 'sticky' services that people want to carry on using is the key.

Finding the best device portfolio for each target segment based on customer insights is also critical for delivering attractive packages. The devices that customers use in the home and on the move contribute greatly to their experience, so it is important to target the right devices to the right customer segments.

<sup>3</sup> Nokia Siemens Networks, Subscriber Insight Survey, 2008

<sup>4</sup> Key customer issues revealed by Nokia Siemens Networks and Gartner research

The Grid from Vodacom allows customers to chat to friends and browse their local area from their mobile phones. The service enables people to locate themselves and their friends on a map and share experiences via blogs, messages, photos and video clips. Customers can even organize events. The service is also linked to the Facebook community.

- **The ‘multi-screen biz approach’ – focusing on the customer instead of the access technology.**

This gives customers access to a wide range of services through any screen they are using – including TV, laptop PC, smartphone and home phone. For example, individually tailored TV channel packages can be viewed via IPTV on an HDTV screen at home, via mobile while on the move and of course also on a PC.

#### **Tearing down the usage barriers**

To ensure successful service launches, CSPs can track in real time how new services are used by different segments to understand the holistic customer experience across all touchpoints, including insights about usability, service quality, content and price perception. These insights enable CSPs to optimize marketing campaigns, offerings, service quality and content to keep the target segments satisfied.

Simplifying service discovery, subscription and first use is key. Exciting services count for little if customers cannot find out more about them and sign up and use them easily. Pew Research Center’s Internet and American Life Project, for example, reports that nearly half (48%) of adults who use the Internet or have a mobile phone say they usually need someone else to set up a new device up for them or show them how to use it. Services have to work right the first time – otherwise customers may abandon the CSP altogether and there will certainly be missed opportunities to up-sell other offerings. A good example of a ‘point and play’ feature is a service that, with a single click on a mobile phone, allows customers to upload a video to their preferred video-sharing site.

Other examples to improve the service experience include:

- Targeted auto-provisioning for service promotions. This makes the service easy to discover and use by removing the need for the customer to initiate the subscription and set up the device correctly
- Automatic device configuration when customers change handset; automatic device and service provisioning after purchasing a service; automatic correction of device settings when needed; over-the-air remote application and firmware installation and upgrades
- Service fulfillment processes automation, to ensure the customer gets the service within the agreed time, improving the customer experience by eliminating unnecessary delays.



A western European CSP's mobile data ARPU increased by 20% for prepaid and 10% for postpaid after implementing a device management solution. Another European CSP is gaining new up-selling opportunities by having new services authorized quickly and easily with a customer premises equipment management solution. After the initial installation, customers can order new services straight from the web portal, which is an excellent low-cost mechanism for opening up new revenue streams.

Thai CSP, AIS, has created a highly robust and streamlined service creation environment that cuts time to market, gives more business and service options to play with and provides important differentiators in an increasingly crowded marketplace. It did this by deploying a subscriber data management solution and centralizing real-time customer intelligence and multiple applications.

**The operational performance challenge:  
streamlining the service creation environment**

For CSPs in saturated markets, the product and service portfolio is a key area for efficiency improvements. For example, discontinuing services, handsets or other offerings that generate little usage and revenues can be the first step towards higher efficiency. For the remaining portfolio and every new service, a mechanism to regularly track profitability and customer relevance is needed, with the latter based on customer insight and customer care reports. Organizational and technological 'silos' often represent a barrier to such efforts and have to be addressed through process and systems renewal.

Another area for efficiency improvements is streamlining the service creation environment for shorter time to market and a more dynamic portfolio.

# Network and service quality

Do I have service availability where I need it?  
Is the service provided with good quality?  
Is the service easy to use?  
Is my fixed broadband service secure and fast enough?<sup>5</sup>

T-Mobile's Web'n'Walk has increased mobile broadband revenues by 42% with a high quality customer experience. Among the highlights are:

- Highest quality mobile network in Germany, 9 years in a row, verified by Connect magazine
- Convenient and personalized one-touch access to a range of Web 2.0 partner services combined with a broad and attractive device portfolio, tailored to mobile Internet usage
- Excellent results (as of year end 2007) – 90% customer satisfaction; high ratings in value for money; and 2 million customers across Europe, with 40% of Web'n'Walk customers new to T-Mobile

## **The basics are more decisive than ever: balancing quality and costs**

The key aim for CSPs is to ensure that customers have a good quality experience, but this must not be at the expense of profitability. One problem is that customers do not report good service quality and only feel strongly when they are dissatisfied – and can quickly spread negative views around the Internet and to colleagues and friends. They will also bombard customer support lines if there is poor communication about faults. Leadership in network and service quality has proven to be an excellent go-to-market strategy, attracting new customers to a network, as T-Mobile has demonstrated with its Web'n'Walk mobile broadband offering. But it is important to note that while quality is often defined as the 'classic' factors – such as network availability and performance – a customer's experience can also include other issues related to service quality, roaming, content design, application usability, devices and security.



Smart in the Philippines achieved 22% improvement in dropped call rates and 15% reduction in handover using optimization services and solutions.

There are three areas that need specific attention from CSPs.

#### **Voice and messaging quality has direct revenue impact**

Poor voice quality lowers talk time significantly – but premium quality enhances talk time and customer loyalty. A noteworthy study on mobile quality, In-Touch, was carried out on networks in Germany in 2008 and demonstrated the link between poor quality and shorter calls, although the sensitivity of handsets is also a factor for voice quality. The study found average differences of some two minutes between poor and good quality calls – a clear gap in experience, and potentially in revenues.<sup>6</sup>

Further, most mobile calls in mature markets are made indoors and it is critical to address coverage and quality while people are in buildings. One South European CSP found, after conducting research among business customers, that contrary to expectations, dropped calls and quality when people were driving were not as important as it thought – calls made indoors were more crucial to these high value customers. Such customer insight can have major implications for network planning and optimization decisions.

Customers also expect a certain level of quality when using messaging systems such as MMS. It is not unusual for an MMS offering to not take off as expected and for standard market research not to reveal customer dissatisfaction with the service. Closer inspection of service quality can uncover root causes.

Telefónica O2 raised MMS performance in the Czech Republic, after identifying and resolving the root causes of customer dissatisfaction with the offering. Benefits included: 49% improvement in the mobile originated send failure ratio and 93% improvement in the retrieval failure ratio; better customer experience through improved support of older devices; and improved insight on customer service use. This enabled the company to define a MMS development roadmap.

<sup>5</sup> Key customer issues revealed by Nokia Siemens Networks and Gartner research

<sup>6</sup> Connect, In-Touch study, 2008



### Broadband service quality

Speed, the stability of the connection and coverage are the major quality drivers for broadband services. As broadband Internet – both fixed and mobile – is the key growth segment in the communications market, attention to quality, as one key element of the customer's experience, is critical to maximizing opportunities and moving away from competing only on price.

Clearly, fixed broadband quality and enhancing speeds to cope with the expected rise in Internet video traffic is essential to growing and retaining market share in the home market, which accounts for the bulk of broadband spend. Poor broadband speeds and service outages are ruthlessly exposed on many websites and bulletin boards, especially in markets such as the UK, which has many competing CSPs and ISPs. It is not unusual for capacity to run out in some areas, with customers waiting months for infrastructure upgrades, while many CSPs now apply caps on downloading at peak times.

Today's fixed broadband technologies can provide the speed that customers want. While ADSL provides an entry into broadband, the demands of a generation used to HDTV will in future need to be met by VDSL and fiber-based technologies.

Providers have three options to get fiber-based services to the consumer: FTTC, FTTB and FTTH (Fiber To The Curb, Building and Home). Both FTTC and FTTB can use VDSL2 technology for the final connection, achieving speeds up to 50 Mbits/s and 100 Mbits/s respectively. FTTH brings fiber right into the home to connect the customer directly. Nokia Siemens Networks believes that rates of up to 50 Mbits/s will be enough to satisfy consumer demand in most markets for the next few years,<sup>7</sup> so FTTC and FTTB coupled with VDSL2 will be the most cost-effective solution for providers.

Mobile broadband has started to take off, but there is still effort needed to satisfy customers in terms of speed and responsiveness of the network – especially when services are used in buildings.<sup>8</sup> As a solution, the latest HSPA (High-Speed Packet Access) technology improves the customer experience by increasing the responsiveness of the network – the latency – which is as important as the actual peak rate for many applications such as video, fast email synchronization, real-time gaming and VoIP. As a natural evolution of HSPA, LTE (Long-Term Evolution) networks will transform the customer experience, taking mobile broadband services to a new level where browsing, email, video sharing, music downloads and many more applications will be immediately available without any noticeable delay.

High speed access to premium services and the Internet help to enrich customer experience and create sustainable competitive advantages for the provider. But this is a strategy followed by most CSPs, and there are a number of other options for differentiation from the competition, by making life more simple for customers.<sup>9</sup>

These options include:

- Removing the restrictions on battery life and providing always-on connectivity
- Improving home coverage using femtocells
- Covering blind spots and remote areas where the use of fixed networks is economically not feasible
- Making efficient use of multiple access technologies to allow seamless mobility.



### **The operational performance challenge: optimizing and assuring end-to-end quality**

Customer experience also depends on the performance of the entire service delivery chain. Driven by the rise of broadband Internet and affordable computing, a growing number of services are delivered over the Internet and by groups of players in diverse value networks. This calls for increased flexibility in the CSP's organization and processes, knowledge and competences, network assets and support systems. It also demands an assessment of the strategy for the service optimization and assurance processes – the ability to reconfigure operations in changing environments will be a key asset for a CSP. In particular, incumbent CSPs have often built businesses and infrastructures by gradually adding technologies, systems, applications and services, resulting in many operational silos. It is very important to optimize the service delivery chain to use existing resources in the most efficient way, enabling the right features and tuning the network and services correctly to match business growth.

There are several issues concerning service assurance processes, including:

- Numerous monitoring tools and systems are used in service and network operations centers and most technologies or vendor systems are managed in their own silos. Staff are overloaded by the amount of data from managed networks and equipment, and have no dedicated resources and ownership for end-to-end quality, resulting in a lack of visibility of service quality. At the same time, many customers report the same or similar problems many times, as the root causes are not eradicated
- Increasing service and device complexity drives up the number of customer care calls. As the service delivery vehicle grows in complexity, solving customer complaints becomes more difficult and time consuming, and repair time often breaks service level agreements or fails to meet customer expectations.

Solving these challenges requires a transformation from reactive to proactive service optimization and assurance, and a shift from network-centric to customer-centric operations.

This change requires a reassessment and redesign of current processes and support systems. As no company can renew all processes at once, there is a need to prioritize – this can be done according to market characteristics:

- **CSPs in entry markets**, for example, aim to build population coverage and capacity, basic services and operations as quickly and cost-efficiently as possible. The operational focus is on optimizing implementation and deployment processes, while also setting up basic sales, marketing and customer service functions. The implementation process for the access domain is especially critical, as it tends to take the major share of OPEX
- **In saturated markets** CSPs need to offset declining voice revenues and increase market share through advanced services with superior customer experience while developing strategies to deal with 'disruptive' competitors and managing new business models cost efficiently.

Service usability and security are other important considerations. Ease of use is influenced by content design and packaging, the number of clicks needed to access content, and navigation logic. The trend towards IP-connected mobile phones and converging technologies means that customers are increasingly exposed to risks known from the IT world. Watertight protection against security threats, such as virus attacks, spam and hacking, is a necessity for a CSP, and not only improves customer experience but also manages the risk of revenue loss and fraud.

After using a service assurance solution, Orange Slovensko improved customer experience through implementing proactive maintenance, providing the right level of service quality and more efficient customer care, and applying marketing based on customer insights. The company also achieved: CAPEX optimization through network dimensioning based on customer usage; OPEX reduction through cost-efficient end-to-end network monitoring in operations and engineering; reduction of time to identify and solve customer care problems; streamlining of processes; and efficient sharing of customer data.

<sup>7</sup> Nokia Siemens Networks, Broadband study, 2008

<sup>8</sup> Nokia Siemens Networks, Broadband study, 2008

<sup>9</sup> Nokia Siemens Networks, Whitepaper "Broadband with no boundaries", 2008



# Cost and billing



I want pricing plans that are relevant, simple and transparent.  
I want online visibility on how much I have spent.  
Bills must be accurate and easy to understand.<sup>10</sup>

## Personalisation and transparency are key

The costs and billing methods of both fixed and mobile services have been the source of much frustration for consumers, who are often faced with very complex plans and tariff structures, especially for mobile contracts. For business customers, there are opportunities to help consolidate lines and services, as there can be substantial waste in unused capacity and outdated contracts. Simplifying cost and billing structures can give CSPs a competitive edge in customer experience as this is a key area where suppliers are constantly compared, both by customers and by online services and magazines, while businesses, more than ever, will be looking to cut costs and demonstrate return on investment.

The challenge for CSPs is not to get sucked into a 'price war' on simplified plans, especially now that flat rate pricing plans are becoming commonplace in both the fixed and mobile worlds. Adding value by offering attractive, personalized services – but still keeping things simple – will help minimize churn as, even in a downturn, the pure price level is often not the primary motivating factor for buyers. Key approaches include the following.

## Personalized offers – overcoming the one fits all flat rate trap

Adapting services to the individual pricing and charging needs of the customer will be more and more important for future business success.

In fixed broadband, the 'first wave' of service bundling is now established: voice plus Internet access plus TV. But a high volume of bundles also means a high number of customers on flat rate deals. The challenge for CSPs is to offer choices of chargeable items for a wide target audience on top of these static, all-inclusive, flat rate bundles.

A success story is Iliad, the French triple-play provider, which is successfully packaging IPTV channels and video on demand items on top of a basic rate of €29.99. Some 80% of its customers access pay TV services, which were the most important growth driver of monthly ARPU from €29.99 in 2004 to €36.30 in 2007.

Meanwhile, Hong Kong's incumbent, PCCW, charges for its NOW TV service on a flexible à la carte basis: customers can choose single channels they would like to subscribe to and pay per channel. In addition, PCCW is offering mini-packs that include a number of premium channels. The customers' perception is that they only pay for what they are actually using. To be even more flexible, customers can opt for monthly, bi-annual or annual subscriptions with mini-packs or channels.

In the mobile market, many customers have a postpaid contract and mobile phone for business usage, and a second handset with a prepaid card for private communication. Is it really necessary to have two mobile phones, one postpaid and one prepaid – maybe even from two different CSPs? Is it essential to be a dedicated postpaid or prepaid customer to use data or voice services, or to use a fixed line phone or a mobile? It is important for CSPs to focus on meeting the individual needs of their customers to generate incremental revenues by obtaining a larger portion of their spend.

<sup>10</sup> Key customer issues revealed by Nokia Siemens Networks and Gartner research

Instead of approaching the market with 'siloed' products that do not recognize that one customer may have many communication needs, CSPs should, for example, offer value-added data and multimedia services and Web 2.0 community services with the payment method preferred by the customer. Or CSPs can tailor single services or complete service bundles to the individual needs of dedicated usage groups. The more saturated the market becomes, the more choices will be available from the different CSPs, and the more the customer will make use of this choice.

But to be flexible, CSPs need to have business systems that can support this increasing product complexity – outdated systems can be a major stumbling block to product innovation. Marketing teams need flexible tools to enable their efforts to create new business and to defend the existing customer base. Many CSPs worldwide are currently developing their own postpaid-prepaid convergence strategy so that they can be clearly ahead of competitors that are hampered by their traditional legacy environment.

A flexible and customer-centric approach means unifying the infrastructure for postpaid and prepaid, for data and voice, for fixed and mobile services – in short, moving to a unified charging and billing solution. CSPs do not need to define their service offering twice – once for prepaid customers and again for postpaid customers. Overcoming the boundaries between pre- and postpaid allows customers to decide which service they would like to use with which payment method.

Additionally, a CSP can send offers to target segments by using enhanced customer care data and valid pricing plans. For example, if customers have exceeded their personal limit a message could be an offer to subscribe to a more suitable data package with a set monthly volume – and customers can immediately take up the offer via customer self-care. In this way, customers are encouraged to continue to try new services, knowing that their CSP will offer appropriate new packages if their usage patterns change.

Another way of personalizing an offer is to allow customers to top-up with the little money they have, which is very useful in emerging markets. Enabling micro-prepaid transactions, with top-up values of less than \$1, attracts large numbers of potential customers from the lower income bands. A micro-prepaid solution increases the affordability of the prepaid service, boosting growth in customer numbers and their mobile spend.



#### **Transparency – reducing customers' risk perception**

Many customers in mature markets are cautious about the potential high costs of mobile internet access. CSPs can attract them by making the costs transparent, for example by allowing them to define their personal usage limit on data traffic. This gives customers control of their data service costs and they then feel safe to use attractive new services free of the fear of overspending their budget. To control spending, from time to time customers check usage online, which is easily done with an Internet-enabled mobile handset. A real-time display of usage always provides accurate, up-to-date information. Customers then get more familiar with using the new services and increase usage. They can then be targeted with a personalized offer to subscribe to a more suitable data package, as noted in the previous section.

The important point for the CSP is that the customer relationship lasts longer. This reduces the risk that customers will switch to a competitor. Customers also feel well served by their CSP and are likely to recommend it to friends and colleagues. Last but not least, this trust positively influences service usage – and revenue for the CSP.

This example shows how CSPs can benefit from offering their customers full control over their credit and spending limits regardless of whether the customer is prepaid or postpaid. Real-time account management and real-time price plan upgrades via customer self-care are normally seen as prepaid features – now these features are available for all customers and for all services.

Also, emerging markets have a huge potential consumer base for which transparency is an issue. These very low- income customers need access to communications but find the cost of getting connected is too high. Typically, \$3-5 a day a day is the maximum buying power for customers in emerging markets. Phone sharing is common and most often takes place in a trusted environment such as a family or a group of friends. Sharing the phone with anybody else might run the risk of overspending – but with cost-tracking, customers can limit the cost of a prepaid call to any desired value.

And people on low incomes in any market often carefully plan their spending to diminish the fear of exceeding their budget, but studies have shown that spending is likely to increase when they are aware of the remaining account balance. Prepaid balance and expiry details, including the cost of the last event, call or SMS, as well as the amount of the last prepaid recharge, diminish customers' fears of exceeding their budgets and increase revenues.

#### **Finally – the charging challenge**

A state-of-the-art charging solution has a major role to play. No matter how good new services and applications are, marketing campaigns alone are not enough to turn them into revenue-generating customer offers. To do that, a fast, flexible and accurate mechanism for tracking usage and calculating payments is needed.

In traditional network operations systems, the charging function is among the last and most complex of many elements to be addressed in the overall development process. In most instances it involves writing and testing case-specific code for the charging software, which can often lead to significant delays in bringing a new service or pricing package to market.

In prepaid mobile markets, these delays could make the difference between staying ahead and falling dangerously behind.

ZAIN Kuwait, a customer of Nokia Siemens Networks, can now accelerate the charging-related pre-launch development process for prepaid solutions. Instead of taking weeks to adapt its systems to support each new customer offer, it can simply activate one of a wide range of ready-to-use, pre-programmed charging options. These options, known as 'marketing use cases', enable ZAIN to adapt charging functions such as tariff models and rate plans in a flexible and timely manner without compromising quality. This means that new marketing campaigns such as promotional minutes or lifetime bonus plans can be rolled out faster, and can be applied to all major service types from voice and SMS to email, instant messaging, Internet access and music and video downloads.

# Customer care

My problems must be solved first time.  
I want different service options matched to my needs.  
I want proactive support.  
As soon as I subscribe to a service I want to be able to use it.<sup>11</sup>



## **There's no one size fits all – targeted care is the answer**

Key areas for improvement in customer care processes include:

- Adapting customer care to different target segments, according to the customer's individual lifetime value
- Efficiency in customer care, ensuring efficient and fast fault and complaint handling via seamless information flow through integrated systems infrastructure
- Proactive care with end-to-end automation of customer care processes.

## **Adapting customer care to the different customer needs**

Service levels can be increased to match the requirements of high-value segments and adjusted in the case of lower-value customers in order to reduce costs, using self-care options, for example. The needs of customers from large corporations differ from those of consumers or customers in small and medium size companies. The challenge is to choose the combination that best matches the service portfolio and proposition.

## **Solving complaints first time right**

The efficiency improvement actions employed by CSPs in multiple network operations commonly include:

- Supporting customer care first tier staff (in the call center) to solve incidents during the first customer contact and so cut the number of calls forwarded to the back office
- Shortening the customer problem resolution time by reducing the time needed to interview the customer as well as the time needed to identify and solve the problem.

Additionally, many CSPs use call center agents to answer many calls, such as balance or bill related questions, which do not actually need personal assistance. Migrating these requests to other channels such as web-based self-care is a possibility.

Conventionally, call center staff talk to the customer to gain information about the problem, a process that can take several minutes. This information can be inaccurate, leading to the problem being forwarded to the back office. As an example, lack of subscription information available to agents when a customer makes a first call can result in thousands of enquiries to the back office to check on the customer's profile.

In fact, the total time to resolve a customer problem can extend to several hours over a number of stages. These stages include: identifying the problem area during the first customer interview and collecting the required information, which can take several minutes; trouble-ticket creation; case forwarding/case resolution; and informing the customer.

Further, customers increasingly need more sophisticated technical support for advanced services and more complex devices. Call center capabilities need to be upgraded ahead of the commercial launch of new services, giving personnel a better chance to solve any problems during the first call and so shorten the resolution time.

<sup>11</sup> Key customer issues revealed by Nokia Siemens Networks and Gartner research



By introducing a customer care support solution, the network management and customer care management teams of Elisa Finland brought measurable benefits to their financial, marketing, product management and human resources colleagues by:

- Serving the same number of customers with 20% less staff.
- Solving 98% of customer calls at the first stage
- Decreasing field maintenance visits by 15%
- Improving customer satisfaction by shortening the resolution time and making proactive customer contacts
- Creating better aligned customer operations with the brand promise of service leadership
- Improving the product design process by addressing feedback on product performance
- Increasing employee motivation in call centers

Additionally, enterprise customers often have dozens or even hundreds of devices to manage and a company that can take the work off their shoulders has a formula for success. Some CSPs want to grasp this market opportunity and increase revenue by providing advanced device management services that can be accessed remotely. This allows the CSP to become a credible ICT partner for the business customer, with the CSP's device management service decreasing the enterprise's IT workload and need for certain IT resources. The pressure on enterprises to decrease OPEX by offloading the extra work needed to manage their devices will create more demand for this sort of service.

#### **Self-care options**

Some customers prefer self-care options that give them personal control over costs, the services they subscribe to, and their devices. They want to check account balances, recharge accounts and select charging and service options from a device or web portal or through an interactive voice response system. There is increasing demand for customers to be given direct access to payment and service information, as well as the ability to take control when and where they want.

#### **Automating configuration**

The rise in device complexity – with more applications and configuration options and with customers changing their devices more often and using purchasing channels outside the CSP's control – is placing yet more workload on call centers. A fully automated device management system cuts the need for call center resources required to help customers solve incorrect device settings manually. Automated processes improve service quality, as process execution is fast, consistent and correct every time.

With automation, customers also feel more cared for, while service quality and operational efficiency are significantly improved. Automatic configuration and provisioning of devices and services can be performed for both new and old customers, as can the automatic correction of errors such as wrong GPRS settings. Auto-correction also allows the CSP to send new settings at will.

The CSP can also automatically propose new service options based on customer behavior, while end-to-end automation allows subscriptions to be optimized cost-effectively.

**An Asian CSP reduced customer care calls by 20% using a device management solution that paid for itself within 3 months.**



# Conclusions: putting the customer at the heart of the business

This paper has identified:

- The growing imperative for all CSPs to become customer centric and manage the customer's experience to increase profitability and drive higher operational performance
- The key factors that define experience for customers of CSPs – service and device portfolio, network and service quality, cost and billing, and customer care – and how together they drive the overall brand value.

Detailed customer insight is needed to uncover exactly what elements in these key areas are underperforming. Crucially, to do this requires a CSP to examine both the objective and the subjective experiences of customers themselves in all their touchpoints with the provider. A truly customer-centric CSP will liberate its customer information from data silos and bring it together into a holistic customer view, where it can be efficiently accessed by all systems and everyone in the organization. Based on this holistic view of customer insights, CSPs can then optimize the low performing experience areas, backed by return of investment analysis.

Streamlined OSS and BSS have a crucial role in this process. OSS and BSS are converging as CSPs recognize that it is impossible to manage customer experience without eliminating the gap between managing and reporting underlying network performance and usage, and the impact on business systems that manage customer relationships. Solutions and expertise are needed that streamline the interface between networks and business support, unifying telco and IT systems.

Another key element of the customer experience jigsaw is a subscriber data management solution that allows a CSP to gain a holistic view of a customer from the perspective of different parts of the organization. Real time and historic data often sits in different network and service systems, and various company departments may own some slices of the data but find it hard to gain an overall picture of customer patterns and touchpoints that could help provide a better service or build better market propositions and products.

The good news is that the building blocks to implement these systems are available, as is the willingness of many CSPs to become more customer centric.

Nokia Siemens Networks can help CSPs to ensure customer experience is successfully optimized in the five key experience areas with:

- Market leading subscriber data management, service management and charging and billing software assets to help CSPs to base their decisions on customer insights and ensure superior customer care is combined with simplified and fair charging
- Strong network and service fulfillment, assurance and optimization solutions to help CSPs to build an attractive and easy to use portfolio and to deliver the best quality experience

Nokia Siemens Networks takes responsibility for the end-to-end service delivery, from business consulting to integration and solution deployment, to technical support and care services, providing CSPs with global reach and local presence worldwide.

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