

The value of empowered subscribers

by Lucas Skoczowski, founder and CEO, Redknee

Communication service providers (CSP's) need to keep all their subscribers happy, all the time. How do they create compelling service bundles to address subscriber needs? How do they identify those needs, protect and increase revenues and reduce churn? Insight into usage patterns drives the creation of clearer, more relevant services, and more competitive pricing plans. Give power to the subscribers over what and how they consume data, and they'll give you the trust that forms the basis of all lasting relationships.



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Content service providers (CSP) today are competing in a dynamic, growing and data-hungry market. Subscribers know what they want and they know how to shop around to get it. If one provider doesn't offer the right solution, subscribers are becoming adept at switching to another. Increasing frustration with 'bill-shock', frequently triggered by roaming charges -- combined with the often complex schedules of pre-paid plans that fail to address certain subscriber needs -- creates barriers to loyalty. It's a tough market, and it's placing pressure on operators to transform their business models.

That sounds like a daunting challenge. 'Transformation' sounds like it involves significant investment, time and ingenuity. It doesn't have to. When operators accept

that they simply need to 'recalibrate' their positioning, shift on their axis a little, and realign the capabilities they already have so that the market perceives them and reacts to them in a different way, business opportunities come easier.

CSPs are already doing this; identifying profitable new business models. They are looking more closely at customer experience, acknowledging variances in subscriber needs that can help shape modifications to pricing plans that make more sense to certain subscriber segments. They are re-evaluating the way in which customer care is delivered, moving away from old models of call centres which no longer resonate with the self-determination subscribers are accustomed to through the online channel. They are also

looking afresh at their ability to charge for support services. Most encouragingly of all, they are achieving success with these new approaches.

Subscriber segmentation

Operators have been locked in a constant battle against declining ARPU for many years, aware that the revenue that is disappearing has not been evaporating from the mobile market, it has been flowing elsewhere - invariably to OTT service providers. LTE is upon us, OTT providers have introduced magnificently innovative services into the market, new breed operators are slicing and dicing consumer motivations as they launch targeted MVNOs. Subscribers today know how to manipulate service packages, swap SIM cards, and interchange

devices for different usage requirements. They know how to get the best deals. In many ways the market is at a tipping point. CSPs who fail to deliver clearer service propositions are likely to lose business to those who study subscriber usage patterns closely, assess that nature of services consumed and then align the services they offer accordingly.

Agility is critical if operators accept that they need to shift away from a network-centric business model to a customer-centric model. Follow the customer; observe behaviours, requirements, journey patterns, usage peaks and troughs. Once you have followed them, you'll be able to lead them. Winners in the market are those who make the content as accessible as possible. This entails giving subscribers flexibility and control over not just what they consume but -- perhaps even more importantly -- how they consume it. No subscriber likes to be wrapped over the knuckles half-way through his or her billing cycle because they've used up their data allowance. No one likes to be in the dark about precisely what they get for their money, so that bills arrive demanding much larger amounts than the subscriber thought they might be in for. That's not a customer care approach; it's a big corporation that isn't too bothered about who it annoys. Annoyed customers have a tendency to become ex-customers. Customer-centricity gives the customer control and in so doing, it also gives the operator a competitive edge.

Self-care drives subscriber satisfaction

Solutions are available, either in the cloud or as on-premise models, that enable operators to deliver self-care to their subscribers by implementing converged billing and customer care solutions that are low-risk, scalable and flexible. These are the solutions that MVNOs, for example, are using all over the world to drive agility; identifying subscriber segments, acting upon their needs and then relating to them in a caring fashion. These are the subscribers that stay loyal because they have no need to shop around. They are served with integrated self-care channels that synchronize web portals with the subscriber's device, offering real-time updates if credits require attention or if other services become available.

They are attracted by fair and flexible tariffs. For CSPs, the ability to intelligently package a new service or offering in a way that encourages frequent use of data is becoming more important. 'Roaming' is a good

example. Traditionally many subscribers have been hesitant to use their phones when roaming because they've been worried about the cost. If CSPs focus on upselling and packaging roaming however, subscribers will be more receptive and it unlocks additional revenue for the CSP.

Re-shaping the market

One of the most recent developments in subscriber self-care is CSP investment in social media. Customers increasingly expect to be able to use social media tools as an engagement channel with their service provider; it's a natural fit - for many subscribers their prime consumption of data arises from activity through social media platforms that are changing not just how they view their worlds but also how they communicate with every contact point within those worlds. It's seamless, or it should be. For this reason, CSPs are starting to use Twitter as a channel where concerns can be raised from the mobile phone and responses provided by customer care agents through the same social media channel. CSPs can today simply introduce a full self-care portal within Facebook. This enables them to link the users' Facebook profiles and their key friends on Facebook, who also use the same CSP, directly into their frequent calling plans. This is sophisticated mobile empowerment - relevant and targeted to subscriber behaviours. The self-care experience is shifted from the mobile to social media, where consumers are spending more of their online time. As well as customer care, CSPs are able to effectively utilise this transition for marketing new packages, promotions and new services to subscribers.

Meanwhile, growing markets are adopting subscriber segmentation and self-care strategies at increasingly earlier stages in their evolution, demonstrating successes that more mature markets are learning from. Zain Kuwait's approach is one example of an agile business model that delivers great business results by empowering the user.

Analyst firm Pyramid Research believe the growth rate of mobile Internet in the Middle East and Africa will be faster than any other region in the world. While it contributed only three per cent of global mobile data revenue in 2008, projections are that the region will double its share of revenue by 2014. Leading communications provider Zain Kuwait launched Kuwait's first national wireless broadband service in 2006.

To maximise its data revenues Zain identified three target subscriber segments: young users, Arab expatriates, and inbound roaming markets. With 70 per cent of its subscriber base being prepaid, Zain wanted to get the services to its prepaid customers quickly. This involved changing its business model, to bring pricing into relevant packages that subscribers could easily understand and trust. Zain deployed a real-time rating and charging platform to enable flexible, tiered services and dynamic subscriber controls. The platform has enabled Zain to understand how its services are being used and how best to rate and charge for them -- increasing opportunities to monetise and better manage its data services and network assets.

Zain's customers now control their own mobile experience and can select daily, weekly, or monthly packages, gaining better clarity of the charges they will incur. Through the provider's web portal, users have full visibility over the services they use, they can track their usage and decide whether they need to top up their credit or regulate their usage.

Conclusion

The experience of Zain Kuwait highlights an extremely interesting point relating to the stage of evolution a market has reached. Operators in this region generally are shaping their business models in parallel with emerging subscriber needs. They are learning lessons from more mature markets and responding in an agile way to opportunities. They are not taking forever to adapt. These lessons are now coming back to mature markets, where operators are reacting afresh to pressures they may once have had no choice but to succumb to. The cloud now puts agility and flexibility within reach for all CSPs, offering low-risk highly relevant capabilities that can drive customer-centricity and increase ARPU as well as loyalty.

Operators should not be deterred by the idea of huge investment costs for any of these initiatives given the cloud-based business support systems they can access on a low-risk basis. They need not be deterred by time to market, since these systems drive agility faster than ever before. And they need no longer think that subscriber churn is the inevitable by-product of doing business in a competitive market. Those days are over - power to the consumer is bringing power back into the business. ●