

# How can telco and enterprise verticals benefit from each other's best practices?

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Market research studies predict a sharp decline in revenues for traditional telco services by 2020. To survive, telcos must embrace the role of a service enabler, and learn from similar industries. Since retaining customers is paramount, they must improve customer relationship which is largely relates to fulfilment and customer problem solving. Additionally, they could harness the power of analytics for preventing fraud and cyber-crime.

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Typically, communications service providers (CSPs) will only hear from customers at two critical points: when customers are buying their services or when something goes wrong. That's why most operators have invested in robust CRM systems, along with lengthy and expensive automation integration projects. After all, in an era where digital and Over-The-Top (OTT) innovations are introducing more competition to telecom services and eroding mobile voice and messaging revenues, customer service has become front end centre.

There's proof that CSPs aren't doing enough, though. A Vanson Bourne survey found that nearly nine out of ten consumers in France, Germany, Poland, Russia, Spain and the United Kingdom (UK) want more personal interaction with their mobile operators. This shows a real demand for a better customer experience - something that goes beyond what many CSPs are currently providing - and it may be time for the telcom industry to look at other, similar industries for some inspiration.

To that same end, enterprises have been swept up by the tidal wave of technological innovation, realising that the information and communications technology (ICT) market holds great benefits for those that embrace it. Organisations across every vertical-from utilities to insurance-are also managing more data than ever before, and are increasingly implementing and enhancing their mobility and connectivity strategies. So, the time is right for enterprises to look towards CSPs for inspiration and learning.

By surveying what similar organisations are doing to adapt, CSPs and enterprises can learn how to build new business models around their new technology and discover new sources of revenue. To understand how this has come to be - and where these kinds of services are going - we have to take a look at the tectonic shifts happening among CSPs today.

## The state of telco today

The smartphone has introduced an interesting paradox. The phones have been widely

adopted by the EU5 economies (UK, France, Germany, Spain and Italy), hitting a market penetration rate of 55 per cent at the end of 2012. Yet, for all the glamour and reports showing that people are using phones for hours each day, the traditional revenues CSPs have relied on are in turmoil.

Apple's iMessage, OTT players like WhatsApp and the decline in traditional phone calls have sent old business models reeling. By 2020, traditional CSPs positioned in EU5 economies are going to experience significant declines as voice, messaging and data revenues continue to drop within the region, according to Telco 2.0 Research. Germany and the UK will experience declines of 19 and 20 per cent, respectively, in these core mobile services. Spain will get the brunt of this market whirlwind - the estimates from the research predict a 67 per cent drop in the same services by 2020.

No matter where one looks, it's clear that the telcom-especially mobile-landscape is changing. The key is to evolve and adapt by

harnessing the powers of new technology. With new players vying for the spaces where CSPs used to have a firm grip, operators have to determine how to differentiate through more efficient service, personalisation and customer experience.

Independent global analyst firm Ovum recently released another paper predicting slower revenues in the telcom industry. "Telcos could feasibly play a role as service enablers, but they first need to adopt the leaner structures of OTT players such as Google" telco operations analyst and report author Adaora Okeleke said in a statement. "By partnering with application developers and allowing them to use their secure platforms for service delivery, telcos will be able to drive innovation and reduce time-to-market."

There are technologies that can help streamline operations for telcos, while adding new revenue opportunities and pricing bundles. CSPs may take some comfort in the fact that similar industries are experiencing upheavals, too. Technology trends like Cloud computing and behaviours like bring-your-own-device (*BYOD*), are likewise impacting enterprises. This is where telcos and other enterprises can learn from one another - and adapt to the changes in their industries accordingly.

#### The value of integrated fulfilment

Like CSPs, utility companies have complex infrastructures in place and business models that have remained more or less static for decades. In Europe, the problem has been compounded by the recent liberalisation of the utility industry. While regulatory and energy costs have occupied much of the industry's attention, competition has become fierce. One study even predicts that Europe's largest utilities could lose one out of every three customers to the competition.

Yet, before providers can devise new customer strategies, it's imperative to find new models that allow for more sophisticated management and distribution. Some utilities have realised new business opportunities and started to leverage infrastructures to deliver external enterprise connectivity, whilst others struggle to get an accurate picture of their own internally used ICT infrastructures and services. These potentially diverse arrays of complex services, which can include virtual private networks (*VPN*), inter-site VoIP, intranet and extranet connectivity, as well as remote data centre access for applications and record management, require very granular operational management.

That's why utility companies, as well as other enterprise verticals such as finance, are starting to invest in integrated service fulfilment platforms that allow for better visibility across service inventories and streamlined service deployments. In this way, they can efficiently consolidate service and resource inventory management with order management and service provisioning into a single platform.

There are a number of advantages to the integrated platform approach, namely centralised configuration access control - preventing unauthorised service impacting changes to remote equipment, process automation, detailed inventory navigation - related to commissioned services and equipment, customised reporting and audits of orchestration processes.

Many CSPs have turned to integrated fulfilment platforms as well, because of the power to monitor the order orchestration process from start to finish, guaranteeing better customer service and reducing the number of manual errors during order activation.

#### Fraud, analytics & smarter operations

Each year, CSPs lose about US\$40 billion to fraud. With mobile money and digital wallet technology on the rise, it's safe to assume that they will be seeing even more cases in the future, and fraud will prove to be an important issue for years to come.

The insurance industry, too, is no stranger to fraud, losing billions of dollars a year because of everything from falsified claims to misclassified workers and changes in legislature. From 2010 to 2012, according to research from Accenture, insurance fraud rose by about ten per cent in Europe.

That's why insurance companies around the world have been actively using analytics to help detect suspicious activity. With this technology, customers can have non-fraudulent claims processed faster than ever before, while detection systems can automatically check claims for anything suspicious through statistical learning.

This technology lends itself to a deeper kind of 'link analysis', too, which includes the monitoring of relationships between people and organisations. Insurance companies can leverage this kind of analysis to not just find individuals with fraudulent claims but groups that could be involved with insurance fraud. Showing these links allows order

processing systems to view customers in broader contexts and hopefully verify claims more efficiently.

Taking this learning, telcos could combine proven fraud detection approaches by using advanced predictive analytics with the vast amount of mediated event data from customer services to build a powerful and contextually aware value proposition.

For example, analytics could be used to detect misuse of services - including fraudulent use of premium services or mobile top-up voucher sales-channel fraud. It could be used to assist in cloned identity or theft, identifying suspicious usage based on call frequency or location. Analytics could also be used for protection against internal fraud - such as the theft of minutes from accounts or even unexplained revenue leakage. Some predictive analytics tools can track data in real time, and create customer profiles that show the context of what an individual is doing when an event occurs. Through that advanced analysis, CSPs could manage and eliminate suspicious activity as it happens.

#### Closing the customer experience gap

Insurance, utility and telecommunications industries have a lot in common - big customer or user bases, vast interconnected infrastructures and complex underlying systems. Just like telco, utilities and other enterprise verticals need real-time control and understanding of their ICT as critical data volumes increase. Just like insurance and utility companies, CSPs are held accountable by their customers if something goes wrong - whether the network is down or there's a billing error. In the Vanson Bourne survey previously cited, more than one-third of European mobile user respondents cited their desire to churn if they could.

The industry is being rocked by sweeping technological changes, which means seamless customer service is becoming critical for IT, operations, marketing and sales. There's a very real risk of being overwhelmed by the sheer amount of infrastructure, service and customer data today, but by harnessing the power of analytics and next-generation mediation and fulfilment platforms, CSPs can improve their bottom lines without spending a fortune to do it. As the convergence of IT and networking technology continues, the lessons learned and best practices of adjacent industries also demonstrates commonality that can be leveraged. ●