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BUYING ESSENTIALS WHEN CONSIDERING A TELCO MULTI-CHANNEL COMMERCE SOLUTION

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INTRODUCTION

Telecoms.com Intelligence surveyed a group of industry professionals, mostly employed by service providers from around the world. The aim was to capture the industry's key requirements for deploying a multi-channel commerce solution.

The areas covered in the survey looked at critical features and functionality of a multi-channel commerce solution as well as the interface points where such a system interacts with existing back office systems.

Key findings of the survey:

- Today's service providers are looking to drive multiple 'go to market' models from a single commerce platform.
- Automatic and dynamic bundling capabilities are much sought after.
- Integration between multiple back office systems is often lacking.
- Self-service is becoming essential.
- Service providers are seeking more touch points during the customer lifecycle.
- A good customer experience is more about business culture than technology, but the right technology is essential to facilitate this.

Some of the key requirements were unsurprising in context of service providers operating across international borders. But what's clear is that poor integration between back office systems used for service provisioning is holding operators back from being able to react dynamically to existing and new customer demands.

It's no secret that in the past, operators were slow to react to customer sentiment as the touch points between provider and customer were few and far between but as technology has evolved, the opportunities for contact have increased and the number of touch points has grown. Customer experience has now taken centre stage, ushering in the transition from 'customer relationship management' to 'customer experience management'.

Operators are now looking for tools to help them make the most of these touch points and to positively engage with the customer, not just at the point of sale but on a regular basis throughout their lifecycle. Although operators are rightly focusing on growing ARPU by targeting new customers, winning the loyalty of existing customers and extending their stay on the network arguably plays a strong role in maximising customer profitability.

CUSTOMER SATISFACTION AT THE FOREFRONT

Service providers clearly expect to have certain functionality built-in to a commerce solution as standard. When asked which target audience capabilities were important, the ability to pursue everything from business-to consumer to business-to-business was crucial to 74 per cent of respondents. However it's highly likely that B2C is the key target here as service providers focus on acquiring new consumer customers.

Service providers are also aware that today's B2B customers increasingly expect to encounter a 'consumer style' experience that includes intuitive interactions, powerful self-management tools that enable them to manage call plans, devices, provisioning, reporting and more. When asked to rate the importance of the business goals to be attained with a commerce platform, over 67 per cent said increasing revenue was of Critical Importance with a further 16 per cent saying it is Very Important, giving this goal the highest rating average (Fig.1).

There are perhaps no surprises here but it's clear that the industry is now putting customer satisfaction front and centre, with over 84 per cent of respondents identifying that enhancing the customer experience was either Very Important or Critically Important. By way of association, around 75 per cent (49 per cent said Critical, 26 per cent said Very Important) said reducing customer churn was the main aim of the commerce suite (Fig.1). These sentiments reflect the industry's growing understanding of the commercial value of pursuing customer experience management (CEM) to reduce churn and boost Average Revenue Per User (ARPU).

Indeed, a survey conducted by Informa Telecoms & Media in September 2012 with operators around the world, identified CEM as the number two area of focus for 2013, second only to network deployment. The network is obviously a top area of interest because of operators' rush to lead the way in new access technologies such as Long Term Evolution (LTE) and Next Generation Access (NGA). And while it is good that CEM is gaining traction in the market, it is more important that operators consider implementing CEM in a holistic manner so they can use it as a platform for differentiation.

According to another survey, this time by Ovum, *Telco Business and Investment Trends for IT*, conducted in 2011, improving customer experience was a high priority for 68 per cent of respondents and evidence suggests this outlook remains the same today.

The ability to achieve a simplified view of customer behaviour also rated quite highly, because the ability to see such metrics is essential when measuring the satisfaction of the customer and being able to trigger new touch points with the user. In the battle to acquire and retain customers, grow market share and maximize revenue, gaining a holistic view of a customer, and understanding their needs and 'in the moment' motivations enables highly personalised interactions and interventions that fit with their habits and desires.

This last point was in evidence when integration with smartphone and tablet touch points was identified as a Very Important to Critical feature for a commerce platform, scoring a high rating average of 4.02 out of 5 from survey respondents. Not far behind was self service support, which proved to be a popular feature with nearly 68 per cent of respondents identifying it as Important to Critical (Fig.2). We go into greater detail on the importance of this feature on page 08.

A GO TO MARKET MODEL

Today's operators and service providers are looking to drive multiple 'go to market' models from a single commerce platform; this flexibility extends to white label solutions that enable affiliates, brands and partners to operate customised eCommerce websites,or for providers to extend commerce operations across regional or international borders. This explains the high rating of a number of key commerce platform features.

For example, the ability to keep unique processes and content separate by brand was deemed to be of great importance by 62 per cent of respondents. In this respect, the ability to cope with the cultural preferences of differing geographic target audiences is at the forefront of operators' minds.

Indeed, the ability to consolidate multiple country sites on one infrastructure achieved a rating average of 3.72 out of 5 and we go into greater detail on platform consolidation and cultural diversity on pages 09 and 10.

Meanwhile, features focused on product spotlighting and information provision slipped further down the scale with collaborative editing being the least popular feature, possibly due to the increased education of consumers about the products they are buying.

There was more division between respondents in terms of the necessary capabilities of the product catalogue.

The challenge most operators face is that the product catalogue and pricing menus are in different databases and managed by different systems, so to create a new offering is always a challenge as the operator has to pull information from a variety of data sources and match these together. Another tricky element is dynamic bundling, something we hear a lot about but which is actually a major issue within the industry today, as many operators simply aren't equipped to do it.

Typically, a significant amount of manual interaction must take place within back end systems, so the need for drag and drop functionality and the ability to make ready use of logic in the system to build these propositions effectively and efficiently is very attractive. Telcos tend to have so many complex back end systems for provisioning that the back office environment can become very complex and confusing. In recognition of this phenomenon the hybris Omnichannel Commerce Offering has built in connectors that can hook into those systems through the use of APIs to easily expose the back end.

Q Rate the following in terms of importance as goals of your commerce platform: (1-5 scale where 1 is least important)

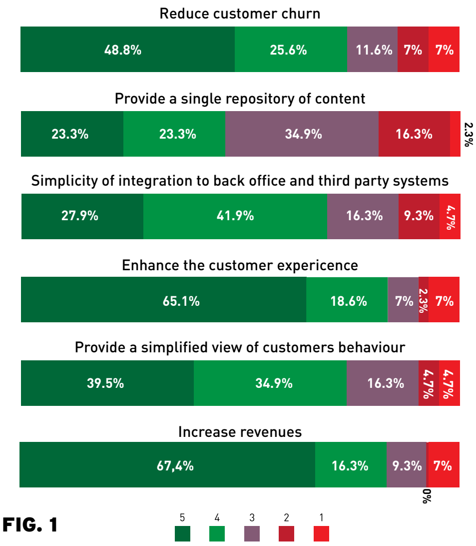


FIG. 1

Q Rate the following in terms of importance as features of your commerce platform: (1-5 scale where 1 is least important)

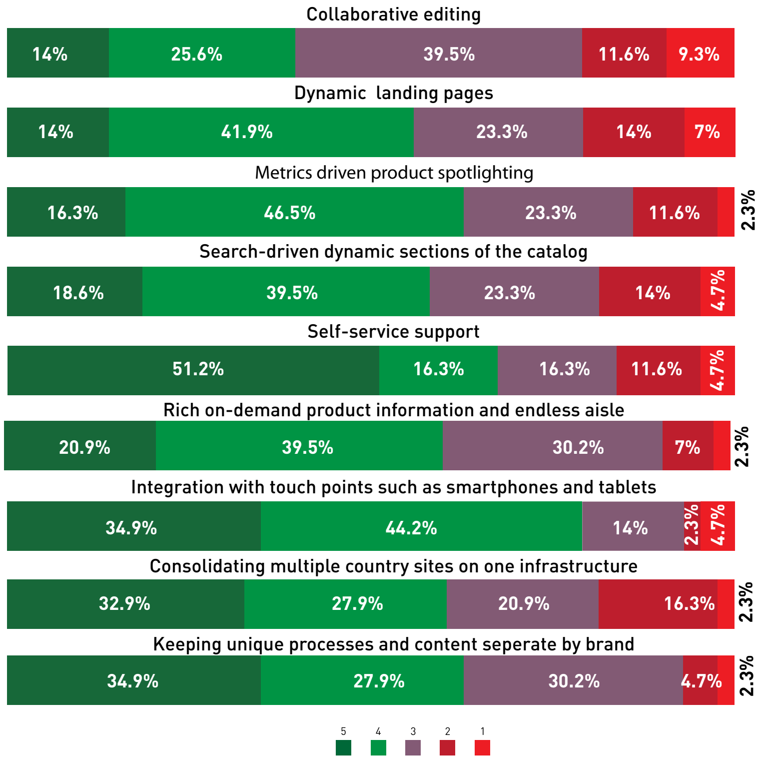


FIG. 2

KEY PRODUCT REQUIREMENTS

Operators tend to have highly traditional legacy systems for bundling services together. However, many providers are undergoing or considering a digital transformation process hinged on bundling content into products, as selling digital content has become a key focus for Telcos as a way to unlock new revenue.

In terms of rating average, the ability to factor in Value Added Services (VAS) just edged into the lead, signifying how service providers now understand that they need to dynamically bundle over-the-top (OTT) or content offerings with their own traditional and network services. Similarly, the ability to bundle plans and devices rated very highly with respondents, with almost 80 per cent saying it was an Essential or Very Important feature (fig. 3).

This is especially true for service providers delivering a voice offering who now want to be able to add a digital content element - like a TV package - to the deal and dynamically bundle this into the cart. In an industry where we are seeing cable and telecoms operators coming together, the ability to be able to identify the types of services customers want and add these in dynamically is critical.

The provision of subscriptions is central to the Telco market proposition and most bundles will have a subscription component, so naturally subscriptions remain core.

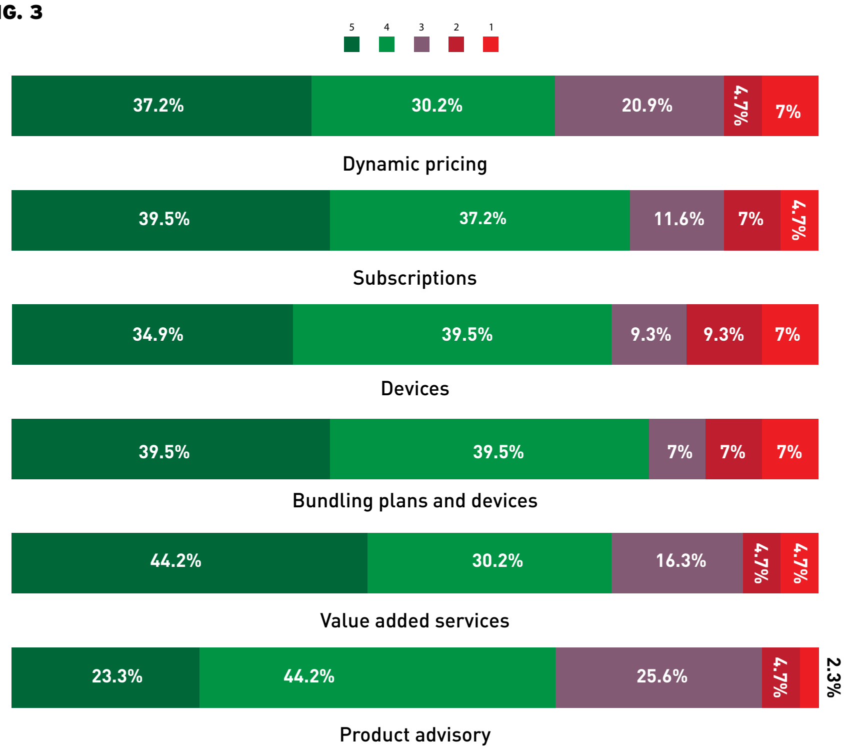
There has been a slight shift in some quarters toward the separation of devices from subscription plans, especially from mobile operators offering SIM only deals in response to smaller and more disruptive MVNOs (Mobile Virtual Network Operators). But in general the combination of bundling products, services and tariffs remains absolutely critical to the Telco offering.

When it came to ranking what providers rated as most important in relation to their product catalogue, it is interesting to observe that product advisory and devices are less of a focus for service providers (although these still achieved rating averages of over 3.8 out of 5).

How important are the following in terms of your product catalogue?

Rate the following 1 to 5 scale where 1 is least important

FIG. 3



INVENTORY MANAGEMENT

Inventory management is a highly complex process that should appear seamless to the end user. Throughout the purchase cycle a customer will make a number of dynamic judgments and informed decisions about what they want. However the customer must also be expected to change or amend these decisions on the fly, adding or removing products at any point of the purchase cycle. The hybris omni-channel offering is designed to meet such requirements and ensure every channel and touch point is dynamically and automatically updated.

The backend systems powering the inventory management process are enormously complicated. The commerce solution has to 'talk' to the order management system and update orders that are changed mid-flow, after which it may then have to talk to the content management system to disseminate and consolidate all the information into one package for the end user. The hybris solution enables dynamic synchronisation across stock, order management and content management systems to deliver the all important seamless customer experience.

The inventory management process covers the organisation and location of stock in warehouses, stores and other points in the distribution chain; shipping of that stock to the required location – whether the customer's address or a nearby store - and bundling it with the products and services selected by the customer. Only through deep technical integration and knowledge can a Telco multi-channel commerce solution provide automated inventory control and fulfilment of orders.

Just edging into the lead, with 30 per cent of respondents saying it is of Moderate Importance, is a feature which allows customers to buy a product in-store and have it shipped from wherever it is available. Just over 23 per cent thought this element was Very Important and 30 per cent thought it was Critically Important. Essentially 83 per cent of respondents thought in-store shipping is Important (fig. 4).

Similarly, almost 54 per cent of respondents saw the ability to buy a product online and have it shipped to a store as Very Important to Essential; meanwhile the option to buy online and return to a store was seen as Essential or Very Important by 44 per cent of respondents.

Ultimately these characteristics are all important to providing customers with the order and delivery options that are most convenient for them. For example, they allow a customer service representative to fill out a cart in-store on behalf of the customer and then enable the customer to update that cart themselves and pick up from a store with modifications or get delivered direct to their house within 48 hours. This capability represents a competitive advantage and is becoming a key market differentiator.

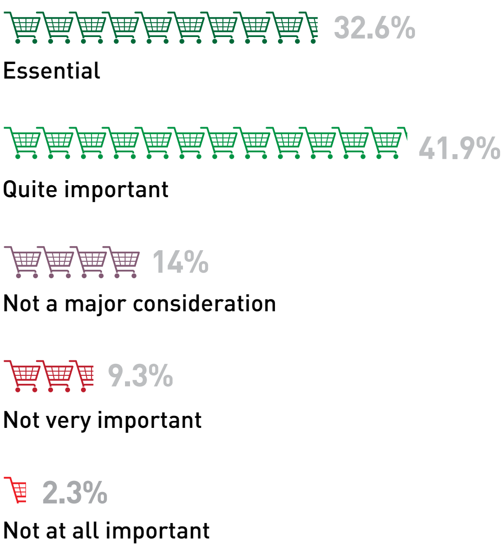
Q Rate these stock management features in terms of importance (1-5 scale where 1 is least important)

FIG. 4

THE IMPORTANCE OF SELF SERVICE

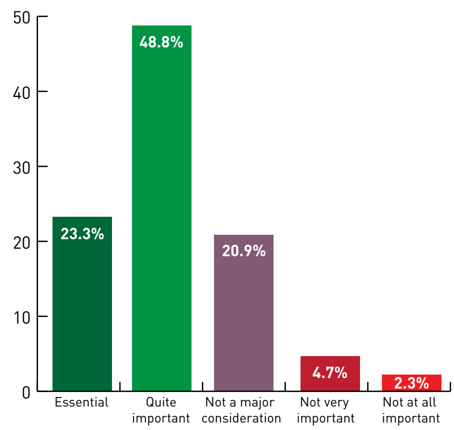
Q How important is a 'self service' element for the commerce solution?

FIG. 5



Q How important is it for the commerce platform to offer different distrinct control panels for different classes of users – for example a finance user might need to customize several types of sales reports while a category manager would need the ability to add products or edit inventory items within different categories?

FIG. 6



In terms of the users of the commerce platform, service providers must bear in mind the different classes of users that will be interfacing with the system and decide whether they need corresponding control panels for those users. For example, a finance user might need to customise several types of sales reports, while a category manager would need the ability to add products or edit inventory items within different categories.

In fig. 6 we see that almost half - 49 per cent of respondents - see self service as Quite Important, while a further 23 per cent see it as Essential. Indeed, there are key requirements that a telco multi-channel commerce solution must address in order to unlock business value. Service providers clearly expect to have certain functionality built into a commerce solution as standard, including organisational hierarchies and enhanced analytics and reporting tools.

Many CEM-specific personnel come from a customer-management background. They therefore tend to focus on applications for customer management and care that are linked to the provision of dashboards and customer insights that offer a 360-degree view of the customer. Whereas executives from an IT or engineering background, tend to focus on service-quality management and BI applications.

As a result, the commerce solution must handle a huge amount of complex-data that businesses in the telecoms industry digest on a daily basis – from front end interaction to the recording and retrieval of customer information relevant to the user's role.

A focus on the deployment of dashboards that aggregate multiple data sources to provide a 360-degree view of the customer is essential as is the capability to dynamically update information between the shop front and the back office, to ensure that not only the customer has the latest information but the telco user does as well.

As we have already identified, self-service support is a key element of customer experience management and it is clear that service providers want to offer self-service systems where users can log in and upgrade accounts themselves. A benefit of this is the reduction in contact centre call volumes as customers have more transparent access to the charges for their bundle of services, usage information on those services, as well as ready access to information documents and FAQs. Self-service portals also give operators the opportunity to start pushing new deals straight out to customers based on events like big device announcements or new software upgrades.

As you can see in the chart opposite, (fig. 5) almost 33 per cent of respondents rated a self-service element as Essential to a commerce solution, while almost 42 per cent rated it as Quite Important. In total, three-quarters of respondents see self-service as an important tool for their business and only two per cent said it was not of importance to them.

Self-service is all about customer retention. Highly automated, it removes significant resource stressors from the service provider and empowers the customer to make decisions. Users have the ability to access their profile online and see what they've ordered, what the order status is, what their existing products are, how long they've had them and what it has all cost. Using these tools customers are in a position to upgrade their own contract or easily view what other options are available.

A self-service element also gives service providers a valuable conduit to push new services and add-ons at a critical point in the customer lifecycle, such as a month before a customer is due to renew their contract. Customers can be shown offers that get them to commit to an upgrade ahead of time for example, thereby ensuring future revenue for the service provider.

MANY MARKETS, MANY LANGUAGES

Given the international nature of many Telco businesses, multi-language support for the commerce solution is clearly essential. This goes beyond translating a platform into a local language but also concerns currency conversion and elements like local tax legislation.

The ability to consolidate multiple country sites on one infrastructure achieved a high rating average of 3.72 out of 5; almost 33 per cent of respondents saw this feature as Essential and a further 30 per cent saw it as Very Important.

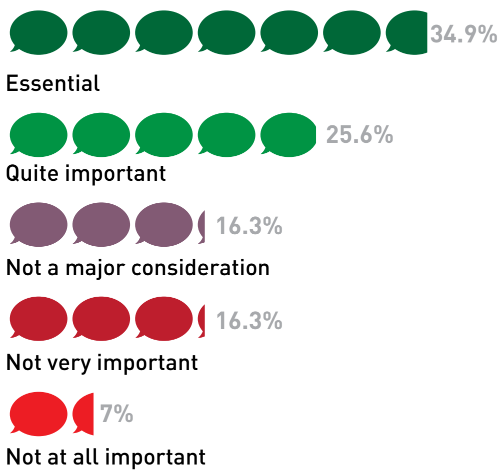
Correspondingly, over 60 per cent of respondents said multi-language support was essential (35 per cent) or quite important (26 per cent) when buying a commerce solution. A significant number of survey participants are managing multi-lingual commerce operations; 23 per cent of respondents had over five languages to support while the majority (32 per cent) had two languages to support. Those that required just one language to support only amounted to 11 per cent of the total.

As an extension of multi-language support, especially for those service providers operating several brands in different markets, the availability of white label functionality is a major consideration when selecting a commerce solution. Own branded store functionality is seen as Quite Important by 42 per cent of respondents and Essential by 21 per cent (such functionality, however, was not a major consideration for 28 per cent of respondents). For those managing multiple stores, almost 30 per cent said they had more than 20 to look after, with most (52 per cent) saying between one and ten.

We will discuss the centralisation and standardisation of commerce platforms in greater detail on page 11.

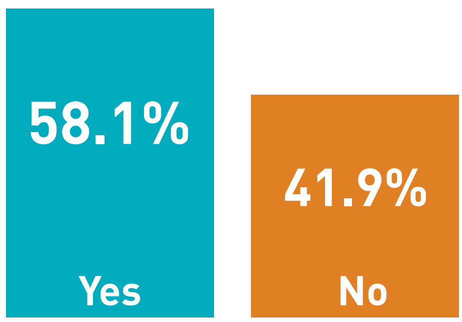
How important is muti-language support when looking at commerce platforms?

FIG. 7



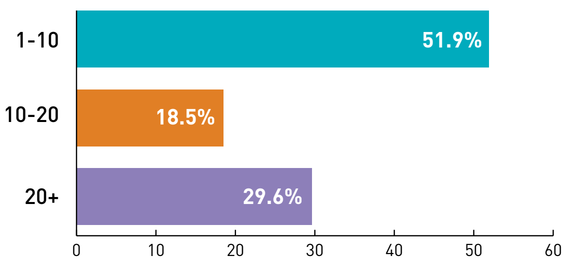
Do you need to be able to manage a large number of white label shops on a single multi-tenant platform?

FIG. 8



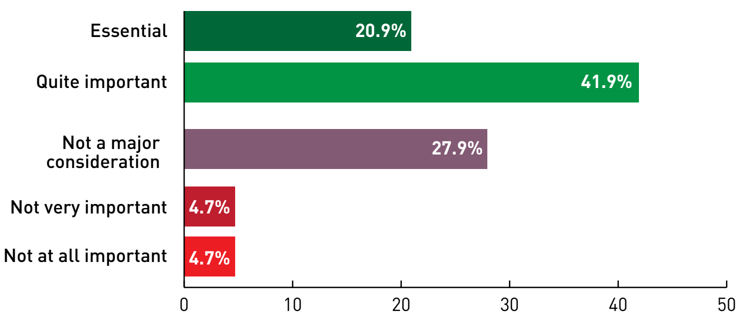
How many white label shops do you need to manage on a single platform?

FIG. 9



How important is white label (own branded) store functionality?

FIG. 10



BACK OFFICE INTEGRATION

When it comes to any kind of back office tool suite, a level of customisation is a must. Indeed, customisation options were identified as an Essential requirement by 35 per cent of respondents and Important to almost 54 per cent; in total almost 90 per cent require such functionality.

With a series of pre-defined templates and data models available 'out of the box', hybris claims its offering can reduce the need for in-depth customisation by 40 – 60 per cent. The customization process incorporates the physical customization of templates alongside front end modifications, but building a commerce solution designed for Telcos and service providers from scratch is an expensive endeavor. So it makes sense to use a management system designed for Telcos that can deliver on out of the box functionality as possible to gain an agile and cost effective deployment.

The main complication is implementing a system able to talk to the service provisioning and order management installations. This is where hybris champions a series of APIs that can be triggered when back end solutions are built out, exposing these systems so they can be integrated much more simply.

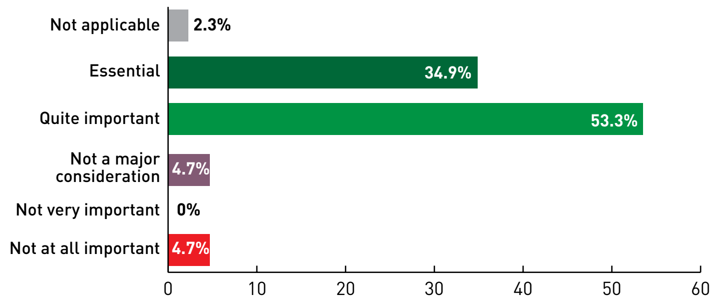
There was some division between respondents on whether a commerce platform needs to come pre-integrated with a wide variety of third party solutions. While 16 per cent of respondents saw it as essential and 40 per cent saw it as important, another 40 per cent didn't see it as a major consideration.

However, when questioned on whether a commerce platform should come integrated with a wide selection of different interfaces, 21 per cent said this was essential and 54 per cent said it was important.

Integration is key however. At the very least the system needs to have integration with the billing system and it needs access to plans, pricing and the provisioning system. This is essential so it knows that a product has to be provided on a certain network with a specific IP address or other identifier and it needs to know that this has been done and to inform the commerce system. These are events which affect everything from SIM only to postpaid and prepaid tariffs and involve a lot of integration with billing systems.

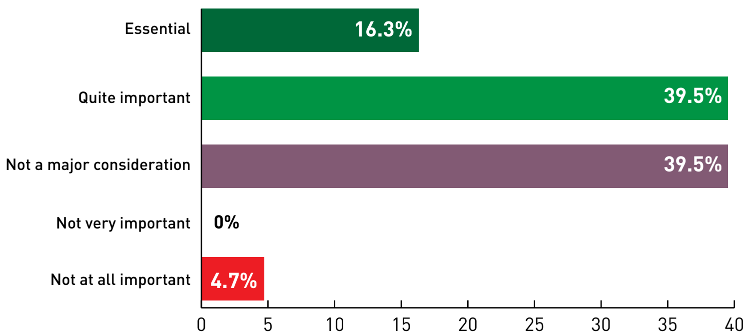
How important is the ability to be able to customise the commerce platform?

FIG. 11



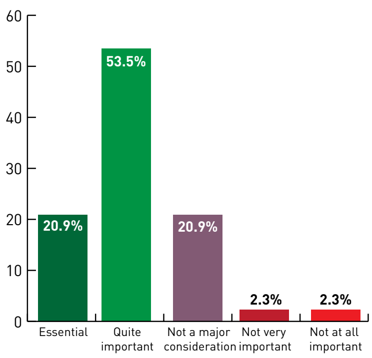
How important is it that the commerce platform comes pre-integrated with a wide selection of third party solutions?

FIG. 12



How important is that the commerce platform comes pre-integrated with a wide selection of different interfaces?

FIG. 13



CENTRALISATION AND STANDARDISATION

In other reports and conversations carried out by Telecoms.com Intelligence, the subjects of centralisation and standardisation of platforms raise interesting debate. Often the management teams see such approaches, especially among operator groups, as more cost-efficient, but there is often political backlash at the individual unit level.

By Telecoms.com Intelligence's definition, Centralisation is the deployment of a single Telco multi-channel commerce solution that all operating units can 'hook' into and access. Whereas standardisation allows each operating unit to manage its own iteration of the same commerce solution.

According to our findings, the majority of respondents believe group wide standardisation on an ecommerce product is Achievable, with 12 per cent stating it is Very Achievable and 42 per cent confirming this is Quite Achievable. This is encouraging for operator groups; indeed, less than 15 per cent actually believe it is Not Achievable.

When it comes to centralisation there is less confidence, with most respondents (44 per cent) saying they Don't Know whether it is achievable. However, 35 per cent believe it is and only 21 per cent do not agree.

The question of centralisation is linked to the requirement for customisation. A centralised deployment might have a single data model and template for all sites that is adapted for each use case and every subsidiary; when a site is developed for a subsidiary, it is just tweaked slightly for the relevant market. Ultimately there is only a certain amount of group level management you can undertake, and as a result you need to have a top level implementation that is adapted for individual sites.

Q To what extent do you believe group wide standardisation of a commerce platform is an achievable goal for an international operator?

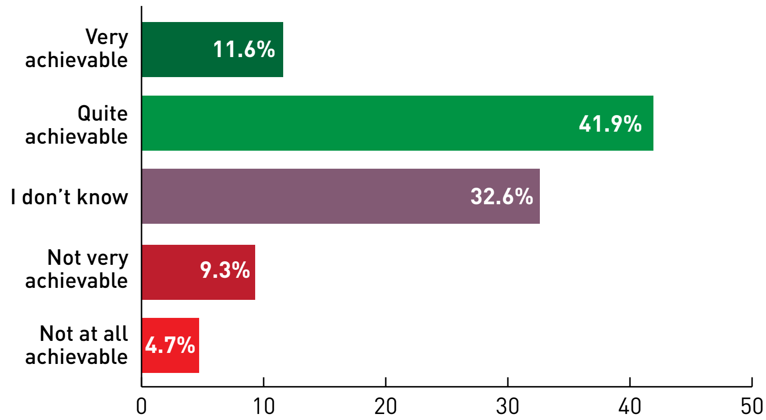


FIG. 14

Q To what extent do you believe group wide centralisation of a commerce platform is an achievable goal for an international operator?

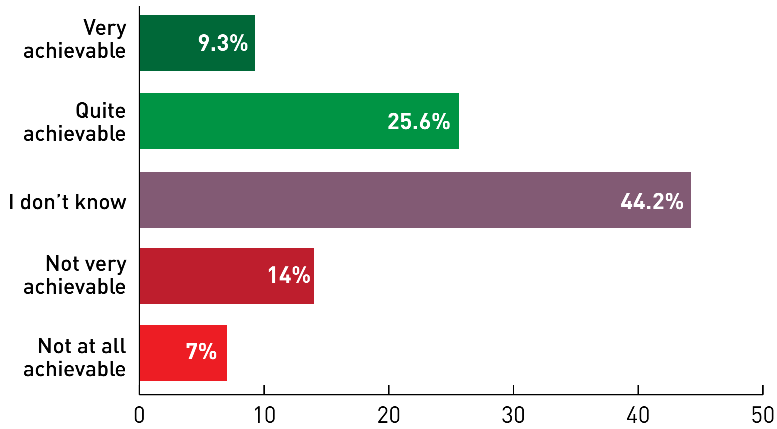


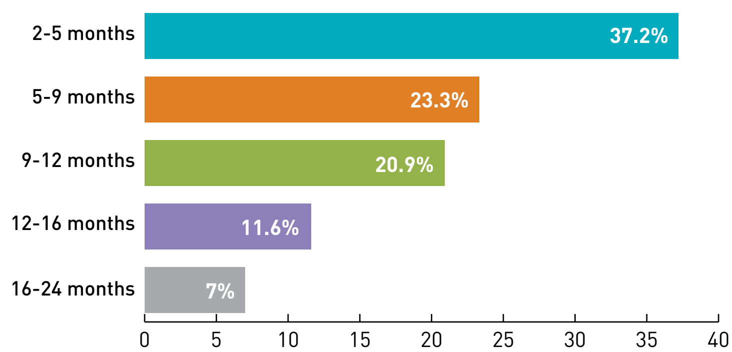
FIG. 15

TIME TO MARKET

Of course, time to market is essential, with 82 per cent of respondents categorizing it as such and more than 80 per cent stating that commerce suites need to be deployed within a 12 month time frame. In terms of breakdown, 37 per cent experience a typical deployment time of two to five months, followed by 23 per cent with five to nine months, 21 per cent with nine to 12 months and 12 per cent at 12 to 16 months. Only seven percent would expect to take up to two years for such a rollout.

Q In your experience, what is a typical time to market for deploying a commerce suite?

FIG. 16



Q How important is time to market when looking at commerce platforms?

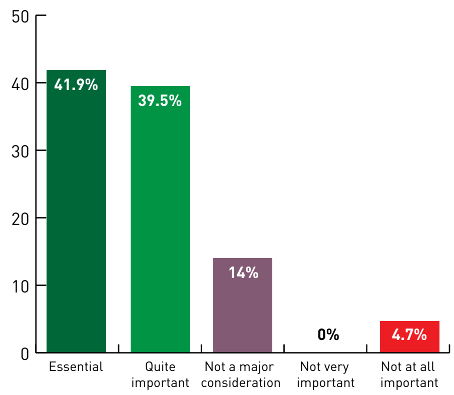


FIG. 17

CONCLUSION

Service providers clearly expect significant functionality to be built into a commerce platform as standard. They expect to be able to target various audiences and bundle products and services together to fulfil demand from all sectors on an international level.

The main focus of service providers, in terms of generating recurring revenues from users, has shifted to customer satisfaction and experience, driving a great deal of interest in understanding and analysing user behaviour and identifying what can be done to encourage good experiences and find solutions to bad ones.

Obviously, no carrier wants to see their valuable subscribers move to competitor networks, yet it's only recently that operators have changed tack to focus on proactively building a relationship with the end user in order to prevent churn, rather than attempting to retain customers in a reactively.

Consumers have developed a level of expectation for their experience with the service provider and have access to a myriad of touchpoints including the web, smartphones, tablets, kiosks, social media, points of sale, and call centres. Service provider success depends on the Telco being able to seamlessly integrate all their underlying back office systems in order to seamlessly integrate these touchpoints. Right now that's something that not a lot of service providers are getting right.

It's clear that not only do Telcos need to be in contact with the customer at every touch point that arises during the lifecycle but they also need to achieve knowledge consistency, tackling the challenge of ensuring that, in their role of operator-gatekeeper, they can integrate all the information they have access to with an individual's customer profile and really make use of the resulting knowledge.

Unlocking the multiple systems and processes in place that play host to valuable information that can be turned into revenue depends on the implementation of a customer-facing tool that makes it possible to sell the right product, to the right person, for the right price and at the right time. It's true that good customer retention practice is more about business culture than technology, but having the right technology solution in place is absolutely essential to facilitate a true customer-centric business culture.

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