Digital Game-Changers for the Communication Service Provider Industry

By monetizing data, refining their processes, boosting their technological maturity and then proactively responding to subscribers' ever-changing needs and preferences, CSPs can improve their competitive standing vis-a-vis non-traditional competitors across industry subsectors.
Executive Summary

Regardless of industry, any company looking to up its digital game must utilize social, mobile, analytics and cloud technologies (aka the SMAC Stack) to transform the business. The goal: simplify and streamline activities within each functional area and across the value chain – in essence, making the business digitally mature.

But that is where the similarities across industries end. Communication service providers (CSP) require a unique approach to digital transformation, from value assessment through implementation. Evolving customer expectations and industry consolidation have added business complexity for these organizations, which must anticipate customer needs at a time of flagging loyalty. Jostling for a top spot in the digital value chain has forced CSPs to create revenue from adjacent markets while optimizing costs to manage the decline of legacy voice services.

Given this dynamic landscape, the CSP’s digital toolbox should include a suite of analytics capabilities that enable a methodical and comprehensive approach to redefining the business and creating a digitally-enabled organization.

For sales and customer operations, as well as customer experience professionals within the CSP, the latest digital trends greatly impact their responsibilities for driving cross-channel revenue generation and customer engagement. CSPs can increase their revenue and improve their operational efficiencies by more fully leveraging the insights revealed by the data that swirls around customers, their devices, and their transactional and interactional behaviors, which we call Code Halos. This unique end-to-end view of the customer holds the answer to numerous questions, such as which new products consumers desire and how they prefer to interact – insights that contribute to a healthy top and bottom line. While the opportunities that data enables are immense, the CSP must consciously balance its use of data with customer expectations of privacy and security to retain confidence.
As digital interactions between the CSP and its customers proliferate, business-as-usual is no longer an option. This white paper explores the potentially game-changing capabilities of the following three concepts:

- **Learning the value of data.** The CSP is a key player in the digital ecosystem; it has access to a significant amount of transactional and interactional data. However, many CSPs do not maximize the data’s potential for revenue and cost efficiencies.

  Through increased data analytics capabilities, CSPs can create new opportunities for revenue in every corner of the business – from product and service development, to sales and retention. This requires a new approach to collecting, analyzing and effectively incorporating data into often siloed parts of the business.

  Once a CSP possesses the optimal analytics capabilities, it can capitalize on revenue-generating opportunities within its current product portfolio, as well as monetize customer data through external partnerships. As the CSP gets to truly know its customers' consumption preferences, its accuracy in sales forecasting and speed-to-market will also improve. For example, wireless and pay TV operators have long leveraged customer data to anticipate product usage trends, which allowed them to decipher future service needs in video streaming.

- **Achieving digital maturity.** Many CSPs struggle with inefficiencies inherited from the days when the majority of their customers utilized traditional channels, such as landline telephones, for interaction. Now that customers expect a consistent cross-channel experience, as well as increasingly innovative digital treatment such as automated product support via a set top box, CSPs must increase their digital maturity. Digital maturity is measured by the CSP’s ability to efficiently and innovatively serve the digital customer while optimizing cost, revenue and experience.

  Some of the CSP’s most cost-intensive interactions, such as customer retention and field service deployment, are quickly
becoming examples of efficiency and sources for customer satisfaction. For example, wireless and pay TV operators have experimented with proactively anticipating customer churn before it occurs, and enabling field service technicians to empower customers with awareness of digital self-service capabilities.

Digital technologies – and the processes they support – are enabling CSPs to reduce costs while anticipating their customers’ next greatest need. CSPs that become digitally mature can convert those cost savings into investments that drive sustained industry competitiveness, such as improved digital cross- and upselling capabilities.

• **Redefining digital customer expectations.** Digital customers have continuously expanding expectations for their CSP interactions. The CSP can no longer just be a connection, but must add value to enhance the customer relationship through each distinct interaction. (For more, read our white paper “Dialing Up Digital: Retaining a New Generation of Customers.”)

The customer lifecycle has evolved to reflect this more fluid relationship. As digital customers more frequently evaluate their CSP experiences, there is a growing need for a unique digital treatment in which the CSP monitors, in real-time, the most critical interactions during the lifecycle and responds proactively.

In an environment where providers are expected to know digital customer preferences even before they are communicated, mistakes can be costly. This is why many CSPs engage in proactive retention efforts to identify digital customers who have consistently contacted them for service or support. These providers realize that each digital customer’s needs are deserving of highly targeted treatment.

This paper explores the key trends impacting CSPs, and how these businesses can develop enhanced capabilities and personalized treatment for digital customers. Each section provides an overview of the defined trend, and concrete examples of actionable steps CSPs can take to thrive in the digital world.
Learning the Value of Data

Digital customers evolve differently and more rapidly in terms of their behavior and expectations than customers in traditional channels. The CSP’s ability to leverage data to understand these continual changes is key to a longer-lasting and more profitable customer relationship.

Today, many providers build their view of the customer based on disparate data points collected at specific parts of the customer lifecycle. This understanding omits critical cross-channel interactions that detail the customer’s everyday use of products or services that would lead to a more meaningful perspective. To achieve a more actionable understanding of the customer’s evolving needs and desires, the CSP must transform its use of data by developing a digital customer data valuation matrix.

As the CSP collects and analyzes data across a greater number of interactions, a more accurate view of the customer will emerge (see Figure 1). A digital customer data valuation can help the CSP prioritize data that best reflects the purchasing potential and service expectations of the evolving digital customer. As CSPs better understand the most valuable data to decipher subscriber needs, they can develop more targeted insights to increase sales and reduce contact. For example, using the product consumption habits of pay TV customers, CSPs can collect usage-specific data that will contribute to more effective cross-selling campaigns based on a more accurate perception of viewing preferences.

Turning Interactions into Insights

![Image of interactions and insights](image1.png)

Figure 1
With each shift in the digital customer’s behavior or needs, different data will be relevant to form the CSP’s understanding of risk and opportunity. The digital customer data valuation focuses on the most critical data elements across channels and interactions by assigning value based on the CSP’s particular targets for cost and revenue at each phase of the customer lifecycle. In an increasingly data-driven world, data collection should map to a holistic understanding of the customer, as well as the organization’s own goals – be it internal sales revenue initiatives or partnership opportunities for data monetization.

The external monetization of customer data presents an array of opportunities and challenges for the CSP. In order to accurately identify areas for potential data monetization, such as pay TV viewing habits or frequently visited locations of wireless customers, the CSP must expand its analytics capabilities to assess the cross-industry value of how subscribers use its products and services. The success of external partnerships hinges on continued investment in quantifying the value of data from customer interactions. Each new insight into subscriber behavior unlocks the potential for enhanced targeting of the most relevant data for monetization to achieve an accurate sales lead.

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A digital customer data valuation tool should introduce a transformative approach to data use. With a broader and more meaningful view of the digital customer, the CSP stands to benefit from unexplored opportunities to increase sales, minimize churn and enhance experience.

**Key Takeaways**

- **To accurately understand the needs of the digital customer,** CSPs must enable a holistic, cross-channel view of customer data from the entire lifecycle.
- **To distill meaning from digital data,** each type of data should be assigned a defined value based on its implied impact on revenue, cost and experience.
- **Data-driven insights of the digital customer** should be leveraged to identify potential opportunities for monetization partnerships.
**Quick Take**

**Digital Game-Changer: Using Data Insights to Reduce Churn**

The following case illustration depicts how a CSP can proactively address the risk of churn among digital customers.

A cable subscriber is confused by the change in his monthly billing amount due to the expiration of a previous package promotion. As an avid mobile user, he uses the provider’s self-service app to indicate the exact billing items for which he would like a more detailed explanation.

Despite receiving a prompt follow-up from the provider explaining the promotion expiration, he contemplates switching to another cable service. In this instance, the CSP can leverage the customer’s previous support interactions and historical satisfaction indicators to anticipate the churn risk. Actions to retain this subscriber can be automated to ensure that the most effective channels and timing are considered when taking measures to avoid his move to another provider.

As CSPs continue to learn that not all customer data is created equal, they will adopt the capabilities needed to measure customer value through distinct data points captured in cross-channel subscriber interactions. Digitally mature providers recognize that a customer’s value is not static but evolves based on his or her relationship with the provider, which is determined in part through interactions indicative of churn risk or revenue change.

As providers employ digital analytics to identify customer behavioral patterns, targeted treatment strategies must be developed to drive retention and revenue. When a provider understands how to interpret the data its customers generates through service usage and interactions, it can decipher the value of its relationship with the subscriber and work to improve it.
Achieving Digital Maturity

Digital customers increasingly prefer to engage with CSPs in spaces they perceive as their own. The highly personalized characteristics of digital channels allow customers to feel in control of their CSP interactions - leading to both greater customer satisfaction and perceived efficiency.

Digital maturity is defined by the CSP’s ability to transform all of its customer-impacting processes and technology to enable an enhanced and innovative digital experience. CSPs that leverage digital to achieve both operational efficiency and revenue generation are able to balance the dual mandate of capping costs while infusing the organization with new business capabilities and innovative ways of working.

The ability for CSPs to interact in an increasingly digital environment presents both the opportunity and challenge of meeting the digital customer’s evolving expectations. As CSPs prepare to maximize the inherent value of their digital relationships, they are reevaluating the relevance and efficiency of many of the business processes built to support more traditional customer channels. An approach to defining the digital maturity of a business process is illustrated in Figure 2.

CSPs that develop an organizational structure and set of processes that enable more meaningful and satisfactory digital interactions are better positioned to adapt to and proactively address consistently shifting customer preferences. With leaner back-office teams that possess more advanced analytics capabilities, such as targeting customers at the micro-segment level, CSPs will be able to leverage internal cost efficiencies derived from automated processes to seamlessly and consistently provide cross-channel data analysis to develop a more holistic view of the customer across the lifecycle. This more accurate customer view will contribute to more effective treatment, which directly contributes to revenue through cross-selling and retention initiatives.

A Digital Maturity Hierarchy

Figure 2

- **Optimal**: The process serves to enable all available digital capabilities or interactions.
- **Managed**: The process serves to enable a majority of available digital capabilities or interactions.
- **Defined**: The process serves to enable limited digital capabilities or interactions.
- **Basic**: The process does not serve to enable digital capabilities or interactions.
By assessing its digital maturity, the CSP can identify the greatest areas for digital enablement within the organization. Business processes, once manual or unsupportive of seamless cross-channel customer needs, are assessed for their ability to deliver value throughout the customer lifecycle, whether from a cost reduction, revenue generation or experience enhancement perspective. As the CSP develops an accurate perspective of its current ability to compete in a digital landscape, it can leverage a comprehensive view of the areas that need to be strengthened.

Building a digitally mature organization requires a holistic understanding of the business processes and technologies that make a customer’s digital experience rewarding. (For more on this topic, please read “Putting the Experience in Digital Customer Experience.”) In a competitive environment in which providers are measured based on the quality of their interactions, CSPs risk losing both revenue and cost efficiencies if they do not effectively support digital customers in their preferred channels. As wireless and pay TV customers expect seamless and customizable experiences across all engagement channels, any unaddressed dissatisfaction can quickly impact the CSP’s bottom line through churn or a low net promoter score.

Digital customers expect their providers to offer an exceptional and effortless experience across all interactions. As CSPs struggle to meet these evolving customer expectations, they are increasingly pushing to modernize and digitize their business processes and underlying technologies, many of which were originally developed for more traditional channels. By assessing digital maturity, CSPs are better able to improve critical digital capabilities to meet both customer expectations and increasing industry competition (see Quick Take, next page).

**Key Takeaways**

- **Identify the key points of digital immaturity** within the organization to better understand their impact on revenue generation, cost optimization and customer experience.

- **Leverage a maturity analysis** to develop a more holistic sense of how the organization’s processes may reflect legacy views on customer engagement and consumption of products and services.

- **Strive to enable digital across the entire customer lifecycle**, from back-end processes to customer-facing capabilities.

**Redefining Digital Customer Expectations**

Digital channels are increasingly used to capture purchasing preferences and service expectations. As CSPs increase their digital maturity, they can begin to maximize the benefits of a more accurate understanding of their digital customers.

Segmentation of digital customers plays a critical role in determining optimal treatment strategies to ensure satisfaction and minimize churn. Until recently, many CSPs engaged with their digital customers as if these individuals were all similar in terms of their needs and expectations. In reality, though, digital customers vary significantly in terms of their provider expectations and require a uniquely analytical perspective to identify the greatest risks and rewards.

As customers steadily increase their adoption of digital channels for their sales and service needs, CSPs are developing robust analytics capabilities to segment subscribers who engage via social, mobile, cloud and the Web in a way that tracks how their behaviors progress. Based on a combination of the digital customer’s product usage, previous contact patterns and use of digital channels, the CSP can assess the most critical moments and channels for targeted interactions. For example:
The following case illustration depicts how CSPs’ internal processes can help realize revenue gains and cost savings from digital customers.

After several years of increased self-service adoption, a North American cable provider notices that its reduced contact rates were not translating into lower cost-to-serve and upsell revenue generation, which, coincidentally, had decreased. Now with more than one-third of its subscribers actively using digital self-serve capabilities via its website and mobile apps, the provider realized its back-end business processes for digital channels were neither scalable for increased adoption nor accurately leveraging customer insights for greater revenue potential.

As the CSP identifies the business processes and technology that do not maximize cost efficiencies or leverage customer insight for revenue growth, its digital maturity will enable agility and scalability for increased digital adoption and a uniform customer view across the subscriber’s lifecycle.

With tracking and analysis of cross-channel customer interactions, the digitally mature provider can target customer treatment to proactively avoid churn and generate revenue. As providers achieve an additional layer of cost efficiencies by redesigning back-end processes through a mixture of automation and a digitally-enabled workforce, the cost to serve digital customers will decrease.
• A digital customer that increases contact frequency over multiple channels during a sustained period may exhibit higher likelihood to churn. Use of analytics can ensure that the CSP identifies this risk in time and responds with a targeted touch via the most effective channel.

• Specific usage behavior by a digital customer may indicate his or her preference for a higher-tier product or service. Using advanced analytics to identify purchasing likelihood, a CSP can ensure the customer receives the most accurate plan offer at an optimal price point and moment of interaction.

Digital channels attract customers who are increasingly demanding in their service expectations and savvy enough to measure providers on how well they understand them. Digital customers also hold greater value for CSPs compared with those who interact via more traditional channels due to their lower cost-to-serve and higher CSP engagement. The CSP is thus tasked with deciphering the needs and expectations of its digital customers through a more analytical approach to segmentation and treatment.

After conducting an initial assessment to design the most accurate range of treatment models for digital customers, the CSP must focus on developing automated capabilities that allow it to provide dynamic and real-time customer segmentation as behaviors and preferences evolve. The customer view that emerges is a less static one - easy to leverage for targeted engagement at critical interaction points.

**Key Takeaways**

- **Uncover inconsistencies in customer treatment by channel.** The key to understanding the desires and frustrations of digitally-savvy customers resides in the data that reflects how they consume and engage with the organization’s services and offerings.

- **Assess how well your organization’s approach to customer segmentation** utilizes a holistic view of the digital customer; many CSPs still view the digital customer as a static entity rather than one whose needs, wants and desires evolve over time.

- **Treatment models for digital customers should be automated** to allow for targeted proactive treatment based on personalized, evolving needs and engagement preferences.
Quick Take

Digital Game-Changer: Using Analytics to Customize Interactions

This case illustration depicts how the CSP can leverage analytics to more accurately customize its treatment of digital customers.

A North American wireless provider notices a gradual lack of effectiveness in its treatment strategies for subscribers deemed at-risk to churn or convert to an upgraded plan. After years of relying on customer-initiated contact to determine treatment, the provider experiences a decline in success metrics, such as its save and uptake rates.

Although digital interactions increasingly account for the greatest amount of customer contact, the provider is unsure how to leverage its knowledge of digital customers to strengthen its overall treatment strategies.

As CSPs invest in identifying the most accurate cross-channel interactions and behavioral triggers to develop more effective proactive treatment strategies, the use of real-time segmentation analytics applied on a cross-channel basis is contributing to the creation of more targeted treatments based on customer insights.

For example, the wireless provider in this illustration can leverage its knowledge of a subscriber’s behavior – such as browsing alternate service plans or attempting to question charges – to develop a holistic and cross-channel customer view that can be used to enrich the customer experience as a whole. Digitally mature providers are redefining the customer experience to treat every interaction and behavioral trigger as a piece in the puzzle to gain subscriber revenue.
Moving Forward: Establishing the Foundation for Digital Success

Forward-looking CSPs should begin a process of introspection to understand how to develop their digital maturity from within. While the effort to adopt a digital focus for culture- and process-related aspects of the business may seem daunting and complex, there are several initial actions that CSPs should consider to build momentum, including the following:

- **Refocus**: Ensure that your organization’s digital strategy reflects an integrated approach to digital channels and allows for a holistic way of engaging with customers across all platforms. For the focus to truly be on the customer, the CSP must anticipate how the customer’s consumption needs and expectations for engagement evolve across the lifecycle.

- **Retool**: Align your organization’s business processes and customer-impacting capabilities with the approach defined in the digital strategy. All components of the CSP – including people, process and technology – should seamlessly support the customer’s digital needs. Value-adding processes and tools should be defined by how they enable the CSP’s digital capabilities.

- **Reinvent**: The success of your organization in evolving its digital value proposition for customers will depend on the strategic approach and structure developed to remain agile. Digital preferences for CSP customers will continue to change with new technology and identified needs. When it establishes a stronger foundation for digital success from within the organization, the CSP will be able to respond to change with minimal disruption to either revenues or customer experience.

*Note: Code Halo™ is a trademark of Cognizant Technology Solutions.*

Footnotes


About the Author

Daniel Weinbaum is a Manager in Cognizant Business Consulting’s Communications business unit, with 10 years of experience developing innovative digital strategies for industry leaders to drive improved revenue growth and cost savings. His areas of focus include cross-organizational digital maturity transformation and the use of targeted data monetization to enhance both revenue and customer experience. Daniel holds an M.B.A. from George Washington University and lives in New York City. He can be reached at Daniel.Weinbaum@cognizant.com | [https://www.linkedin.com/in/danielweinbaum](https://www.linkedin.com/in/danielweinbaum).
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