The CEM-Driven Telco: Next Steps for Adoption

EXECUTIVE SUMMARY

The majority of telecom customers worldwide are antagonistic toward their communications service provider, according to an IBM survey – one of many that show that the telco industry lags other sectors when it comes to customer experience management (CEM).

However, the tide is turning for telco CEM: Early adopters – those telcos that have been practicing CEM for four years or more – are demonstrating that they are outperforming their competitors, and that CEM does yield results. Challengers with me-too networks have been particularly interested and active here as a means of strongly differentiating themselves from established competition. However, incumbents in particularly competitive markets have also seen CEM as a means of responding to price pressure from new market entrants, enabling them to preserve a reputation for premium value.

Fast followers have been hard on the early adopters’ heels, but Heavy Reading research finds that even mainstream adopters are now developing strategies for CEM. Their efforts may not yet be as pervasive across the organization or supported with as mature CEM technology solutions as those of early adopters, but they are addressing CEM at a good time.

Market understanding of this management discipline and how to measure customer experience (CE) is well established, so they can learn from the best practices identified by early adopters and benefit from the useful tools emerging from the TM Forum (TMF) CEM program – such as its CEM Lifecycle Model, CEM Maturity Model and Metrics Framework – in scoping CEM improvements.

Vendor CEM solutions are also maturing. A raft of CEM tools and technologies make it possible for service providers to not only measure and analyze a broad range of factors that affect CE at any customer touchpoint within their organization, but also understand how to influence and respond to those factors.

The end goal of the CEM-driven telco – toward which a select group of CEM system vendors are working – is coming closer. In the CEM-driven telco, CEM systems become intermediaries between events that occur in the telco’s operational environment/customer journey that affect CE and systems that execute business processes. CE analytics produced by CEM systems will increasingly determine what actions executive systems should take next.

Operators will benefit from vendor investment in big data infrastructures that enable them to capture, correlate and establish causation among a wider range of metrics. Both operators and their CEM suppliers are engaged in identifying the critical insights that turn the dial on CE and in assessing the effectiveness of the actions they recommend/take in response. Fast followers and mainstream adopters will be able to take advantage of more productized insights and recommendations over the next year. More experimentation is needed with candidates for the single customer experience index (CEI), which represents the sum total of each customer’s entire experience of their service provider. Early adopters are already putting such indices in place in order to benchmark CE across organizational domains, including across operating companies, raising the visibility of CEM in their companies.
The CEM-Driven Telco: Next Steps for Adoption looks at the state of the CEM market from both operator and vendor perspectives and explores the next steps in telco adoption of CEM. The benefits of CEM in terms of churn prevention, new upselling opportunities and new customer acquisition through customer advocacy are now well documented. Telcos are at a critical point in their relationship with customers, and 2014 is set to be a key year for grasping the opportunity to improve their market standing.

As telcos increase their interest in and spending on CEM, growing numbers of vendors are polishing their CEM stories and/or entering the CEM market. This report profiles nine leading CEM systems vendors that either have built or are working on CEM systems that give a holistic view of the customer across telco domains.

Most operators Heavy Reading has surveyed say they want to increase the frequency with which they measure customer satisfaction, and there is strong telco interest in understanding and implementing Net Promoter Score (NPS). Operators see the number, type and frequency of metrics captured as key to providing a better and more differentiated CE. They believe customer-specific metrics are particularly important, as shown in the excerpt below.

Excerpt 1: Top Improvements Needed to Provide a Differentiated Customer Experience

<table>
<thead>
<tr>
<th>Per-subscriber, per-service view of network performance</th>
<th>Ability to measure customer experience/satisfaction</th>
<th>Knowledge of customer behavior</th>
<th>Unified view of the customer</th>
<th>Availability of individual service quality metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted Ranking</td>
<td>3.265</td>
<td>3.256</td>
<td>3.214</td>
<td>3.214</td>
</tr>
<tr>
<td>3.188</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Heavy Reading Survey of 118 CEM Decision Makers and Influencers

The excerpt below maps the three types of telco adopting CEM that Heavy Reading has identified onto the dimensions of the TMF’s CEM Maturity Model.

Excerpt 2: The State of Telco CEM

<table>
<thead>
<tr>
<th>EARLY ADOPTER</th>
<th>FAST FOLLOWER</th>
<th>MAINSTREAM ADOPTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Driver(s)</td>
<td>Has already set the pace in CEM in its market to establish itself as the leading market brand.</td>
<td>Needs to catch up with the leading benchmark for CE in its market to improve subscriber numbers and profitability.</td>
</tr>
<tr>
<td>Scope of CEM in the Business</td>
<td>CEO-led established CEM initiative that is pervasive across the organization. Integrated into every process the company carries out and measured.</td>
<td>Senior management mandate for CEM implementation. Appointment of a team/group specifically responsible for CEM strategy, planning and cross-organization rollout.</td>
</tr>
</tbody>
</table>
**Early Adopter**

Experienced user of key CE indicator(s) (e.g., NPS) and metrics framework. CEM system in place that pulls data from multiple sources and automatically generates dashboards and scorecards with views for multiple stakeholders.

**Fast Follower**

Building/rolling out CEM metrics framework and models and investigating "outside-in" metrics. Proof-of-concept CEM system in place and new system being procured/deployed. Customer care likely to be a top priority recipient.

**Mainstream Adopter**

Rationalizing BI systems/familiarizing organization with metrics-driven decision-making. Pilot CEM solution to test organizational data capture and create initial churn models. Domain-specific application of CEM. No CEM system procurement exercise yet.

**Next Steps**

**Early Adopter**

Link CE metrics to quantifiable business outcomes. Improve compliance monitoring. Optimize reliability of all networks, systems and processes affecting CE. Optimize customer interaction mechanisms.

**Fast Follower**

Link CE metrics to quantifiable business outcomes. Strengthen ability to collect, measure and store data feeding the CEM system. Implement organization-wide cultural change to increase customer-centric awareness and adoption of CE-driven metrics in decision-making.

**Mainstream Adopter**

Improve the experience of interacting with the company (e.g., through self-service portal). Gain a more unified view of customers and their experience. Create CEM models that unite network and other sources of data. Procure CEM solution (possibly cloud-based delivery for low TCO).

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**Source:** Heavy Reading

**Report Scope & Structure**

The CEM-Driven Telco: Next Steps for Adoption is structured as follows:

**Section I** is an introduction to the report, with complete report key findings.

**Section II** assesses rising operator interest in having a CEM-driven company, the response of the TMF, the technologies that support the CEM-driven telco, and how they are being packaged into CEM systems.

**Section III** analyzes the CEM system vendor landscape, comparing different vendor starting points for and approaches to CEM, and the strengths and weaknesses of profiled solutions.

**Section IV** profiles nine leading vendors of CEM systems, which aim to provide a holistic set of dashboards for managing CE across multiple domains within the service provider organization.

**Section V** summarizes the conclusions of this report.

The CEM-Driven Telco: Next Steps for Adoption is published in PDF format.