



Telcos add to BI weaponry, but don't use it to the max

Savvy operators are looking for new ways to unlock the market intelligence in their business. Mark Dye reports.



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There's never been a more pressing time to unlock the market intelligence in your business. That's a fact. Smart operators have already realised that, to succeed, their operations need to revolve around customer- rather than product-focused strategies. They are looking beyond campaign performance and customer satisfaction metrics towards competition assessment, strategy and pricing, customer segmentation, and predictive analytics for both the customer and the network.

They need to. Current economic conditions have brought to the fore the need for informed decision making. Yet findings from a recent **Accenture** survey on business analytics reveal that around 60% of major decisions are still based on judgement, as companies lack the right data to make informed decisions.

As Elaine Doherty, principal business consultant, **Logica** reminds us, organic growth – coupled with mergers and acquisitions within the mobile space – has been extensive.

Multiple BSS

This has left operators with a major challenge: namely multiple business support systems (BSS) and processes that have yet to be integrated. Without this clear view of the business, it's impossible for them to deliver upon customer needs.

"Key to achieving customer loyalty," says Doherty, "is delivering what they want when they want it, something which requires a combination of predictive analytics and customer profiling."

Predictive analytics can help to better understand a customer's propensity to do things – like churn based upon calling patterns, for instance.

"Indeed, when it comes to the mobile internet," adds Doherty, "profiling can be highly sophisticated, tracking behaviour both on and off 'portal', and then automatically delivering content, information and advertising to satisfy a customer's needs."

Slow start

Despite their slow start, business intelligence solutions are becoming more and more important building blocks of strategic decisions support systems, according to Grzegorz Kot, consulting director, Telecommunications Business Unit, **Comarch SA**. He believes that one of the reasons for this change is the increasing efficiency of operational systems supporting execution of a strategy.

"There's not much use for the results of data-mining exercises until you can weave them into the operational tools themselves," he adds.

Another area of analytics which is being used to unlock market intelligence is customer segmentation.

According to Judy Bayer, director of advanced business practices, **Teradata**, EMEA, best-in-class operators are micro-segmenting their customer base – breaking it up into thousands of segments.

This is done by first segmenting the customer ►



Elaine Doherty, Logica: What customers want when they want it



Grzegorz Kot, Comarch: Increasing OSS efficiency

“... flat file and SQL data analysis methods are grinding to a halt.”
– Hugh Roberts, Patni Telecoms Consulting

base into several types of strategic segmentation, she says, with typical segmentation schemes including value, behavioural, needs-based, lifestage and lifecycle, in addition to pre-defined corporate segments.

“Each customer fits into as many of the segmentation schemes as are relevant for him,” she adds. “Layered onto this are many tactical segmentations, such as churn segments.”

Micro-segmentation allows telecom companies to do highly targeted marketing activities while SNA metrics can also be incorporated into such segmentation schemes.

Comarch’s Kot says that CRM systems also offer more and more flexible modules for segmentation, product and offer management, as well as cross- and up-selling, often being integrated directly with business intelligence modules.

“This results in intelligent, personalised and highly targeted selling scenarios, increasing customer satisfaction and loyalty,” he adds. “They also allow targeting of preventive retention campaigns before customers churn away.”

CSPs are social networks too
He believes adding network usage to the equation brings totally new ways of managing customers as telcos are in the unique position of being a service provider and a social network at the same time.

“Simply analysing service consumption allows for more effective product management, but does not differ from any other service business,” he explains. “However, analysing the communication patterns available in itemised bills provides insights into an intimate web connecting people.”

From such data, users can be identified who are making numerous calls, especially to other ‘power users’. These opinion-making individuals, he says, are worthy targets for discounts on new tariffs or phone models, helping the operator to introduce novelties to the mass market in the process.

Over at **MACH**, Lodewijk Cornelis, CMO, believes that all this is leading to mobile network operators getting more imaginative with pricing strategy. Led by pressure from EU regulations and decreased roaming growth, this means there is a great need for rating individualisation, he says.

“In fact mobile network operators are now looking at segmenting their biggest premium segments and offering location, duration and service related rates that are very different from each other,” Cornelis adds.

This might mean offering business people the same rate to make a call at home as when they are in their factories or offices abroad, or perhaps offering **Manchester United** supporters free MMS from the stadium when their club plays

Bayern Munchen in Germany. “All are meant to increase traffic,” he says.

BI’s influence can permeate
“Business intelligence permeates an entire organisation and, if used correctly, can positively influence decisions that affect every functional area, including gaining customer insight, integrating insight into all data sources and putting customer data to use to drive revenue and retention,” adds Astrid Bohé, executive director, **Accenture Information Management Services**.

“The trouble,” says Hugh Roberts, senior strategist, **Patni Telecoms Consulting**, “is that operators are still largely stuck in a world of offline data warehouses that act as a repository for a large quantity of data that, whilst it complies with regulatory information-gathering requirements, never gets turned into meaningful business knowledge.”

He suggests that with the number of subscribers, usage events and transactions growing geometrically, flat file and SQL data analysis methods are grinding to a halt.

“The way forward is twofold,” he says. “Firstly, the range of uses to which network-derived data needs to be exploited in real time is increasing. ‘Traditional’ reactive real time uses such as fraud and network management need to be augmented by policy-led business analytics that form a part of the new active charging environment.”

Secondly, Roberts believes that multi-layered metadata-based analytic approaches need to be added to the arsenal of tools available for business intelligence use. In particular, there needs to be a greater degree of sophistication in customer segmentation and customer interaction management, he says.

However, in order to complete this transformation the systems and processes deployed need to be refocused to deliver a number of new pieces of business information which are currently not adequately captured.

Data for more than charging
“Whilst **Google, Amazon** and the other X-factor companies are continually asking, ‘Why did the customers do what they did?’” he says, “telcos continue to focus on merely collecting usage data to provide input for charging and billing processes.”

Roberts says that a range of vendors already active in the order-to-cash information processing flow – including mediation, rating and revenue assurance software providers – are jumping into what has increasingly become an obvious business opportunity for them to extend their reach.

“Whether or not these developments lead to the telecoms industry evolving sufficiently to compete in the convergent new generation ecosystem remains to be seen,” he warns. 