

Creating Smarter Connections With Customers

Customer Intelligence Analytics
for Telco companies



This e-book shows all the benefits of customer analytics for communications service providers. From reducing churn to finding new business models or upselling data just before the customer reaches his data usage limit: you will find out how other providers use customer analytics to evolve from mass marketing campaigns towards delivering the right offer to the right customers at the right time - while growing revenue through a better customer experience.

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1. Surviving the call of telco disruption

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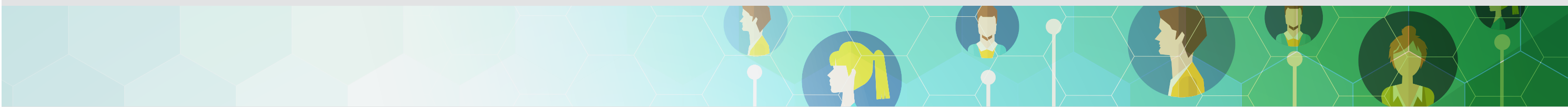
The telco industry is hypercompetitive and one of the most rapidly changing industries. New technologies, fast evolution in network capability and the permanent expansion of networks offer a lot of potential, but also demand sizeable investments at the same time. On top of that, competition is getting stiffer: there is a high saturation in the amount of traditional players while, at the same time, the increased amount of Over The Top (OTT) players - like WhatsApp and Viber - is causing a lot of revenue loss for the conventional players. The fact that the telco sector is so highly regulated when it comes to privacy and security, just adds to the complexity. Considering how empowered customers are becoming more demanding and less loyal, it is no wonder that dealing with churn is one of the biggest challenges the industry is facing.

What's more, telco services are progressively regarded as a commodity. In a market where consumers are more preoccupied with the type and version of smartphone they will be using rather than the network provider, pushing telco brand loyalty and visibility gets harder by the day. One of the best (if not the only) ways to keep afloat is by offering a wonderfully personal and relevant customer experience. Yet the latter is nigh on impossible, if the marketing department still uses a very broadly segmented, carpet-bombing approach.

Telcos have 3 main options that can help them thrive in such a complex and competitive environment. Each one is fuelled by data and smart analytics offering deeper insights. They can cut costs **by enhancing operational efficiency as well as prioritizing and streamlining processes**. Another popular answer is the **diversification of services** in order to find new sources

of revenue. The days that telcos merely provided their network for calls and text messages, are long gone. A growing segment of customer activity comes from data consumption which is why telcos are trying other types of services which are based on the exchange of data. Some of them - like Orange very recently - are launching out into the banking industry while others like Telenor which acquired Tapad at the beginning of 2016, are jumping into Ad Tech. Some are even advancing towards the entertainment (TV or online gaming) and even software (e-mail or invoice processing) industry. But perhaps the most effective approach to innovate oneself into success - which is the main focus of this e-book - is to **leverage the existing wealth of data in order to create a customer-centric culture** and be able to delight the customer with the best possible experience on the market.





2. How customer intelligence helps telcos forge more valuable relations with their customers

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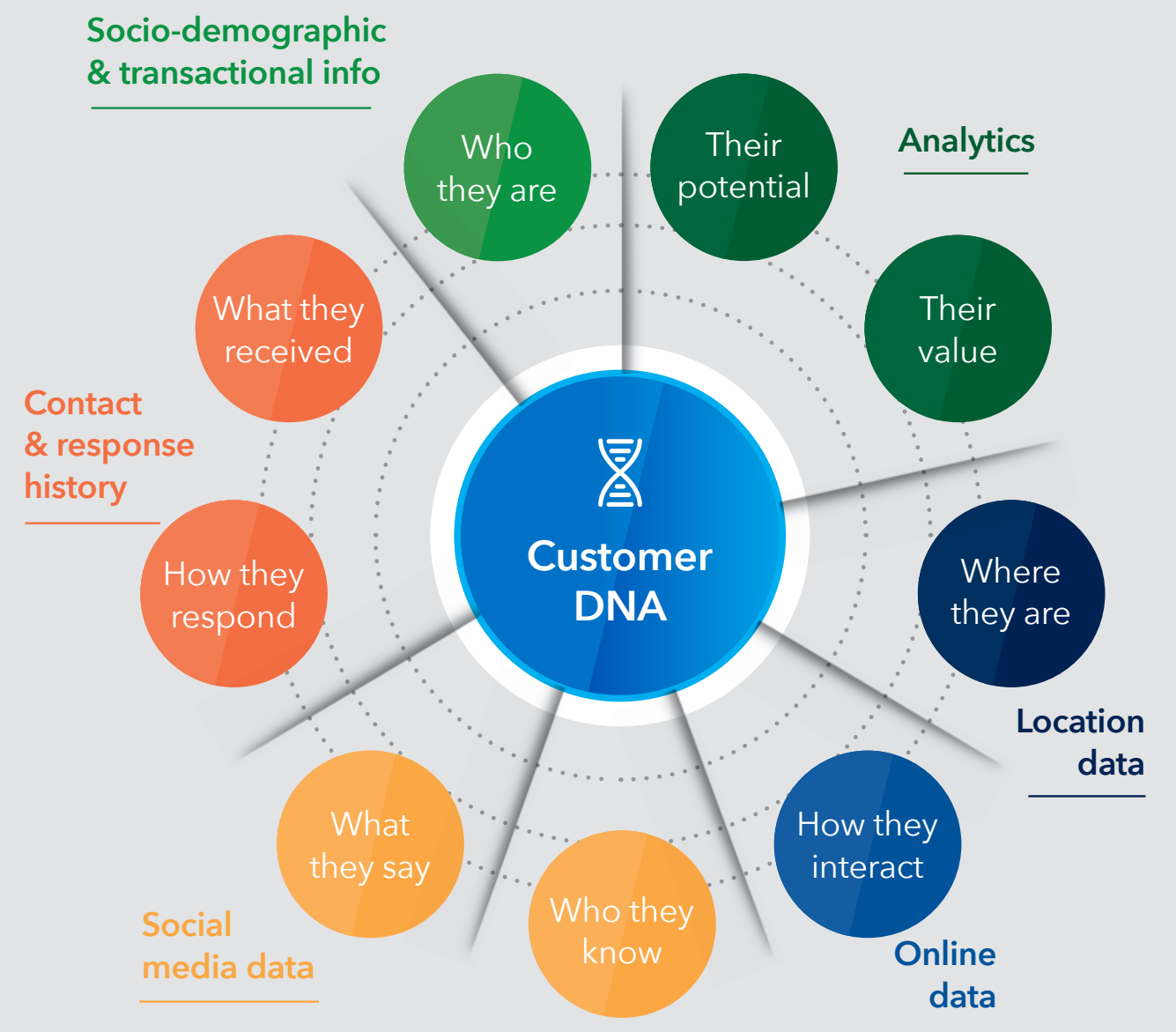
Telco companies have one big advantage over other industries. As their customers are connected to their services on an almost permanent basis, they have access to an immense amount of fresh data. This offers a lot of potential to personalize their relations with consumers down to a very granular level. No wonder that about 55% of respondents in a telco survey by Ovum are investing in analytics for data-driven marketing operations in order to improve customer engagement.¹

Yet it feels surprising how many telco players still linger in a mass-marketing broadcasting phase, using general customer segmentation, little tailoring and a mostly outbound approach. Though a broad brush approach can have some effect if well executed, over-contacting customers with irrelevant information tends to increase marketing fatigue. There is a big difference in acceptance when presenting a customer with a random offer versus a data enhancement just before his data usage is running out when watching a movie on his iPad.

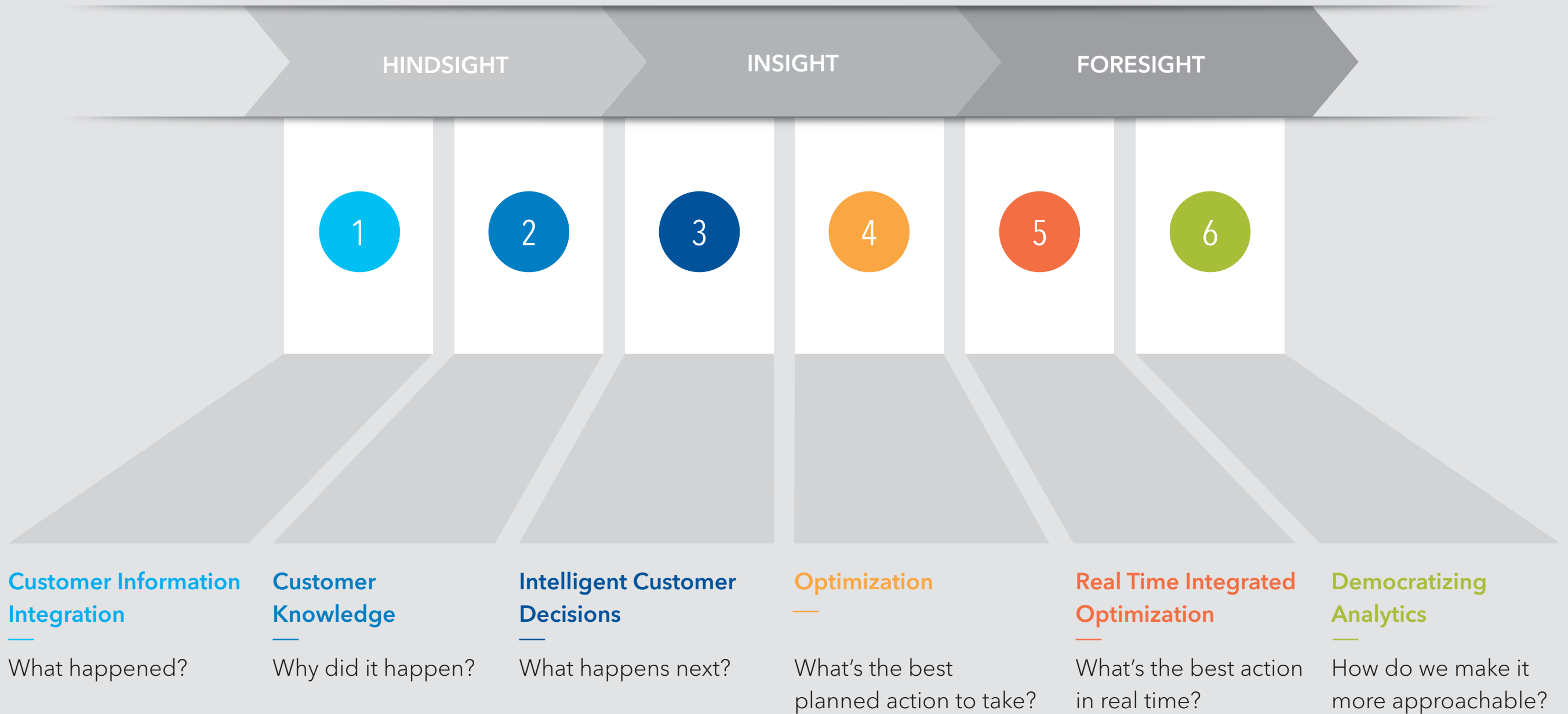


¹ Trends and Future Plans for Telcos' Data-Driven Marketing Operations, Ovum in association with Mahindra Comviva www.mahindracomviva.com

The more data is analysed, the deeper the insights into the customer DNA:



Basically, maturity in customer analytics and thus what you can achieve with it, moves from hindsight to insight until it grows into actual foresight:

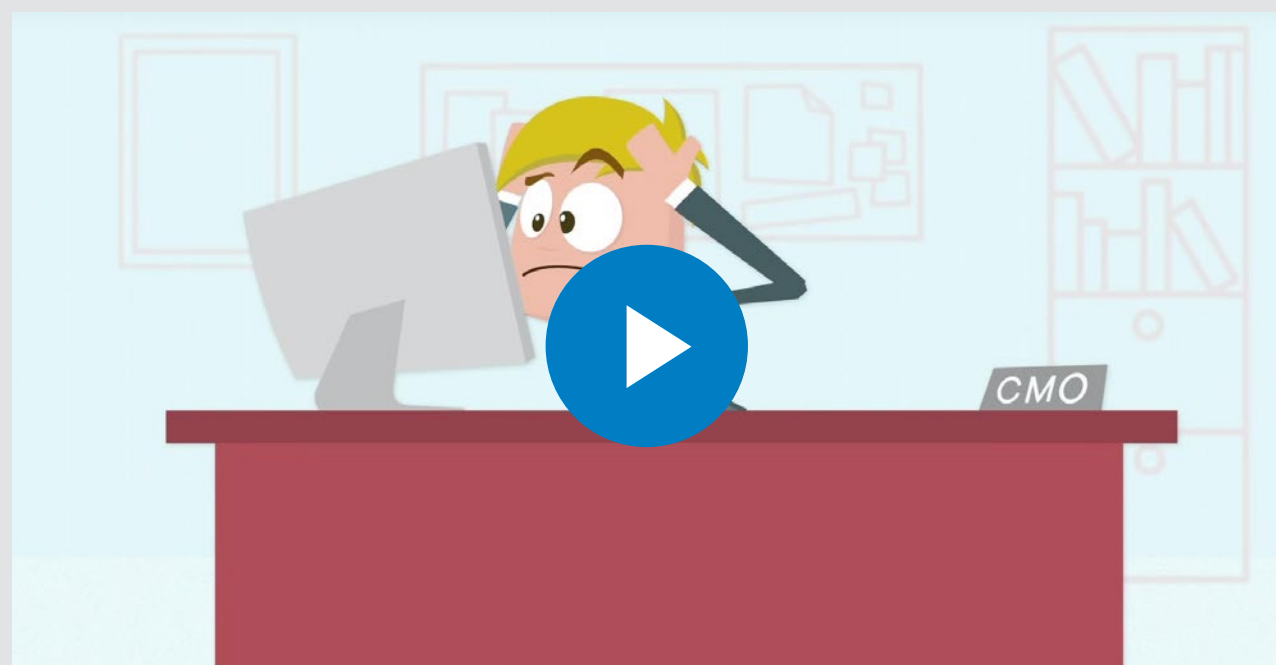


A true data-driven customer approach offers telco companies a lot of advantages, too many to sum up individually. However, here are some of the most striking and useful ones.

Recognize

One of the biggest challenges for telco companies is being able to recognize one customer as unique over all the different marketing channels. Especially as some of these channels are more complex than they seem at first sight: often regarded as one, they are in fact, many. Like the mobile channel that is a platform for both e-mail, social media, e-commerce, etc. A consistent 360 degree view of your customer is essential to grow your business efficiently.

The ROI of truly recognizing someone can be quite spectacular. SAS, for instance, helped Orange Business Services enhance and maintain strong customer relationships - in order to grow the business and improve competitive edge - by understanding and anticipating client needs and expectations for a broad range of offerings across 323,000 access points in 220 countries and territories.



Predict

What is big data?

Big data is characterised by a **massive volume** of data in many **different formats** (structured, numerical data in traditional databases as well as unstructured data coming from email, social media, call centre logs, etc.) which **grows and evolves at a spectacular rate** and ought to be analysed and acted on accordingly. These are actually the three Vs of big data, as defined by industry analyst Doug Lane in 2001: volume, variety and velocity.

At SAS, we also consider two additional dimensions when thinking about big data: **variability** - because data flows can be highly inconsistent with periodic peaks - and **complexity**, because it's a gigantic undertaking to link, match, cleanse and transform data across systems when working with multiple sources.

Recognizing a customer can become even more valuable if a company is able to anticipate how someone will react. This is where big data analytics come in. Big data analytics allows anticipation of behaviour by analysing as many different types of data as possible as fast as possible (preferably in real time). Only then, will you discern patterns of behaviour that allow

organisations to predict what comes next. [Idea Cellular](#), for example, uses big data analytics to help acquire profitable customers, retain them, up-sell and cross-sell, and engage them in meaningful interactions. With this customized and event-driven marketing, it has achieved \$100 million in incremental revenue, with more than 30% margin.

Influence

Moving one step beyond predicting comes influencing. Let's take churn as an example, one of the biggest challenges of the telco industry. Some telco companies are so focussed on predicting it that they neglect to engage with a customer whilst it is still possible to influence decisions. Organisations may well have excellent predictive models, but these will not offer a solid ROI if they do not know which offer to send out and how this will affect the outcome. With SAS, for instance, a European communications service provider operating worldwide identifies hidden relationships amongst millions of customers and then delivers compelling marketing offers that reduce churn and strengthen relationships with key influencers, thus providing bigger impact.

Optimize

A lot of telco organisations have trouble striking an optimal balance between the offer that is the most enjoyable for the client and the one that is most profitable for the company. For instance, based on the behaviour of a customer, a telco company could have two campaigns ready: one - more generally segmented - offering extra data consumption each month

for a year, or just offer 1GB extra data just before his or her monthly data subscription is exceeded. The best offer will vary for different customers, and smart analytics ensure that organizations remain customer-centric while, at the same time, making the choices that are the best for the organization. The result is reduced marketing spending as well as higher campaign closing rates. [SAS analytics, for instance, helped Telenor](#) to ensure more personalized sales and dialogue, with offers that were relevant to the individual customer as well as profitable for Telenor. These real-time, next-best offers yielded increased sales and improved personal service.

Innovate

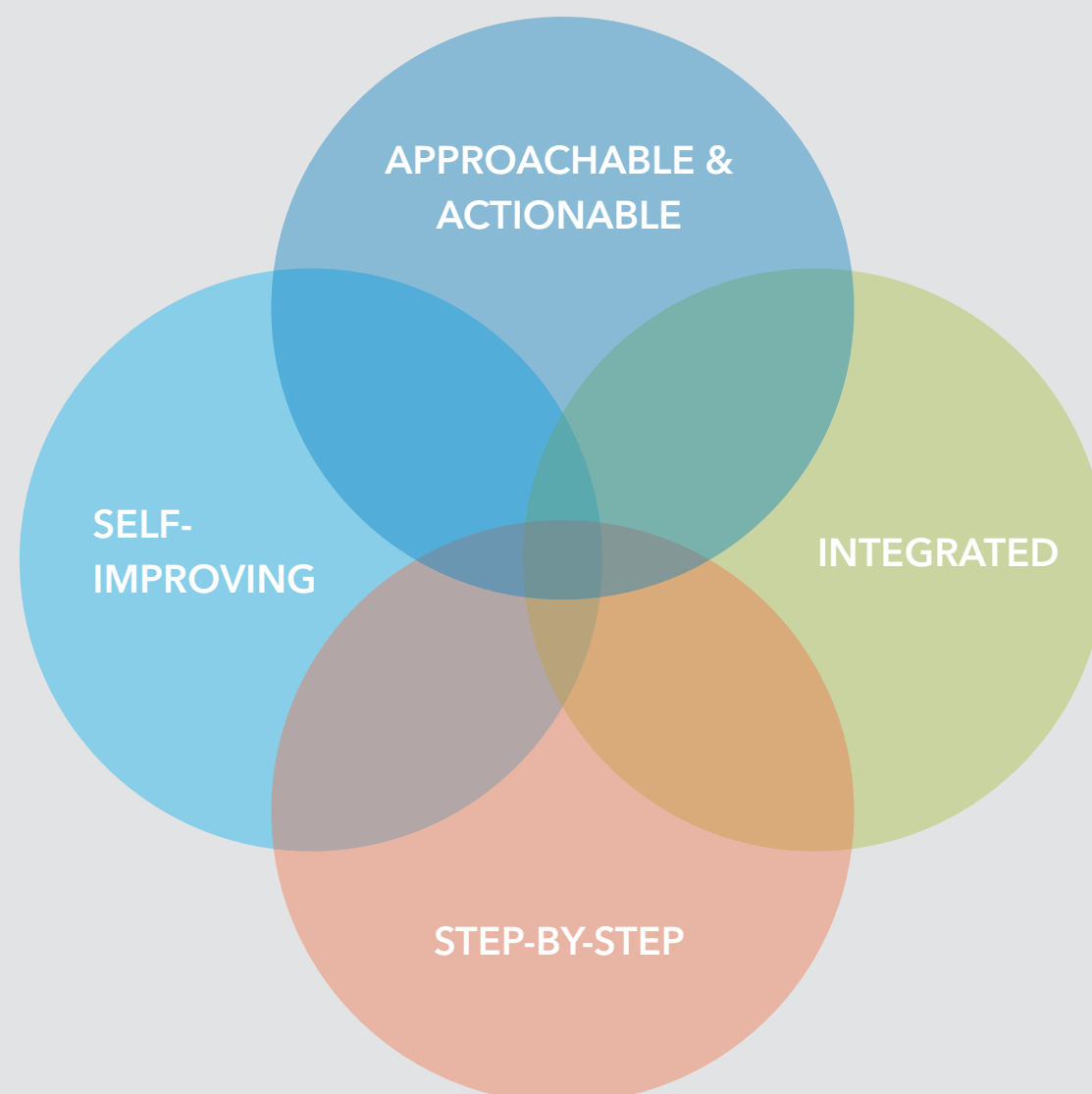
Big data analytics will also provide you with insights that you can use to innovate: by building new services or offers within you company or with tiers, or by creating news business models. Telcos could for instance monetize their data - through customer location analytics - and sell it as a service to external players, allowing those make relevant offers to customers at the most perfect time.



3. How to choose the right analytics solution – 4 tips

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It is not always obvious finding the right customer intelligence solution for your company and industry. We feel that these are the four most discerning characteristics you ought to be looking out for:



APPROACHABLE & ACTIONABLE

Business users need to be in control of the customer experience. It is essential that they can act upon the insights presented to them by the intelligent Customer Analytics solution. Big data, for instance, is a rich source for customer intelligence. Yet managing and analysing this high velocity, high variety and big volume stream of data is so complicated that only the very rare, over-solicited and quite expensive data scientists know how to do so. But if each and every insight needs to be created and afterwards manipulated by statisticians before it is handed to the business this will slow down everything immensely. By the time a piece of intelligence reaches the marketing department - or another business department - it will have become obsolete.

Analytics tools that are both approachable and actionable - what we call a blue box approach - are therefore a must. Business users can easily perform a self-service ad hoc query - like A/B tests or recommendations - and make an informed decision based on (near) real-time information. This can save a tremendous amount of time: for example, one major service provider trimmed [the time required to launch a campaign from three weeks to one week](#) - and for some campaigns, to a day.

INTEGRATED

There is not one magical analytics solution that you can plug in so that you can send real-time, personalised offers. Analytics ought to be a coherent part within an intelligent ecosystem. Integration is key. So instead of choosing a standalone solution, pick a platform that incorporates the three building blocks of customer intelligence:

1. A customer-focused repository that gathers data from all the possible platforms, both internally and externally
2. An analytics core with the data quality and analytics tools to transform that data into insight
3. Automation tools that incorporate that insight into marketing campaigns and other business decisions

SELF-IMPROVING

Closing the loop of marketing is one of the hardest hurdles organizations have to overcome. In order to keep delivering relevant messages at the right time, analytics tools ought to continually analyse and re-evaluate their actions so that the system can become smarter and more correct as time goes by. [Telenor, for instance, worked with SAS to develop a 'model factory', monitoring the validity of its 70 sales models.](#) Whether a customer accepts or declines an offer strengthens or weakens a model. Based on the customer's response, the models are analysed and altered to improve accuracy.

STEP-BY-STEP

Data-driven marketing ideally should be a step-by-step and carefully planned journey. There is quite some distance to bridge between a mass marketing approach and a full 360° view with real-time interactions. We tend to advise our own customers to get the basics right first - like analysing transactional and response data - and then move into the more advanced realm of big data which allows them to predict behaviour and personalize it in a far-reaching manner. The most advanced and granular form of customer analytics is, of course, real-time, integrated optimisation. It allows you to engage in an interactive one-to-one conversation. It elevates any communication effort to a new standard that surpasses aggressive and annoying push efforts. The easiest and smoothest way to get there is iterative; by experimenting and testing in small projects until you get it right and then move on to the next level.



4. How one of the largest private telecom companies in the world uses SAS Customer Analytics to enchant customers and upsell data

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At year-end 2015, the German division of one of the world's biggest telco companies asked SAS to help improve its customer experience with real-time execution capabilities. Previously, when their customers were reaching the end of their data package, the German telco leader responded with a method called 'throttling': their network automatically slowed down the data supply speed. The trouble was that they lacked both the customer context as well as the intelligent response capability to communicate about this, upfront. The company understood it really had to improve this poor customer experience with a real-time contextual marketing solution. In 8 weeks, SAS was able to implement an event stream processing tool which recognizes when a customer is approaching the data limit. When that trigger is reached - before the slowing down happens - the telco leader is now able to send out a customer-focussed offer in near real time.

SAS also helped the telco company to move beyond purely event-driven mass marketing. It can now decide which offer to send to whom, and via which preferred channel on the basis of price as well as size and longevity of package. For instance, it will make a difference in the amount of data offered when the customer has two days left before he receives next month's new fresh data supply or when he is still in the first week of his package.

Another differentiator is, for instance, price sensitivity: some people do not mind when their data supply slows down because they prefer this to paying more,... while others would be happy to pay more if it would just help them download their work files faster. The result? A fivefold increase in response rate. The telco leader is actually expecting additional cross- and upselling revenue of 10 million euros over the next 4 years.

As an added bonus, the SAS actionable analytics ecosystem has brought the IT and marketing departments closer together. Because of the high level of self-service and approachable insights, the marketing team really discovered the value of data and smart analytics to drive a better experience for their customer.



Find out more about SAS Customer Intelligence at
www.sas.com/customerintelligence
and on [our dedicated blog platform](#).

