



A VALUE BASED APPROACH TO IMPROVE CUSTOMER EXPERIENCE

A Customer Experience Improvement Framework for Communication Service Providers



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Telecommunication services form the foundation of our connected lives in the Digital World. Today, Communication Service Providers (CSPs) have graduated from providing basic voice and telephony services to offering a host of entertainment and other value added services. However, despite the demand for these services, the telecom industry is grappling with multiple challenges, including falling voice revenues, rising network capital costs and a growing threat from Over-the-Top (OTT) players.

Complicating these challenges is the fact that CSPs struggle to deliver an excellent customer experience resulting in high rates of customer churn. Compared to customer experience leaders such as Apple, Google, and Amazon that enjoy a Net Promoter Score (NPS) in the 70-80 range, CSPs report a NPS as low as 3¹.

This paper explores the telecom industry's customer experience imperative in greater detail, evaluates the typical challenges of defining, measuring, and improving customer experience and concludes by presenting a value-driven approach to assess and prioritize customer experience improvement initiatives.

I. Telco Industry Challenges in the Digital World

The services provided by the telecom industry form the foundation of our connected lives in the Digital World. However, despite the importance of these services, the health of the telecom industry is threatened by multiple challenges including:

- Declining Core Revenue Stream.** Competitive and regulatory pressures are straining the telecom industry. Ultra-low cost and free voice services have commoditized CSPs' core revenue streams of voice and text message services. The rise of OTT players is a growing threat. Today, Skype carries nearly 25% of international long distance traffic and services such as Apple's iMessage platform are further pressuring CSPs. Voice-based tariffs have also declined due to regulatory interventions.
- Data Monetization Gap.** Both fixed and mobile broadband networks are experiencing an explosion in data traffic due to the adoption of bandwidth-intensive applications such as video streaming, online gaming and social networking. However, this surge in data traffic has not translated to an equivalent growth in revenues for CSPs. In fact, the gap between data traffic and service provider revenues is steadily rising, with data traffic growth expected to outpace revenue growth by a factor of 9 between 2012 and 2016 (see Figure 1)³. On the other hand, investments required to expand capacity and coverage and keep pace with technology advancements continue to grow, further impacting profitability.

Growth in network utilization will not be matched by equivalent revenue growth

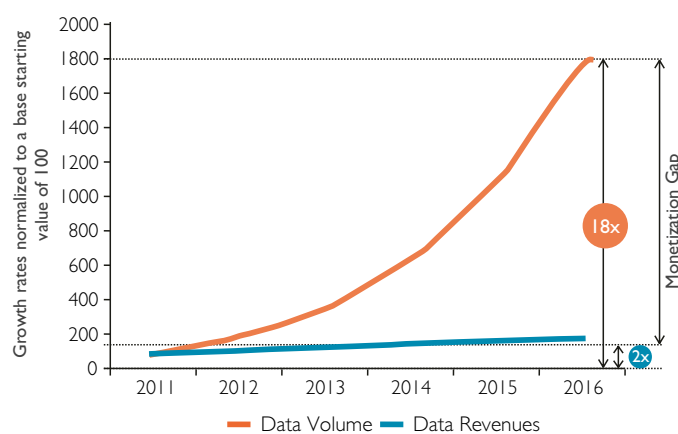


Figure 1: Source: Wipro Analysis based on Ovum Mobile Broadband Connections & Revenue Forecast: 2011-2016, and Cisco Virtual Networking Index: Global Mobile Data Traffic Forecast Update, 2011-2016

- **Falling Value Perception.** Telecom companies continue to score poorly in customer value perception. Even though CSPs have built the network and systems infrastructure that powers service delivery, consumers regard them only as bit-pipe providers, crediting OTT players such as Apple, Google and Amazon for value added services, and faulting CSPs for service disruptions. OTT players have benefited from this perception of being value creators, at the expense of CSPs.
- **Rapidly Changing Consumer Preferences.** CSPs' legacy networks, systems, and processes have not kept pace with rapidly changing customer preferences for new services. For example, customers are increasingly demanding real-time billing information and preferring online channels to conventional channels for service consumption. Additionally, growing device diversity and demand for high-bandwidth content have placed greater demands on networks. The inability of CSPs to match customer expectations has led to customer dissatisfaction and churn.

These challenges are compounded by growing consumer expectations for a best-in-class customer experience. Customers have grown accustomed to the relatively seamless service experience provided in the retail and financial services sectors. As CSPs venture into providing more value added services, customers will begin to expect similar levels of customer service.

2. The Customer Experience Imperative for Communication Service Providers

In an industry where competition is fierce and disruptive innovations threaten traditional telco business models, customer experience improvement can address many of the challenges that CSPs face. Focusing on customer experience can enable CSPs to respond more effectively to customer requirements, build customer loyalty, and create a stronger value perception in the minds of customers. Additionally, customer experience improvement can generate sustainable competitive differentiation, improving prospects for long term profitability.

Communication companies have realized that optimizing customer experience needs to be a cornerstone of their business strategy. Recent trends demonstrate this shift in CSP mindset, as shown below:

- A survey conducted by leading global telecom industry association TM Forum, indicates that customer experience is one of the top three priorities for transformation programs for telecom companies⁴
- Another survey, by industry analyst firm Ovum, indicates that improving customer experience and satisfaction is at the top of the list of priorities for CSPs across all geographies⁵

The following sections explore the challenges in defining, measuring and improving customer experience, and propose a value-driven approach to

maximize the effectiveness of an organization-wide customer experience improvement strategy.

3. Challenges in Building Effective Customer Experience Improvement Programs

The complexities of service provider organizations such as fragmented systems, multi-vendor environments, multiple service and network layers, and regulatory obligations, present numerous challenges to customer experience improvement. These challenges can be broadly grouped under the categories of defining, measuring and improving customer experience.

3.1 Defining Customer Experience

To generate the largest impact, customer experience improvement should be an enterprise-wide initiative closely aligned to a service provider's business goals. For instance, the customer experience objectives of a low-cost basic services operator are likely to be very different from those of a multi-service operator. Many CSPs struggle with developing a common organization-wide definition of customer experience, which is the first step towards undertaking a customer experience improvement program. In the absence of an organization-wide definition of customer experience, different departments in a telecom organization, such as marketing, network and customer service, often create their own definitions based on a blinkered view of organizational goals. This leads to a lopsided treatment of customer experience improvement initiatives.

As a result, initiatives that require significant investments but do not deliver meaningful customer experience improvements are often prioritized over others that are more impactful.

3.2 Measuring Customer Experience

Traditionally, customer experience has been measured by touchpoint surveys, single metric approaches such as NPS, or surveys commissioned by 3rd party market research firms such as JD Power and Nielsen. While these approaches provide broad directional feedback, they do not account for other feedback sources such as behavioral data about consumers or information scattered in the online world including social networks, Twitter, and blogs. Moreover, there is a rich treasure trove of information embedded in interaction records such as emails, call recordings and chat transcripts, which can provide rich insights into customer perception.

An inability to tap these myriad sources of customer feedback can lead to a flawed assessment of the current state of customer experience and the required actions for improvement.

3.3 Improving Customer Experience

Given the heightened CSP interest in customer experience today, assorted products with diverse capabilities ranging from 'network decongestion' to 'contact centre productivity enhancement', are being labelled as tools for customer service improvement. This presents a real challenge for CSPs as they need to break through the clutter of available products and determine which of these best meet their business objectives. The challenges in executing an effective customer improvement program are two-fold:

- **Identification** - determining the initiatives that uniquely improve customer experience
- **Prioritization** - selecting and focusing on those initiatives that will have the greatest impact on customer experience

Today, most CSPs lack a holistic approach to defining, measuring, and improving customer experience, which reduces the overall impact of a customer experience improvement program.

4. A Value-Driven Approach to Customer Experience Improvement

To achieve impactful customer experience improvements, CSPs require a uniform approach to define, evaluate and prioritize customer experience improvement initiatives and maximize the impact of a customer

experience improvement program. Wipro has developed a holistic framework that takes into account multiple customer experience improvement dimensions from network quality to customer care. The framework also proposes a mechanism for prioritization of initiatives based on customer experience impact, as an enhancement to the traditional approach of prioritization based only on financial impact.

The section below summarizes the various dimensions of customer experience. Enterprises must evaluate all dimensions while framing an enterprise-wide definition of customer experience improvement. Enterprises must also assess the relative importance of each dimension in relation to the organization's overarching customer experience improvement goals. This will ensure that dimensions that have the highest impact on organizational goals receive the highest share of focus and investment.

4.1 Dimensions of Customer Experience in Telecom

TMForum defines customer experience as "the result of the sum of observations, perceptions, thoughts and feelings arising from interactions and relationships between customers and their service provider(s)". This all-encompassing definition will need to be de-constructed to bring out the specific dimensions that contribute to the overall telecom customer experience.

Figure 2 presents a multi-dimensional view of customer experience. The dimensions displayed below offer an exhaustive view of the

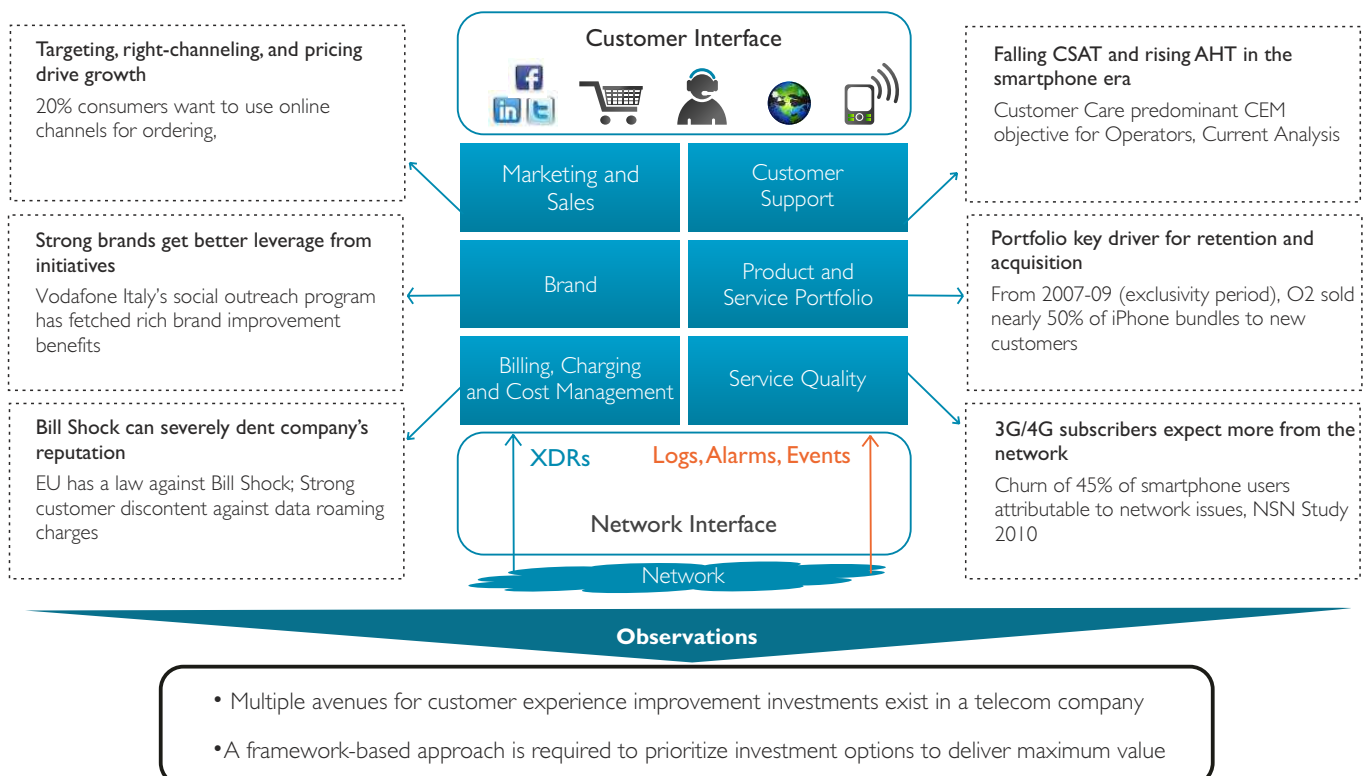


Figure 2: Dimensions of Customer Experience in Telecom, Source: Wipro Technologies

factors that influence customer perception of a communications company and include:

- Marketing and Sales - the right offer through the right channel.**
 A well-directed marketing campaign can positively influence purchase decisions, while a misdirected campaign can lead to customer discontent. CSPs' sales processes can also impact customer satisfaction. As customers increasingly opt for digital channels to acquire new services, the expectations from the buying experience have grown. Access to multiple service channels and a consistent experience across all channels has become a crucial determinant of customer satisfaction. Consumer behavioral insights drawn from product, channel, and usage preference data residing with CSPs can be used to significantly enhance the buying experience.
- Customer Support - perception is the key.** Strong customer support capabilities play a crucial role in shaping customer perception. In a customer satisfaction survey conducted by Consumer Reports⁶, AT&T received the dubious distinction of being rated the worst mobile carrier in 2011. Interestingly, Consumer Cellular, an MVNO using AT&T's network, took the top spot. Given that the underlying network was the same in both cases, this indicates that customer support can be a key differentiator for CSPs.
- Brand – services must meet or exceed expectations conveyed by the brand.** CSPs' marketing messages set customer expectations for service delivery. For instance, a mismatch between advertising promises and service delivery can create dissonance in the minds of consumers – which can result in dissatisfaction and churn. For example, a CSP promoting an 'always-on' network will experience much stronger customer backlash from network outages and session drops, compared to a CSP positioned as a low-cost carrier.
- Product and Service Portfolio - pivotal to maintaining competitiveness.** An attractive product and service portfolio strongly influences customer choices. In 2007, O2 acquired the exclusive rights to iPhone sales in the UK. Nearly 50% of the iPhone bundled plans sold by O2 during the period of exclusivity were to new customers.⁷ This indicates that a good product can induce customers to switch allegiances even if they are otherwise satisfied with their existing service provider.
- Billing, Charging and Cost Management – delighting customers with billing transparency.** Billing issues account for a large share of customer complaints. Bill shock prevention is receiving more attention from regulatory bodies. It is not easy for CSPs to provide billing transparency, especially with the proliferation of data services. Providing complete visibility of charged services and regular updates on cost management can positively impact customer satisfaction.
- Service Quality – network interactions are crucial to a healthy customer relationship.** Telecom companies constantly interact with their customers through their networks. Dropped calls, service disruptions and security breaches can be significant sources of discontent. In 2001, a study by Booz Allen Hamilton indicated that 17% of customer churn is attributable to network issues.⁸ Nearly a decade later, a similar study by Nokia Siemens Networks found that 45% of smartphone users churned cited network quality as a factor,

indicating that the role played by network issues in determining customer satisfaction is steadily rising.⁹

CSPs must evaluate each of these areas and determine which dimensions to focus on, based on the alignment of the dimension with the overall customer experience improvement goals of the organization.

5. Three-Phase Customer Experience Improvement Framework

A strong analytical framework and a comprehensive planning approach are crucial to improving the customer experience of CSPs. Wipro's three-phase Customer Experience Improvement Framework addresses the customer experience improvement (CXM) challenges faced by CSPs, by taking a value-driven approach to CXM initiatives.

The three phases of the approach are:

- Blueprinting** – mapping process flows, KPIs and dimensions
- Value Analysis** – assessing and prioritizing CXM initiatives based on customer experience impact
- Realization** – implementing prioritized initiatives with special emphasis on user journeys

The three phases are detailed below.

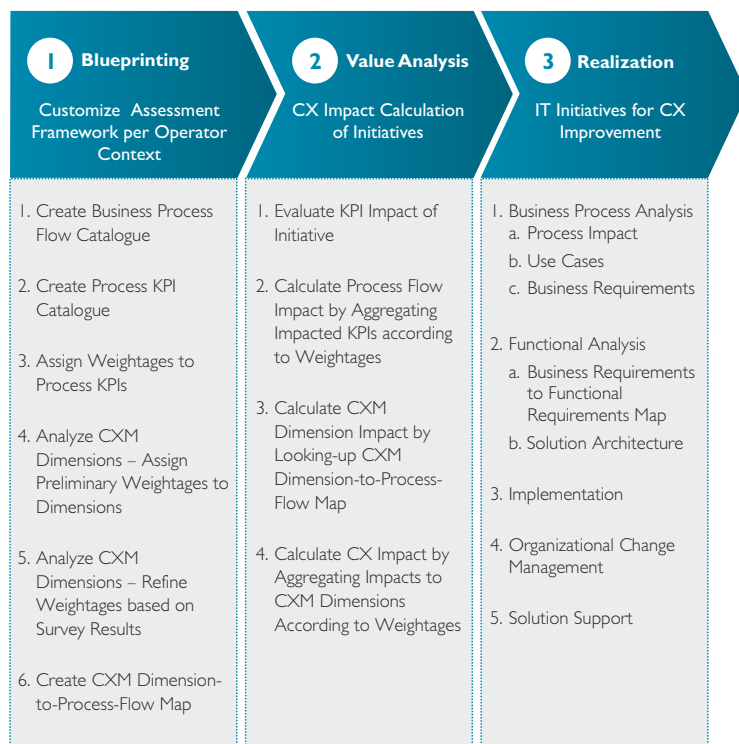


Figure 3: Customer Experience Improvement Framework, Source: Wipro Technologies

5.1 Blueprinting

The objective of the Blueprinting phase is to document the link between processes, KPIs and dimensions in order to provide the base for calculating the CXM impact of initiatives in the Value Analysis phase. The Blueprinting phase involves the following activities, as illustrated in Figure 3:

- **Create Business Process Flow Catalogue.** Catalogue all process flows in the service provider organization to understand the customer lifecycle and interactions.
- **Create Process KPI Catalogue.** Catalogue all process KPIs.

- **Assign Weightages to Process KPIs.** Determine the relative importance of all KPIs associated with a process, based on the impact of the KPI on achieving process objectives.
- **Analyze CXM Dimensions.** Determine the relative importance of dimensions in meeting organizational CXM objectives, through customer surveys and stakeholder discussions.
- **Map CXM Dimensions to Process Flows.** Create a CXM Dimension-to-Process-Flow map to calculate the overall impact of a customer experience improvement initiative

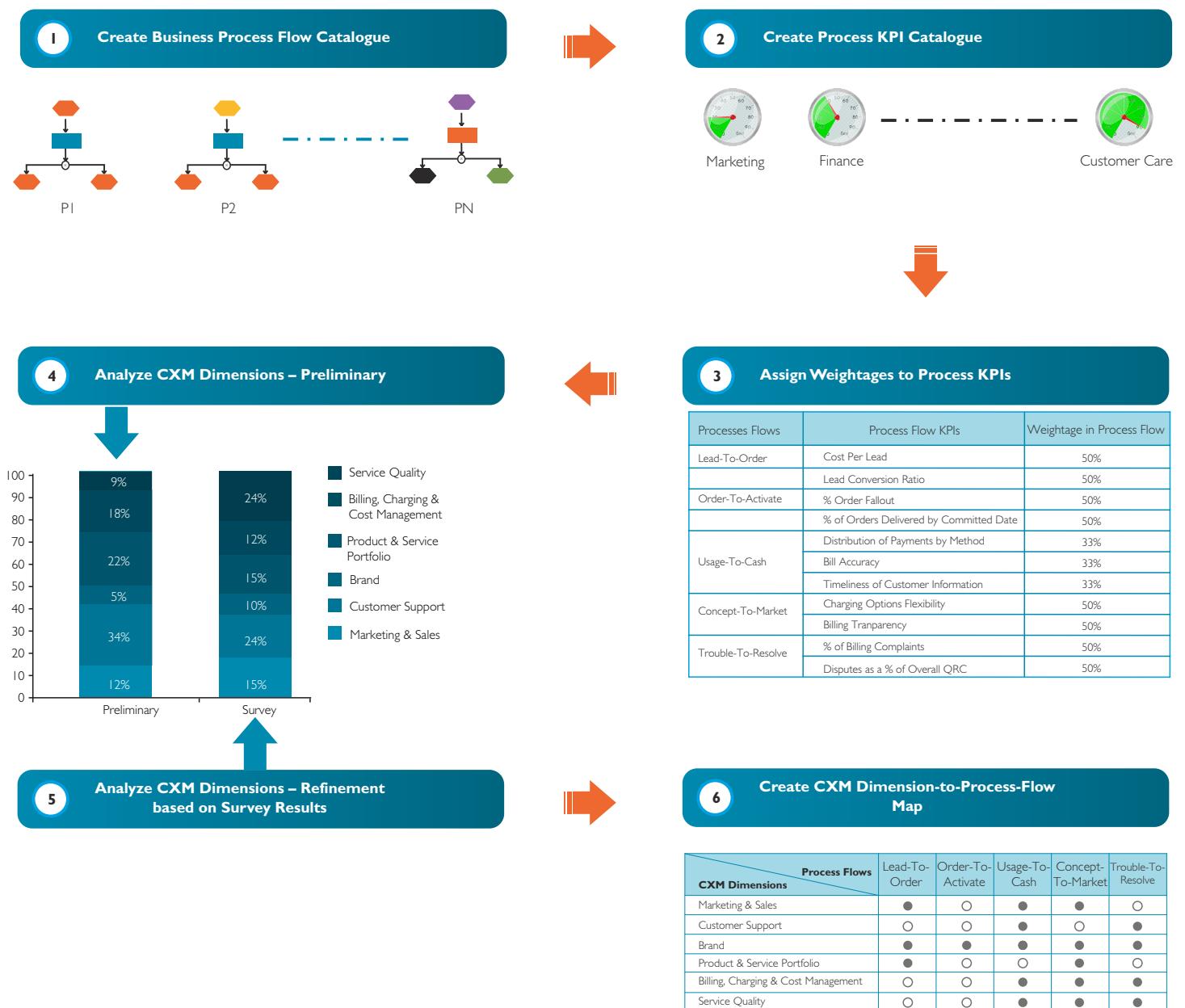


Figure 4: Blueprinting Phase - Activities, Source: Wipro Technologies

5.2 Value Analysis

In this phase, CXM initiatives are evaluated and prioritized. Typically in a telecom company initiatives are evaluated and selected based on a financial business case. The rigour of the business case may vary but cost, revenue and savings are usually the key determinants in the decision making process. Wipro's Customer Experience Improvement Framework embraces a paradigm shift in evaluating initiatives by including customer experience improvement as an additional parameter during the decision making process. (See the Figure 5 below)

Initiative	Investment	Revenue	Cost Savings
Unified CRM	14.8	10.2	18.4
Convergent Billing	10.4	14.8	5.6
Process Redesign	4.3	2.8	10.5
Predictive Analytics	3.4	6.4	4.8
Remote Device Management	5.4	0	12.6
Service Assurance	8.8	0	14.6
IVR Optimizations	1.5	0	7
User Journey	1.8	2.8	2.8
User Experience	2.3	3.8	1.2
Agent Trainings	2.7	0	3.8
Policy Management	2.8	2.2	1.2
Chatbot	2.1	0.7	1.5

Initiative	Investment	CX Impact	Revenue	Cost Savings
IVR Optimizations	1.5	9.8%	0	7
Agent Trainings	2.7	7.8%	0	3.8
User Experience	2.3	5.8%	3.8	1.2
Unified CRM	14.8	5.2%	10.2	18.4
Chatbot	2.1	3.6%	0.7	1.5
Convergent Billing	10.4	3.4%	14.8	5.6
Process Redesign	4.3	3.1%	2.8	10.5
User Journey	1.8	2.8%	2.8	2.8
Predictive Analytics	3.4	2.5%	6.4	4.8
Remote Device Management	5.4	1.8%	0	12.6
Service Assurance	8.8	1.6%	0	14.6
Policy Management	2.8	1.4%	2.2	1.2

From Internal Focused Business Case



To Customer Centric Business Case

- Typical Business cases rely on Financial Metrics for Cost-Benefit Analysis
- Intangibles such as Customer Experience Improvement (CXM) impact are ignored or not represented in numerical terms
- Wipro's Customer Experience Improvement Framework compares CXM initiatives based on CXM impact, in addition to financial impact

Figure 5: Value Analysis Phase - Business Case based on CXM Impact, Source: Wipro Technologies

In the Value Analysis phase, the CXM initiatives are prioritized based on their customer experience impact.

The CXM impact of an initiative is calculated in the following manner:

- **Step 1** - List the percentage improvement in all KPIs impacted by the initiative
- **Step 2** - Calculate the weighted score of KPI improvement for each process impacted by the initiative (using the weightages assigned to KPIs in the Blueprinting phase)
- **Step 3** - Aggregate the scores for all processes mapped to a dimension (using the CXM Dimension-to-Process-Flow map prepared in the Blueprinting phase)
- **Step 4** - Calculate the weighted score across dimensions (using the weightages assigned to the dimensions in the Blueprinting phase)

The CXM impact of all initiatives is determined as above. A relative customer impact chart is then created as shown in Figure 6 that allows initiatives to be selected based on their CXM impact, as against the traditional approach that focuses only on financial impact.

Map CXM Improvement Interventions to Processes						
CXM Improvement Intervention \ KPIs	Cost per Lead	Lead Conversion Ratio	% Order Fallout	% Order delivered by Committed date	% of Billing Complaints	Disputes as a % of over all QRC
Remote Device management	○	○	○	●	○	○
Unified Desktop	●	●	○	○	●	●

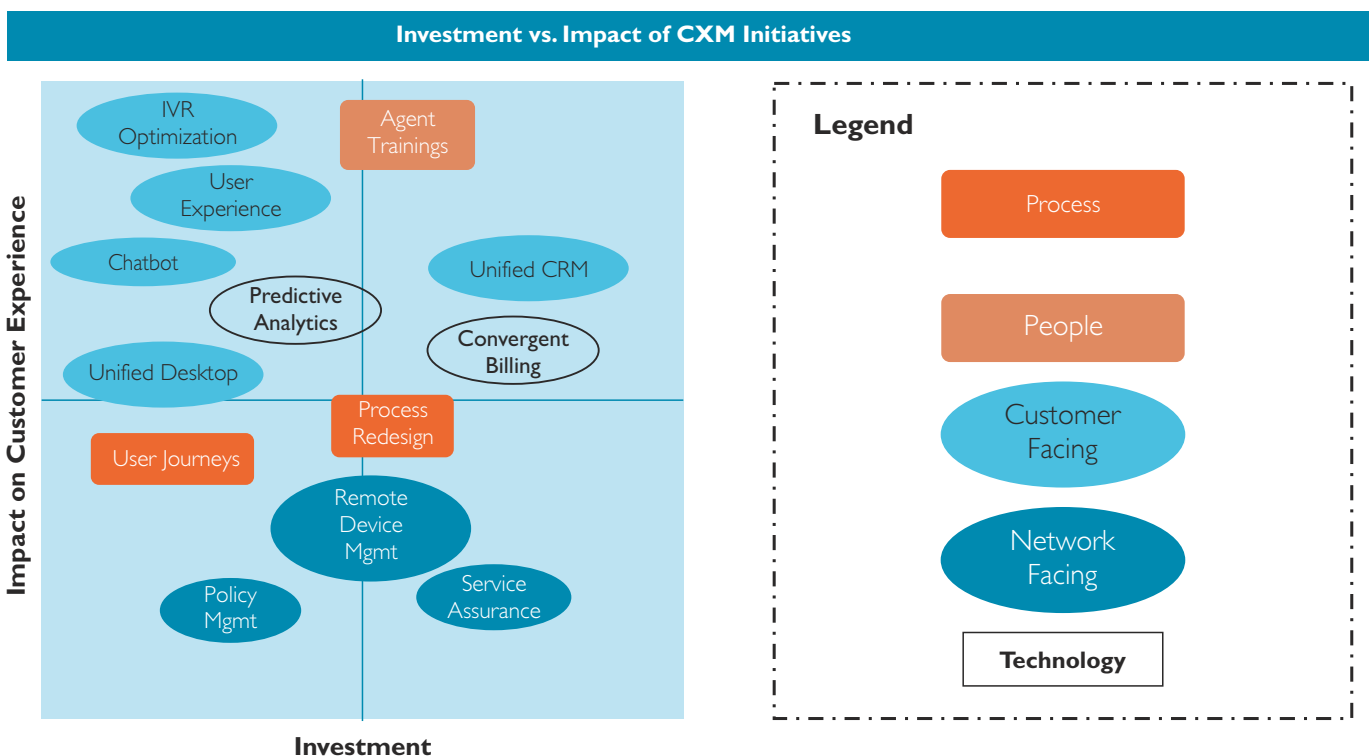


Figure 6: Value Analysis Phase - Relative CXM Impact Chart, Source: Wipro Technologies

5.3 Realization

The CXM initiatives that are prioritized based on the Blueprinting and Value Analysis phases are implemented in the Realization phase.

Figure 7 depicts the three steps that constitute the Business Process Analysis phase in a typical implementation program. The three steps are Business Process Impact Analysis, Use Case Development, and Business Requirements Gathering. The proposed implementation approach differs from regular implementation programs by its emphasis on highlighting the customer touchpoints involved during a user journey through a process. This ensures that business requirements pertaining to customer touchpoints can be prioritized over requirements that do not have a direct customer experience impact. This enables the program implementation team to focus more strongly on enhancing the customer experience delivered through these touchpoints.

As an example, consider the launch of an e-commerce capability to augment the existing sales channels of a CSP. The first step would be to evaluate the impact of this new capability on existing marketing and fulfillment processes and the changes required if orders are placed online versus over-the-counter. This is followed by the identification and development of use cases that enable the CSP to maximize its return from the investment. The use cases can be further categorized into those that directly impact consumers such as ordering workflow and those that are system driven such as activation of services based on the plan selected by a consumer. A visual map of the use cases with direct consumer impact should highlight the customer touchpoints required to deliver a best in class user experience. This allows the implementation team to focus on the business requirements related to the highlighted touchpoints.

The Business Process Analysis phase is followed by the regular stages in the implementation lifecycle, as in the case of any technology program, until the initiatives are transitioned to operations.

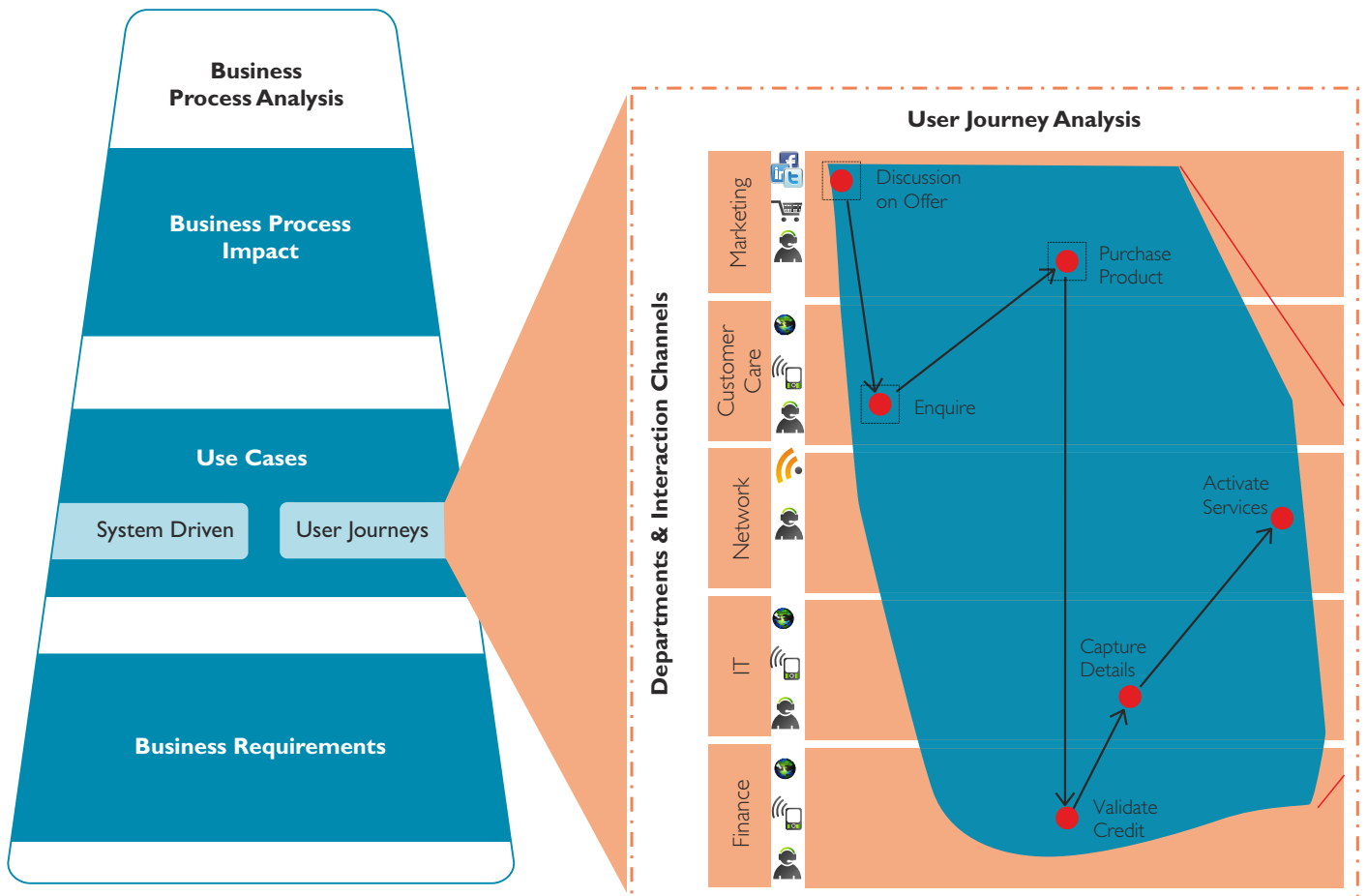


Figure 7: Realization Phase - User Journeys, Source: Wipro Technologies

6. Conclusion

In today's hyper competitive environment, customer experience is critical to the success of telecom companies. Most CSPs understand that delivering superior customer experience is the key to winning customer loyalty and building sustainable competitive differentiation. Consequently, CSPs have already initiated customer experience improvement projects at different levels in their organizations. Since customer experience in telecom is multi-dimensional, the initiatives undertaken to improve customer experience also need to be multi-dimensional, addressing different functions from customer care to network departments. However, most customer experience improvement initiatives today are fragmented and fail to employ a holistic approach that is required for success.

To ensure that customer experience improvement initiatives are closely tied to business objectives, telecom companies should adopt a unified framework to document the customer experience impact of these initiatives. The customer experience impact, in conjunction with the financial business case, will provide a single window to evaluate and prioritize initiatives.

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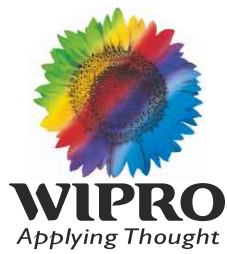
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