

Ooredoo Kuwait

monetizes digital services

through highly customized,
personalized offers



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who:



what:

Increased monetization in a market with an average monthly consumption of 50GB - in effect unlimited - for monthly tariffs from \$30

how:

Differentiation through highly relevant customized offers using next-gen customer value management (CVM)

results:

- Campaigns' lead times shortened from 2 or 3 days to 2 hours
- Digital revenue up from 1-2% to 5-7%
- Churn improved by 30% during the first year after launch
- Resale of premium content contributing 7-8% of total revenue

watch:

TM Forum's Chief Analyst Mark Newman interviews Tapan Tripathi, Chief Commercial Officer at Ooredoo Kuwait, and Nirmal Upreti, Senior Director, Marketing Prepaid Segment, Roaming & International at Ooredoo Kuwait, about how they transformed CVM and the Ooredoo Kuwait business. Both hold a Master of Business Administration (MBA) degree from the London Business School.



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Ooredoo Kuwait's CVM brings new revenue & differentiation in a fiercely competitive market

Ooredoo Kuwait is an integrated telecom operator offering fixed and mobile internet access and a suite of enterprise services, including ICT, data centers and more. The three players in the Kuwaiti market all face the huge challenge of monetizing services beyond connectivity, given that the average user consumes 50GB per month, with monthly tariffs starting at just \$30.

Ooredoo is No. 3 in the market in terms of revenue, but No. 2 when measured by other

indices such as customer market share (with 2.5 million customers), Net Promoter Score (NPS) and brand equity. The company is the leader in digital transformation.

The operator started its digital transformation journey some four years ago. As part of it, in 2019 Ooredoo turned its attention to upgrading CVM because its existing tools were inflexible, couldn't scale, time-consuming and required specific skills that were in short supply.

Finding the right partner

In 2019, Comviva Technologies entered a strategic partnership with Ooredoo Kuwait for CVM and, after what Ooredoo describes as a "seamless integration" process was able to launch its first campaign within five months. Ooredoo Kuwait cut its lead time to generate personalized, customized marketing campaigns from two to three days down to two hours, using simple to use, flexible and scalable tools. For the first time, the operator had real-time capabilities and could make contextual offers to customers

This meant that despite many of its customers leaving the country during the pandemic in 2020 (70% of Ooredoo's customer base and the country's population are expatriates), the operator suffered less than its competitors because it lost fewer sales.

Ooredoo was able to build on the digital channels it had in place as customers' behavior became increasingly digital in lockdowns: Now 70% of payments are collected through its app, 80% of top-ups, 40% of recharges and 15% of sales happen in the app.

In parallel, the operator's churn rates improved by 30% during the first year after the launch as CVM hit its stride, and the digital contribution overall revenues has risen from 1 to 2% to between 5 and 7%. Reselling premium video services now account for 7-8% of Ooredoo Kuwait's total revenue.



lead time to generate personalized, customized marketing campaigns from **two to three days** down to **two hours**



increase in digital revenues from **1 to 2%** to between **5 and 7%**



Now we can proudly say we have the real-time capabilities, and we are able to offer contextual marketing solutions within the campaigns. The lead time has reduced significantly from a couple of days to a couple of hours. It is very flexible and it's very intuitive – you don't need to know technical language – it's drag and drop.



Nirmal Upreti
OOREDOO KUWAIT

Addressing the Kuwaiti market's needs

As noted, three mobile operators serve the Kuwaiti market: Zain Kuwait has 2.6 million customers; Ooredoo 2.5 million; and VIVA 1.8 million. Multi-SIM ownership is common, with customers having an average of 1.5-1.8 SIM cards each. Unlike many multi-SIM markets, customer are not looking for price arbitrage. Instead their second SIM is inserted in a laptop or tablet for internet access as there is little fixed broadband infrastructure in Kuwait.

Until two years ago, about 70% of the market bought phones with integrated SIM cards, but the uncertainty caused by the pandemic means many more people now prefer to buy them separately. The average data consumption per customer is 50GB a month, most of which is consumed by video streaming. The most popular app is YouTube, followed by Facebook. Snapchat and Instagram are also very popular and video-centric, especially since Instagram rolled out its Reels feature.

The starting price plan is about \$30 to \$35 per month, but about 10% of customers buy top-end plans for about \$60 for unlimited use and consume some 300GB. They are mainly 5G customers who are tethering their device or using it as a hotspot. The most data-hungry users are mostly streamers and gamers – whenever Sony puts out an update, it takes a toll on the entire network.

To counter this, Ooredoo imposes selective throttling, not allowing higher speeds for those downloads, especially during peak hours which are usually 5 p.m. to 11 p.m.

Reasons for churn

The most common reason for churn is network quality. The second reason is price and third is people leaving the country, which is commonplace with so many expatriates. Network quality is often perceived as being to blame for poor customer experience when it is not: For example, if a content provider does not have local a cache in place, it will likely result in poor quality streaming.

The larger part of Ooredoo's customer base is ex-pats, reflecting the demographics of the country which splits into 70% ex-pats and 30% local. Ooredoo largely attracts the younger market segment, aged between 15 and 24. About 70% of Ooredoo's customers are post-paid, again reflecting the overall market trend, with the remaining 30% prepaid.

While Ooredoo was hit hard by the pandemic, as many ex-pats left the country, its leadership in digital transformation and in customer value management in particular stood it in excellent stead.



I would say the biggest challenge that all three operators are facing in this market is that most of the packages on offer to the customers are almost unlimited...[for] \$30 to \$35...so you can imagine that the monetization opportunity is very low, and very difficult.

Tapan Tripathi
Chief Commercial Officer (CCO)
OOREDOO KUWAIT



I think the silver lining for us was that we were ahead of other players when it comes to digital, so that really helped, especially in the lockdown times because we didn't see our sales going down as much as our competitors.

Customers tend see an overlap between the quality of network and how they are treated by and taken care of by the operator.

Tapan Tripathi
Chief Commercial Officer (CCO)
OOREDOO KUWAIT

Taking CVM to the next level, sealing a huge shift to digital channels



Ooredoo Kuwait began its digital transformation about four years ago. Almost 1 million unique users now engage through a digital channel every month, with 70% of payments collected through the app. In addition, 80% of top-ups, 40% of recharges and 15% of sales happen in the app.

Certainly, the pandemic was a catalyst for customers to become increasingly digital in their habits, but many operators have failed to achieve such levels of digital engagement. Ooredoo Kuwait believes a major success factor has been ensuring that its apps and website are consistent, convenient and very easy to use. Another big contributor is CVM.

Before its strategic partnership with Comviva, Ooredoo Kuwait used an IBM tool that cost millions of dollars, but it was neither scalable nor flexible and change requests were expensive. The system needed a lead time of two to three days to set up a campaign, and the lack of real-time capabilities severely limited the possibility of contextual offers to customers. Campaigns comprised sending out standard offers to large segments of Ooredoo's database.

As well as these limitations, the IBM system was hugely time consuming to operate, and Ooredoo suffered from a shortage of the specialist skills

it required. At the same time, new technologies were coming onto the market, so Ooredoo concluded it should offer relevant content to remain competitive in the market.



Now, if I look back, I think we have been pretty successful [at digital transformation because] the majority of businesses is conducted through the digital channel. We focused on ensuring that customers must find, buy and use services online, and we have lived by that.

This is why, despite being the third operator in the market in terms of revenue, there are many areas where we stand as number two and I would say that regarding CVM, clearly we are the best in the market.

Tapan Tripathi
Chief Commercial Officer (CCO)
OOREDOO KUWAIT

Perfect timing



Ooredoo forged a strategic partnership with Comviva Technologies for CVM in late 2019. Once the work began, it took four to five months to get all the integrations and systems in place. The transition was made somewhat easier by the fact that Ooredoo was upgrading, moving away from many tools that were old. The integration of new and existing systems was fast and smooth.

The operator ran its first campaign with Comviva in August 2020 for prepay and then added postpaid business lines. By November, prepaid and postpaid were fully functional.

Comviva has also delivered a huge advance in analytics capabilities. Whereas before the CSP had two or three different analytical models, it now has more than 40, with models for each stage of the lifecycle. Upreti stresses the importance of Comviva's "best in the world" data science as the enabler here.



We have acquired AI and machine learning capabilities and we are developing predictive models for customers. We are able to identify elements like their preferred time to receive communications and identify their interests. Each customer is different. Now with the help of data science and advanced analytics, we are more scientific in our approach to consumers.

Nirmal Upreti
OOREDOO KUWAIT



We expected a lot of hiccups on the journey, which fortunately we didn't see - everything was seamless in terms of how the data was uploaded to the systems, how they were tested, how they were rolled out. We initially also gave Comviva [responsibility] for the governance as well as the development, so they helped us decide everything over a period of time... We are proud to say that it's not like two companies working together - it's one team.

Nirmal Upreti
OOREDOO KUWAIT

Creating knowledge



As knowledge builds up and the customer's profile is refined over time, the relationship with the customer is adjusted too. This is accommodated by splitting the customer lifecycle into three or four phases. For example, the first 90 days are classed as onboarding. With the help of data from Comviva and previously held data, Ooredoo creates acquisition models which begin as soon as a customer starts using the network.

Over a period of seven to 10 days, it creates a persona for them. Upreti says that it learns about traits and behaviors and uses them to categorize customers in terms of its own activities. He says that due to the "blessing" of data provided by telecom systems, "We know more about consumers than they know about themselves." Over time - which can be as little as seven days - customers progress to having customization applied.

The CSP uses deep packet inspection to understand the content people consume and is at an advanced stage of applying social media listening tools to understand what customers do in that sphere. With such a rounded, in-depth view of customers, Ooredoo can make highly relevant offers, such a bundling YouTube or Starzplay with the data allocation, or reselling premium content.

The offers are made via inbound and outbound channels. The inbound is largely the digital channel where personalized and customized offers are displayed via the website, MyApp and the MyAccount section of the website. So every time customers engage with Ooredoo in any of these ways, they can see offers that immediately resonate with them.

Through the outbound channel, Ooredoo sends communications to customers two or three times per week via the app or traditional channels such as SMS and USSD. It also engages in open dialog with them and integrates communications with customers' social media activities.

Through all these efforts, Ooredoo Kuwait is confident that it is ahead of the market in terms of digital transformation and is a market leader in CVM.



We are better than the other two players at understanding that each and every customer is unique and distinct, and we give them offers or services that are relevant to them. For example, one customer might want to consume a lot of content; another might want to pay less for data. I might offer the first one a product which gives immense benefit, such as free YouTube access or to sports etc., and the second one a basic data deal.

Tapan Tripathi
Chief Commercial Officer (CCO)
OOREDOO KUWAIT

ABOUT COMVIVA



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Comviva solutions have been deployed by over 130 Communication Services Providers and Financial Institutions in more than 90 countries. They have delivered the benefits of digital and mobility to billions of people around the world.

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