

DIGITAL TRANSFORMATION:

**A BRAVE^{NEW}
WORLD**

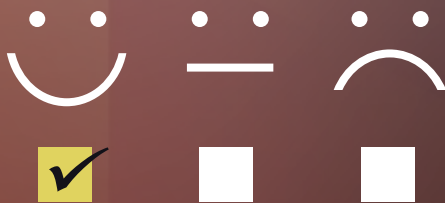
CUSTOMER EXPERIENCE AND VALUE MANAGEMENT

***TOWARDS
TOMORROWS***

Digital Transformation:

A BRAVE
NEW WORLD

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Digital Transformation:

A BRAVE NEW WORLD

04

A demanding customer represents an opportunity. In other words, in an era characterized by digital transformation, customers are extremely aware and connected and have a plethora of choices before them. Opting for the “better” product or service is a split second decision.

Naturally then, the question before operators is how to shift from deciding what experience it **wants its customers to obtain** to finding ways to **provide a different experience** themselves. The idea, needless to say, is to convert a customer's **intent** to a **purchase**. Easier said than done, of course, as this, require operators to **understand** each customer's intent and tailor their communication accordingly.

This is, in a nutshell, where customer experience management (CXM) plays a crucial role. Of course, ensuring an enhanced customer experience is no longer only related to customer service. In today's context, the “experience” part extends to **each touch point** where the customer interacts with the service provider when making or receiving calls, accessing the Internet, getting a query, request or complaint placed or resolved or purchasing an additional service. In fact, even until recently, “experience” was interchangeably used with “quality”, which then merely narrowed down to the quality of the network experience itself.

EXHIBIT 1

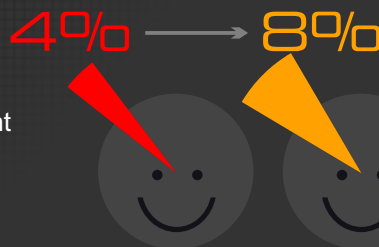
Why Focus on CXM



55% of consumers would pay more for a better customer experience
– Defaqto Research

Companies that excel at customer experience grow revenues 4-8 per cent above the market

– Bain & Co



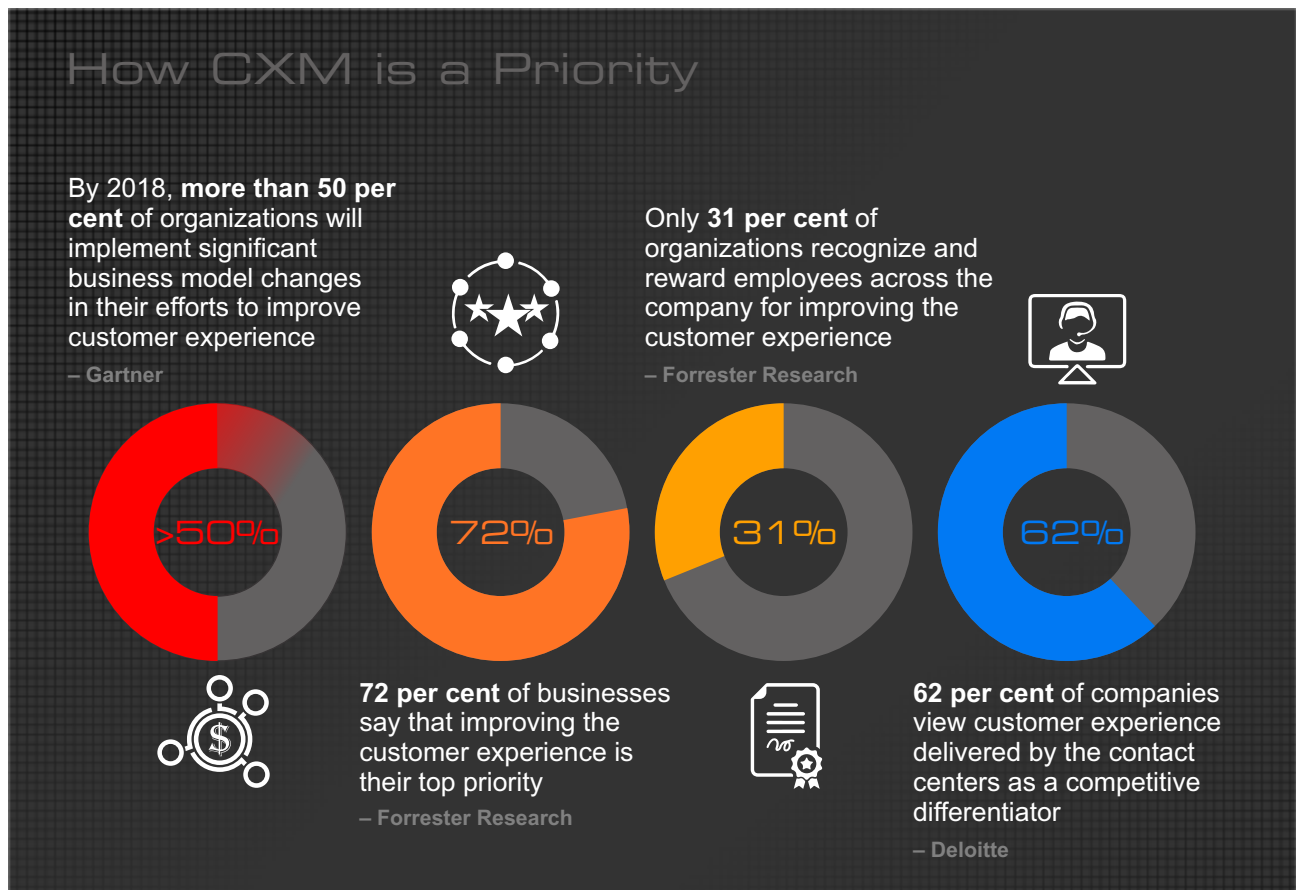
91% of customer who had a bad customer experience won't be willing to do business with your company again
– Glance

Companies lose more than
\$62 billion
due to poor customer service

– NewVoiceMedia



EXHIBIT 2



The Catch

Examining whether CXM is a priority for organizations globally is a bit tricky. First off, it is important to remember that while there are credible initiatives being executed globally; CXM is not a boxed solution. It is importin one part of the world cannot and more appropriately should not be replicated as is in another. Each part is different and even within one, customer preferences vary greatly compared to those in the same region. This is simply because the products in each global market are at a different stage of evolution. The idea isn't to examine the compatibility of CXM tools in a market, but the process and stage of product evolution. This will determine whether or not to even deploy such tools and how successful would such projects be.

In addition, to address this query, it is important to note that an operator's average revenue per user and tenure and position in the market are insignificant. The ability to execute such projects makes a difference. Simply put, customers have,

directly or indirectly, shared information with the operator, which will enable the latter to understand them better. The operator has, in short, a plethora of insights before them. What's usually missing is that "intermediate layer" which helps makes sense of this data. On this note, let's talk about big data. Despite all the hype surrounding it, it is important to remember that it isn't how much data is available or how frequently it is refreshed and processed. It is about making sense of that data and using that for customized and real-time marketing to drive customer experience.

In sum, CXM is a priority and significant investments have been made in this regard. In fact, most markets are heading in the right direction, in terms of intent and environment. However, operators have to keep in mind that the scope of CXM itself is very broad. The idea is to drill it down to specific domains, sub-domains and use cases, one that best provides the most optimal return on investment.

EXHIBIT 3

Examining if CXM is a Priority

Broadly, operators around the world intend to execute CXM-centric projects. However, depending on the return on investment expected, these projects are likely to converge into existing ones, which may or may not limit their functionality.



This varies, depending upon which geography is being examined. It depends on whether legacy or semi-legacy infrastructure exists and then determining if the same is conducive to adding a network layer.

Interestingly, studies have suggested that 50 per cent of operators are able to execute such projects and are doing so successfully. The other half, meanwhile, faces certain challenges in this regard and so is executing these projects in phases.



Operators typically examine three factors in this regard; the economic viability; the ease of implementation and the overall impact. Needless to say, this factor also depends on how much legacy infrastructure exists. Obviously, the overall cost will increase, if the legacy architecture has to be upgraded.



Measuring the Impact of CXM Initiatives

Overall, while the measurement mechanisms vary and are usually not very standardized, Net Promotor Score (NPS) is still a critical metric. This is most commonly used by operators to assess the outcome of CXM projects. Simply put, it is externally referenceable, customer-sourced, and can be applied at the brand, product and business process levels.

Of course, all organisations have a series of metrics derived from systems and business processes to track performance. These are typically correlated with NPS to identify drivers for improving the same.

EXHIBIT 4

Metrics for Success

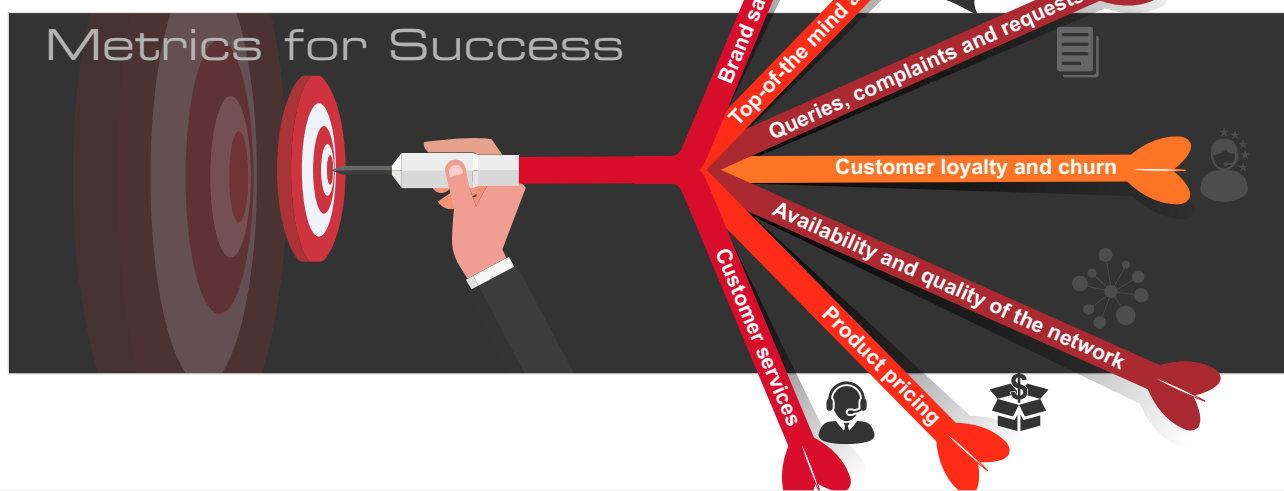
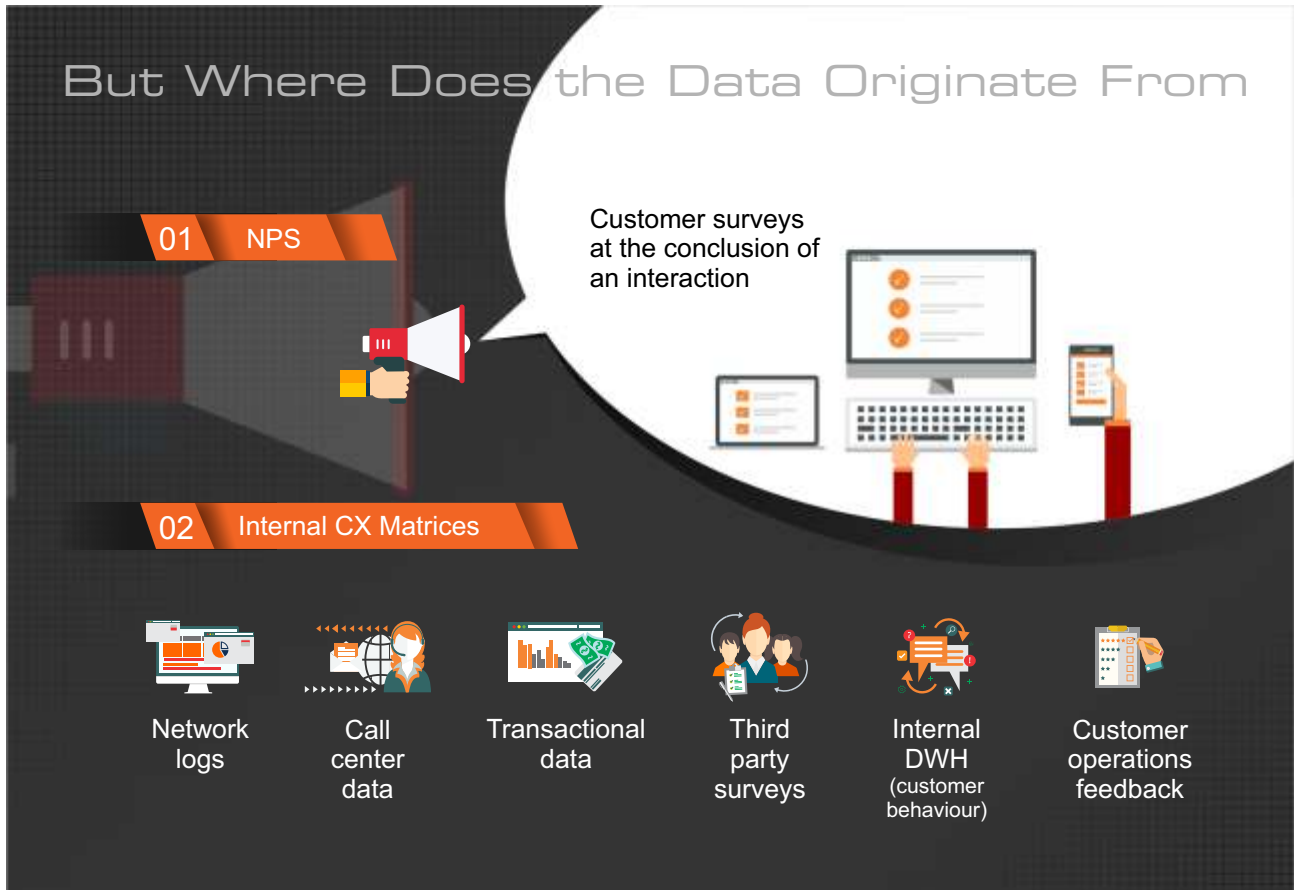


EXHIBIT 5

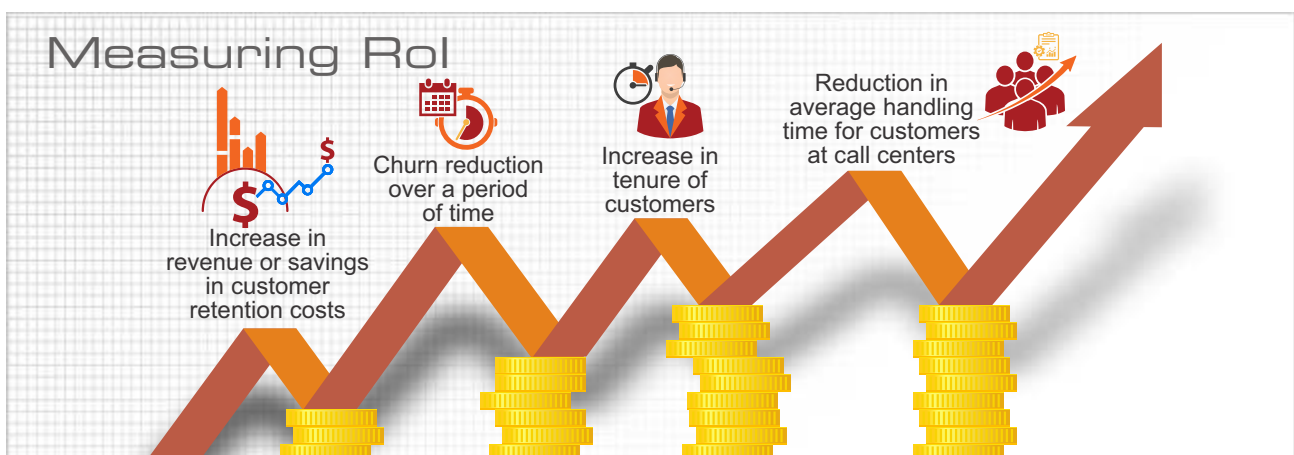


Measuring the Return on Investment

For CXM projects, measuring return on investment (ROI) depends on the CX-centric process the investment is targeting. Typically, these will be driven off the

core and internally-derived KPIs measured for a given process. NPS scores should be used to measure improvement in customer perceptions.

EXHIBIT 6



CXM Use Cases

Over the past few years, CXM use cases have increased in their scope and function. Today, new use cases that function as surrogate indicators for customer experience focus on customer loyalty, measuring NPS and social sentiment and predictive analytics-centric ones such as best offers and channel recommendations.

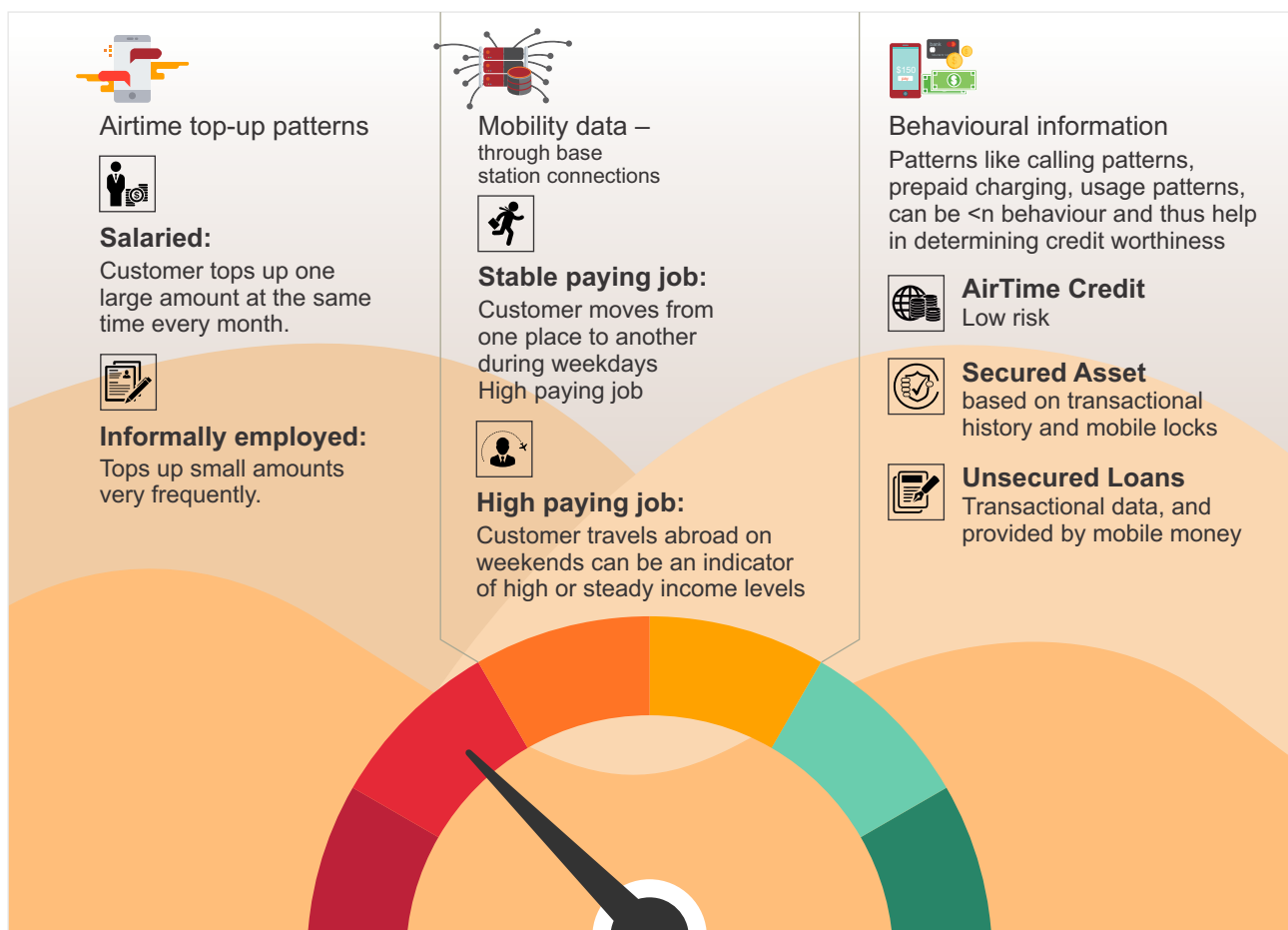
Case 1

Banking, Financial Services and Insurance

Historically, banks and micro financial institutions lack the necessary data on the user's credit worthiness that is necessary to gauge the user's ability to repay. MNOs are in a better position, as they have the customer's data necessary for

designing credit scoring models. Safaricom says that non-performing loans make up just 2.2 per cent of the total loans made by its M-Shwari services compared to the average figure for Kenya in 2013 of 4.9 per cent.

EXHIBIT 7



Case 2

Retail

Telecom retailers typically have access to a significant volume of data. Generated across the supply chain and at diverse customer touch-points, this data is further multiplied via digital customers and social media channels.

However, merely aggregating a vast amount of structured and unstructured data isn't likely to translate into healthy bottom-lines. The idea is to extract actionable insights from the data pile.

EXHIBIT 8

Problem Statement 1: A disconnect between the retailer and the customer's journeys

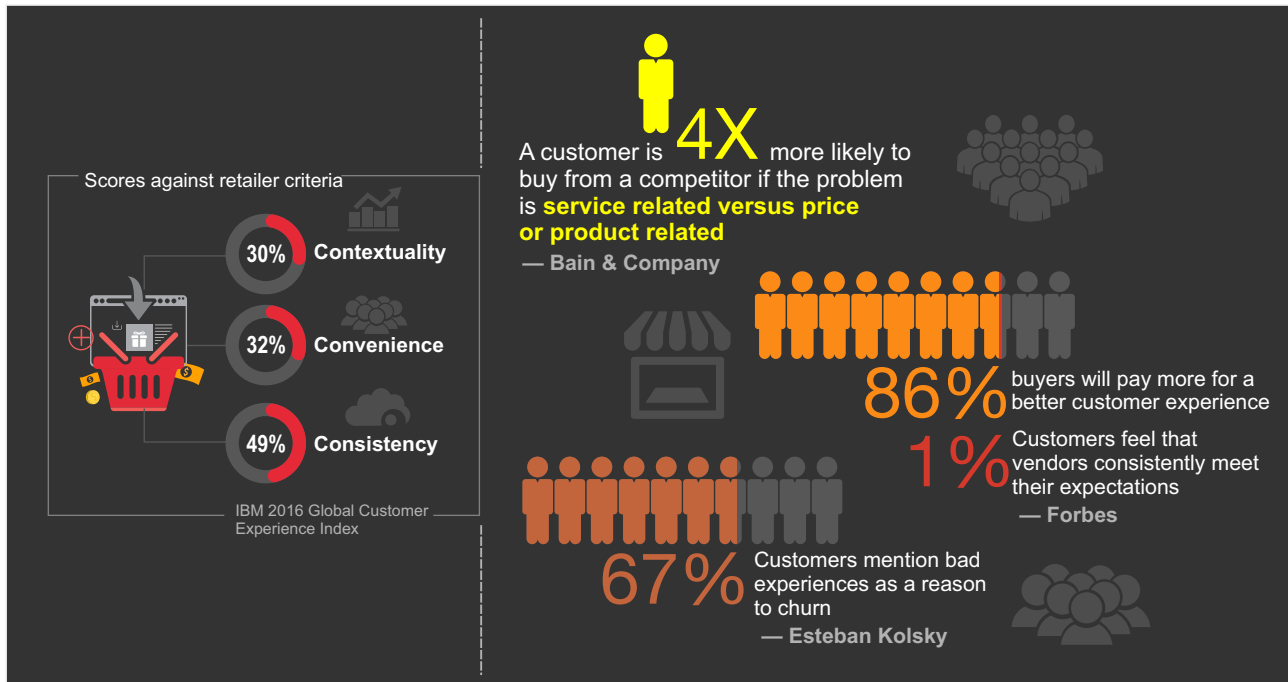


EXHIBIT 9

Problem Statement 2: Absence of a seamless omni-channel experience

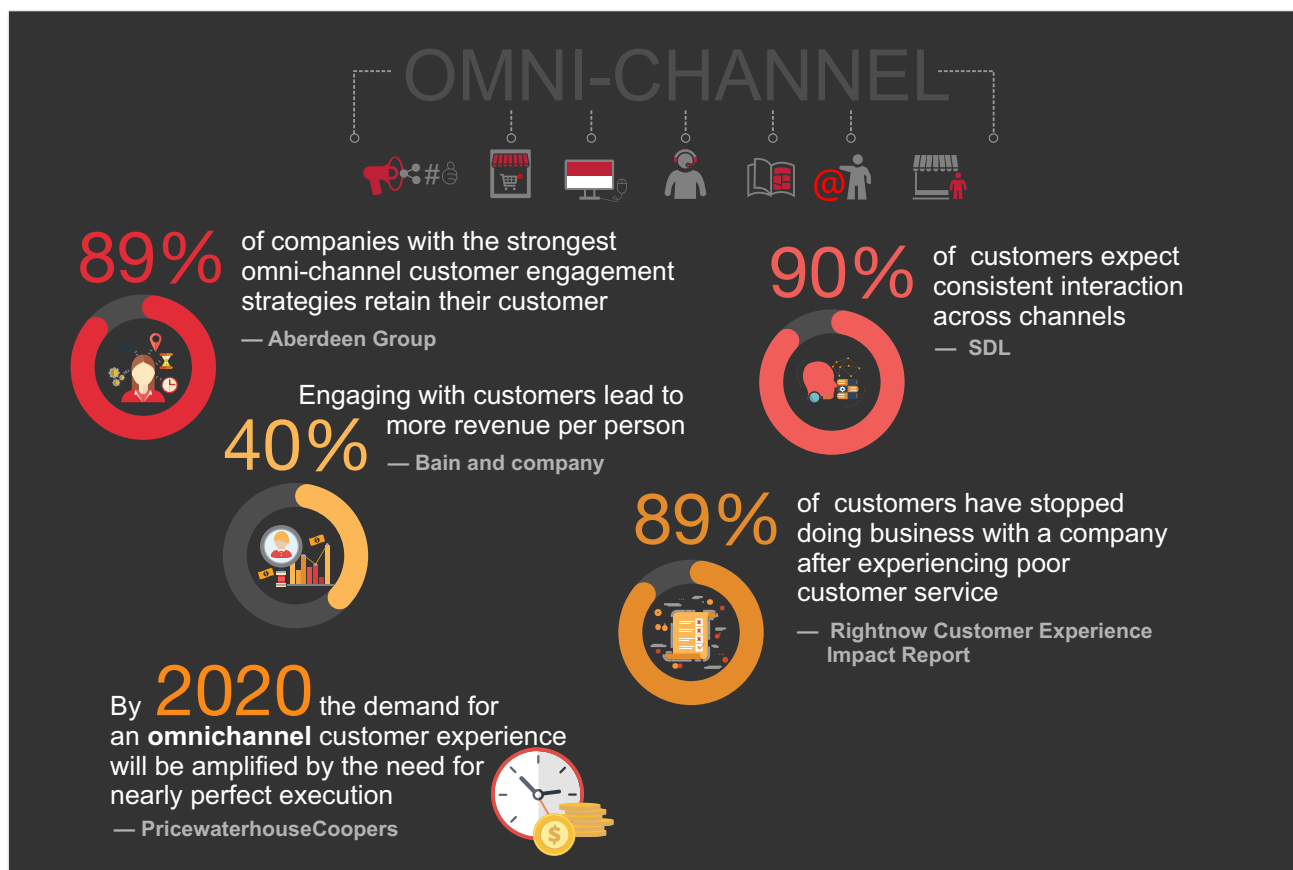
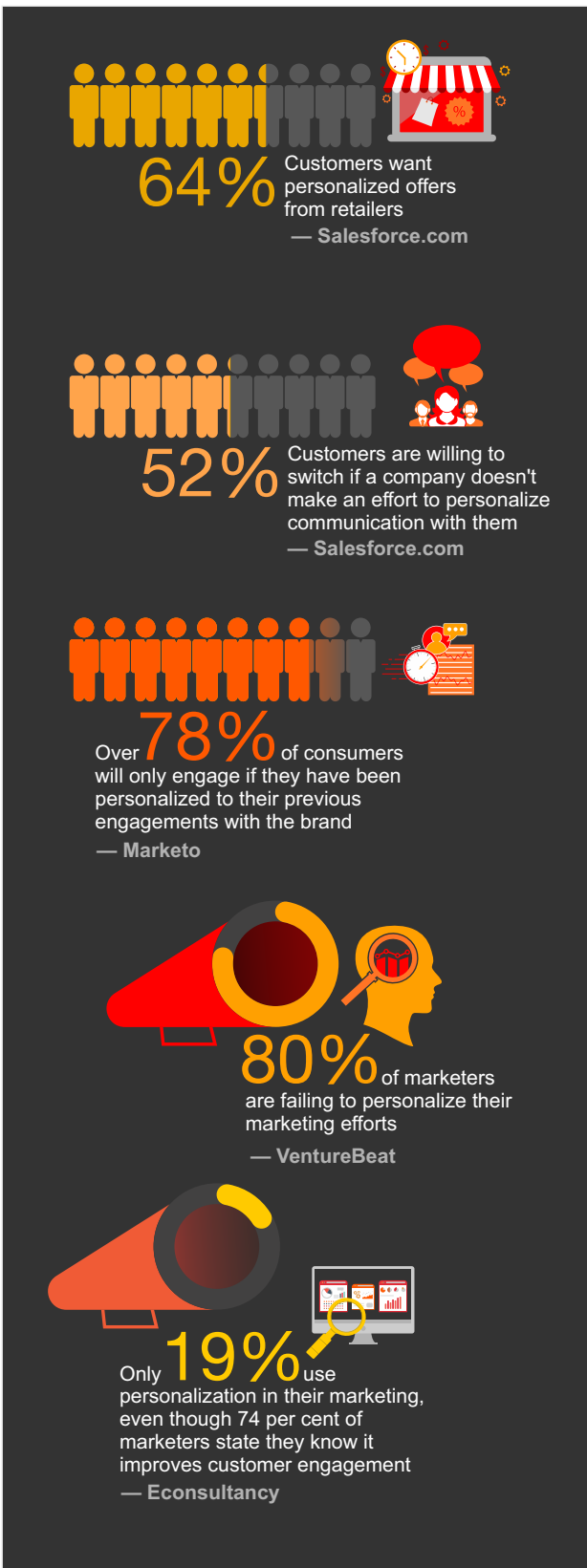


EXHIBIT 10

**Problem Statement 3:
A limited number of personalized offers**


The role of big data analytics

Uncovering Actionable Customer Insights

Big data analytics enables telecom retailers to uncover a mine of information pertaining to a customer's behaviour and usage patterns. This further enables them to push contextual, relevant and personalized offerings in a timely manner and at any point in the customer's journey.

This process is usually based on where that customer stands from a behavioral point-of-view. By examining certain factors, such as the amount of time the customer has spent on the network, usage patterns, etc, the retailer can reach out to

the customer via an SMS (or other ways) that highlights the latest offerings they can avail of. Moreover, by deploying big data, all of the retailer's data is turned into actionable and behavioral insights. These are further used to ensure that the appropriate treatment (in terms of marketing) is applied to each customer at the right time. Essentially, big data helps the retailer to "plot" events on a timeline for each customer, which are then analysed and familiar patterns are highlighted, in order to predict the customer's behaviour.

Ensuring Retailer Loyalty



Big data analytics can be leveraged to examine a retailer's behaviour. Thereafter, personalized offers and incentivization schemes can be developed, to ensure enhanced and improved retailer loyalty. the customer via an SMS (or other ways) that highlights

Enhancing Channel Productivity

A "top-down" approach is usually adopted, with regard to the sales channel. This implies that targets are identified at the operator's level and are expected to be absorbed by the channel's various elements across the organization. However, region-wise analysis of past performance and trends can improve the accuracy of predicting future sales potential and help the operator set channel targets accordingly. The bottom-line is an optimally utilized sales channel, with relevant targets and adequate incentives.

CXM in the Future

Going forward, the global CXM space is likely to witness a flurry of activity. This will heavily focus on marketing and customer-centric activities. Operators will have a clear agenda pertaining to countering fraudulent activity on the network and deploying analytics to assess and manage risk.

In terms of applications, CXM is likely to make its presence felt in the sales and distribution space.

Analytics will be deployed to add value to the entire value chain, to ensure rapid service delivery.

Net, net, there is little doubt that CXM is the key to successful operations. Times have changed and CXM is (and will continue) to play a very vital role.



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THE BUSINESS OF TOMORROWS

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