How Telecommunications Companies Can Use CCM to Drive Revenue and Reduce Costs

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ABSTRACT

SOMETIMES THE BEST WAY TO FIGURE OUT HOW TO DO SOMETHING IS TO CONSIDER HOW NOT TO DO IT. AS TELECOMMUNICATIONS COMPANIES SEARCH FOR CLUES ON HOW TO REMAIN PROFITABLE IN HARD ECONOMIC TIMES, THEY NEED ONLY LOOK AS FAR AS THEIR BILLING PRACTICES. SO, THEN, LET US POSE THE QUESTION: HOW SHOULD TELECOM COMPANIES NOT APPROACH THEIR BILLING?

INEFFICIENTLY PRODUCED BILLS BASED ON POOR DATA PUT COMPANIES AT A COMPETITIVE DISADVANTAGE.

Billing: What Not to Do

An estimated 80 percent of telecom customers have just one interaction per month with the company that serves them. It's their bill. Where statements used to represent a simple request for payment, in this context they mean much more. What you do with this monthly opportunity can go a long way towards defining your company's success—or its failure—across the organization.

Let's consider a fictional telecommunications company. We'll call it *FictiCom*. The story begins with their customer data. The company has massive amounts of it but is doing very little to leverage it. Why? Because it exists in silos all across the organization, and in a variety of incompatible formats. Key FictiCom personnel are unable to tap into it all, let alone perform useful tasks like reconciling conflicting customer records. No matter its potential, this information is of little value in its current state.

The impact of the poor data is felt far down the line. Bills routinely go out littered with incomplete or incorrect information and, as a result, FictiCom customers commonly find their blood pressure rising after opening their monthly statements. Their complaints light up the switchboard at the company's customer service center, stretching its resources and distracting staff from more important mission-critical tasks.

How important are high call-center volumes to FictiCom? Consider this: approximately 1/3 of all their call-center calls are billing related, and each call costs the company an average of $17.50 to field. FictiCom executives are aware of this, too, as they face up to rising churn-related operational costs and climbing attrition rates due to customers whose patience was tested once too often.

Our fictional example admittedly chronicles a sort of bad billing "perfect storm," but the lesson is clear for all to see: **inefficiently produced bills based on poor data put companies at a competitive disadvantage**. Analysts point out that a reduction in churn of a mere 1/10 of a percent can transform a company. Perhaps it's time for us to focus on some tools that can help FictiCom. Let's swing the pendulum back and look at how our imagined enterprise *should* be doing its billing.

Evolution: The Move to CCM

How should telecommunications companies like FictiCom approach monthly statements? Put another way, how can they maximize exposure and cement relationships with their customers? The answer: by moving towards more streamlined, multi-channel touch points and by satisfying a market-driven need to enhance service and customize communication with an increasingly demanding set of customers.

Of course, merely knowing the answer is not enough for a company to correctly come to terms with these issues. If companies like FictiCom are to maintain and increase their customer base, they must automate their processes, broaden their services offerings and be able to quickly, nimbly supply customers with any requested information. And keep in mind, they must do all this without putting undue economic strain on the company, i.e., without scrapping their existing IT infrastructure.

Advances in technology and the prevalence of the Web have led to an expectation from consumers that they should be served, and sold to, in a personalized manner. As a result, organizations are searching for solutions that will help them productively and efficiently capture and manage existing customer intelligence scattered across the enterprise. In addition, these organizations need the means to employ this intelligence to produce and deliver communications that are tailored to the specific needs of the individual consumer.

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This is where **Customer Communication Management (CCM) solutions** enter the picture. According to analysts, four major needs are driving companies toward CCM:

• Manage increasing complexity in customer decision patterns and related information (i.e., data and documents)

• Acquire insight into customer target offerings more effectively

• Reward customer loyalty and retention in new and innovative ways

• Improve the effectiveness of campaigns through personalization

• Let's look at how our made-up company can tackle these challenges.

Infrastructure First

FictiCom must first come to terms with its huge reservoirs of information and ensure that its communication processes are keeping pace with its IT infrastructure. The company must move toward an ethos of integrated information and services, recasting different departments as a true single "enterprise" rather than a series of unconnected silos.

Any underlying technology must support a revolution in business processes, work flows, security, data integration and management, online account management, and customer communication management.

FictiCom can deploy customer intelligence and data quality software to manage all their information, capturing it accurately and completely in a timely manner and in a consistent format. This software can also make it accessible to all authorized users. The company can use the software to create an accurate view of its customers and integrate that intelligence into its various business operations.

They can pinpoint opportunities in order to improve targeting, streamline operations and generate more effective communications.

By utilizing the latest document creation software, FictiCom can produce documents in less time—using fewer resources—while still achieving the desired results. Staff can choose to collaborate with other users, reusing content and maintaining consistency throughout the organization. They can also generate monthly statements in print or electronic formats and deliver them across multiple channels.

A well-constructed CCM solution will increase the number of billing functions available to FictiCom, helping them provide better customer service and achieve new levels of stability. Modules within the solution will assist FictiCom staff in data preparation, handling and integration; document composition and distribution management; and customer feedback management.

FictiCom can build a CCM solution with strong data handling functions that are highly compatible with their IBSS systems, giving them the capacity to handle documents with data in various formats while also connecting to their existing call center systems.

With these pieces in place, FictiCom's billing system can embark on a new era with far more intelligence at its disposal and minimal expectations of churn. Staff can begin by using the CCM modules to obtain, combine, separate, filter and validate information from an Oracle database. This clean, high-quality data can then be integrated into a bill, feeding receipt data back into the Oracle database when required and automatically outputting file copies in an appropriate format. Once the bill is complete, the system can output the customer bill to the appropriate printer and send the data to a vault for storage.

FICTICOM IS USING FEWER RESOURCES TO GENERATE BILLS BUT ISSUING STATEMENTS IN APPROXIMATELY 1/3 THE TIME IT USED TO.

Impact

What effect is the new CCM solution having on FictiCom?

The company is efficiently producing more detailed, more accurate monthly statements than ever before. And, remarkably, FictiCom is using *fewer* **resources to generate bills but issuing statements in approximately 1/3 the time it used to.**

The new bills are customized to include and, in some cases, highlight only the most relevant information for each customer. This has paved the way for more finely targeted cross-selling and sale promotions. Instead of offering the same promotions to all customers, FictiCom can target based on a customer's previous preferences and history. And it can place cross-selling offers near the "amount due" portion of the bill, where it will benefit from an estimated 90 percent read rate. By contrast, more than half of all conventional direct mail is believed to go straight into the garbage without getting so much as a look.

As a side note, FictiCom has an enormous number of French speaking customers. Thanks to the CCM solution, new customers in areas with large French populations now automatically receive a postcard with a check-box that allows them to receive their bill in French.

Improvements in bill accuracy and promotional targeting have had a major impact at FictiCom's customer service center, where the number of incoming calls has fallen by half. The company's service department is less stressed as well, and FictiCom executives are relieved, even ecstatic, about churn-related reductions in the company's operating costs.

From the start, two overarching company-wide goals have driven FictiCom executives in this CCM initiative: *the need to reduce costs and the desire to drive revenue.* The company has a rich history but it cannot stand still and expect to thrive in a crowded marketplace and against a dire economic backdrop. Which is to say, the executive team wants to know without a shadow of a doubt that their CCM solution will support both of these critical imperatives. Fair enough. Let's examine this further.

Issue #1: Cutting Costs

We've focused on the impact CCM had on FictiCom's internal processes and external customer relationships. But how did dynamically produced bills directly support cost-cutting initiatives at FictiCom? Here are a few angles.

- FictiCom used to rely on pre-printed forms for its mailings. But these forms had to be inventoried, warehoused, and disposed of when they became outdated, driving their cost upward to as much as 10 times that of plain paper stock. Now FictiCom uses **electronic document composition software** to generate every document dynamically. Graphs, logos, and marketing messages can all be amended "on the fly" as documents are printed, saving the company money.

- In the past, numerous customer mailings went out to correct mistakes or follow up on complaints. With better data and dynamically produced bills, FictiCom now cleanly, efficiently says everything they need to say to their customers in **one monthly statement**. As a result, they have virtually capped their spending on postage at the price of one stamp per customer per month.

- Cost reductions from a **personnel** standpoint can be hard to track, but the impact of CCM is enormous here. Because the number of incoming calls to FictiCom's customer service center has fallen so dramatically, the company has been able to realize some cost savings. (Remember, each incoming call costs the company an estimated $17.50 to field.) FictiCom has also been able to re-deploy call center staff to other, more positive projects.

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• Interestingly, happier customers have translated into happier employees, and the FictiCom **human resources** director has noticed lower turnover rates within the company. She also noticed that fewer employees have needed to tap the kind of important but costly H.R. programs that are taxed in times of stress.

Issue #2: Driving Revenue

Now that we've look at the cost-cutting side of the equation, let's consider how better bills produced with the right CCM tools drove revenue for FictiCom.

FictiCom's wireless division had been experiencing attrition rates of approximately 2 percent, meaning about 400 of its 20,000 customers were jumping ship each month. Since these customers carried an average monthly bill of $70, those 400 deactivations were costing the company $28,000. The newly customized bills had a big effect here, strengthening the bond between company and customer and helping to curb the high attrition rates. The end result was to keep more money flowing in and keep customers from going elsewhere for service.

Remember the staff members who were re-assigned to new projects? Many of them have been prospecting for new customers, allowing FictiCom to add to its customer rolls without having to hire any new employees.

Summary

It might sound painfully simple but it's a game-changing statement: a well-built CCM solution can help your company cut costs and drive revenues. The change starts with your data and grows as it cascades throughout your organization. The commitment of an entire organization is necessary to make it happen, but the rewards are multiple and often transformative

The customer communication management software solutions available in today's marketplace can help drive organizational improvements in everything from database to delivery. Most importantly, they can help telecommunications companies realize their promise and potential, running more efficiently and better serving their customers while realizing serious bottom-line rewards.

TALK TO A CCM PROFESSIONAL TO SEE HOW YOUR COMPANY CAN GET STARTED.

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