EXPERT OPINION

Heart, lungs and soul: the coming battle for digital ascendancy

For most CSPs, digital transformation will take place within the next five years and during that time five significant changes will occur, writes Jennifer Kyriakakis

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At TC3, the Telecom Council of Silicon Valley's recent annual innovation event, Mark Sherman, the managing director of Telstra Ventures caused a stir. Telstra Ventures invests in technologies that are strategic to the Australian communications service provider's (CSP's) future, so he encounters a lot of technology innovation. He predicted that within five years, the 'heart and lungs' billing systems of every CSP in the room would need renewing. Which was a startling pronouncement considering those systems have managed to survive for nearly two decades.

Sherman can be confident because Telstra has seen the future and is already adapting to it. The reason he equates such systems with vital organs is that in spite of years of neglect, they are now technically and strategically critical to the survival of CSPs. Particularly the ones who are planning to become digital service providers (DSPs).

This has not gone unnoticed by budding DSPs who have invited a new breed of executive to join the top table team: the chief digital officer – sometimes called the digital strategy officer. These new digital officers are in for the ride of their lives; they're charged with taking the whole business online and enabling customers not only to buy whatever they need – instantly and direct from the device – but through any digital channel with a consistent user experience. Gone will be costly and slow operations; it'll be up to the customers what they want, when they want it, and how they want it.

That's not to say that the swinging sixties are with us again. There are some guidelines this time, and although those are unique to each and every CSP's operations, we can draw a general picture.

Five changes in five years

For most CSPs, digital transformation will take place within the next five years – as flagged by Sherman – and is likely to have five components to it, each with their own priority. Firstly, there'll be digital channel enablement, where every mobile service is made available direct for purchase from any device. If this is successful, multi-million dollar contact centre costs are scaled down as customers use online channels to transact in real-time with DSPs. If they want to change anything about their account, they do it straight away from their device without having to call someone and then wait for hours or days for the product to be provisioned.

Of course, that means that products need to be designed by DSPs specifically for digital channels, but having a real-time view of customer needs will enable them to more rapidly model new service and tariff impacts and tune products accordingly. Customers will also need a real-time self-care interface that helps them understand their usage in terms they can understand, and proactively receive alerts when they're approaching their plan limits. They'll also need multiple, onward pathways to top-up allowances, and also to redistribute shared services between families, groups or work colleagues, all at the flick of a graphical slider on their self-care app.

And, they'll need to see those changes reflected immediately, not 48 hours later when either overages have been applied or the decision is no longer relevant to them. Self-configuration of their account to suit their own preferences will be vital to customer longevity and for DSPs, the push of personalised offers in return will complement this freedom.

Repositioning within the value chain

The subtext here of course is not only that CSPs need technology working behind the scenes to do this, but that they need to reposition themselves within the value chain. Some CSPs are experimenting with asymmetric business models such as sponsored data where a strategic third party pays for the customer data usage or for example where travel companies offer their own roaming packages direct to their own customers. The key here is that data moves beyond mere network access and fixed tariffing towards becoming a flexible product that meets new customer needs – putting data at their disposal. And this means that CSPs need to shift from being a connection- ▶
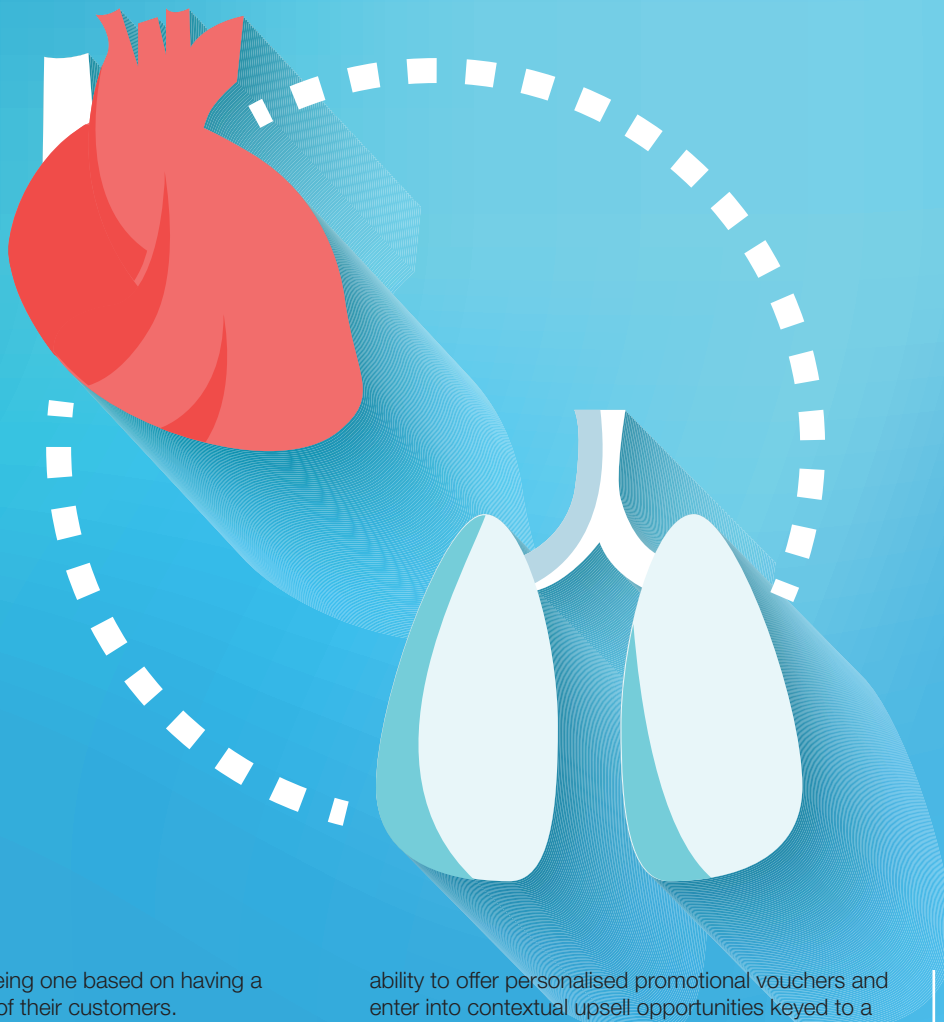
based business to being one based on having a unique view of each of their customers.

The sheer force, proximity and resulting magnitude of this change is the digital officer's imperative – because it impacts the entire organisation across individual staff, departments, processes and technologies. Those heart and lung systems are suddenly elevated from the back office to being the key strategic capability required to enable the change. But, in the rush to pull it all together, quick-fixes have constituted glossy marketing and campaign management tools, questionable analytics and open-ended social portals where views are collected but are not actionable in real-time. They only solve the issue at skin-depth and frankly the results from these projects represent poor value because they don't deliver the deep change that customers need to dramatically improve their experience.

At the very core, the success of that elevated experience – and for CSPs to make the transition from being the provider of access to the provider of value – rests on next generation real-time charging, billing and policy. These core IT assets must themselves adapt for the digital world, enabling DSPs to serve customers through digital channels. But what will these new systems look like?

Unified functionality, all in real-time

We know that underlying policy and charging functionality needs to be unified in order to support digital business models which are infinitely more complex than those needed for voice or text services. These include customer-defined application quotas where, for example, parents limit the consumption of data specific to particular apps that their kids use. Also there will be partner-defined applications quotas, where OTT players work with DSPs to promote specific application usage, and then define pricing and revenue distribution accordingly. Then, there's the

ability to offer personalised promotional vouchers and enter into contextual upsell opportunities keyed to a customer's unique requirements. Subsidised and sponsored content, and the ability to optimise video content for, say, an HD-based premium, complete the picture. On the back of this, the product catalogue needs to incorporate policy so that offers can be tailored both by the DSP and by the individual customer.

Critically, everything must happen in real-time. It doesn't matter if a customer can now buy an offer through an app if they can't get the offer they want, have a hard time finding it, have to wait 24 hours for it to provision, or don't understand how it's being charged for. Unleashing self-care for customers means exposing them to the capability of the systems that drive our emerging digital economy. Any false move here is very visible to the customer.
So, DSPs need to be able to trust that they have a single, 100% accurate view of the customer, their services, balances, spending and options. This creates a digital experience for the customer that is consistent across mobile app, online, and various channels by making use of a single set of functions that are all looking at the same data.

Ultimately, merely adding a digital veneer front end without upgrading the systems that drive it will be counterproductive. There is already an explosion in the number of customer interactions with their service provider, and these interactions are becoming increasingly complex. It's about also implementing real-time capability in the core to give customer care and billing the injection of new capabilities needed to support the end-to-end digital customer processes. Those first digital officers are already assessing how to do this in a way that is cost effective and results in quick wins for the business. And that's why the heart and lungs also need a real-time soul.

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