Software review
A strategy for self-service in a telco environment

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Abstract   As the cost of servicing the customer relationship grows, more and more organisations are looking at how technology can slow down and in some cases reduce the costs of managing the customer relationship while at the same time driving up customer service. The result has been the growth in self-service technologies that aim to address both the cost and service quality issues. This paper illustrates how a telco organisation developed a strategy for the deployment of self-service within the organisation. It is based on a real project but has been modified to include lessons from a number of other similar projects.

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BACKGROUND

The Telco used as the basis of this paper was the number two in the local market. The market was very competitive and margins on the core business were being squeezed. As part of an overall review of CRM activities, self-service was identified as a key focus area for the business. The primary focus was on reducing cost to serve as call centre costs were growing at a faster rate than revenue.

But as the project moved forward other objectives surfaced and became important. These included:

— Increasing customer choice
— Increasing customer service satisfaction levels
— Re-enforcing brand perception around innovation

The following paper describes the process that led to the development of the self-service strategy.

INTRODUCTION

In order to determine the scope of the self-service activities, a series of workshops with senior management were organised. During these sessions, a variety of tools were used to stimulate ideas and help create vision. These included:

— Best practice case studies
— Technology demonstrations
— Market research results

   • Local and international
The workshops and several other activities were facilitated by an external consultant.

The purposes of the workshops were to:

— Show global best practices
— Show what the current technology are capable of
— Show trends in internet usage in the local and international markets
— Show customer perception of self-service as a concept
— Discuss leadership vision
— Discuss and agree on strategy for the development of self-service
— Discuss and agree on quick wins development for the self-service project

Several key people from Marketing, Service and IT took part in the workshops.

SELF-SERVICE OBJECTIVES

The output of the workshops was encapsulated into an initial strategy document.
The document covered the following:

— Self-service market trends
— Self-service business objectives
— Self-service vision and strategy
— Quick wins and the scope of the self-service project
— Project time table

This initial strategy document acted as the primary input into the self-service business and system requirements documents for the project and provided a framework for the development of the business case.
The following section describes some of the key elements in the strategy document.

SELF-SERVICE MARKET TRENDS

The following section describes the evolution of self-service in the cellular market.
It will provide understanding on:

— Role of self-service
— Drivers for self-service
— Current and future trends
— Self-service in the cellular market
— Self-service in the local market

Role of self-service

Although cost savings have traditionally been the key drivers for the development of self-service environments, it is becoming generally agreed that the long-term role of self-service is to increase the customer's satisfaction by providing them with more choice.

By increasing customer's satisfaction we should be able to:

— Reduce churn
— Increase sales
— Increase customer advocacy:

Advocators are people who would be happy to promote our products to friends, family and colleagues.

The difference between successful and unsuccessful companies is the way they respond to customer needs and strengthen the positive relationship that they build with the customer.

Successful businesses want to provide customers with choice and increased customer interactions. In the changing world, internet interactions with customers provide a real opportunity for positive customer experience by empowering them to manage their self-service requirements in the way they want.

So how do self-service environments support customer choice?

Choice of channel

Some customers find the internet a convenient way to interact with an organisation. Each of the available channels has advantages and disadvantages. Customers want the ability to choose the right channel for them. The internet and other channels that support self-service provide valuable choice.

Choice of when (time of day, day of week)

The self-service channels, in particular the internet allow a customer to access an

organisations 24/7, 365 days a year. Customers want the ability to choose when to access an organisation.

Choice over type of transaction

Self-service environments can support most of the sale or service transaction types that can be supported in the live person channels. In many cases these self-service environments can also deliver capabilities that cannot be achieved in live channels. For example, the use of streaming video with stop, start and pause capability — explaining how to use functionality on a mobile device. These and other unique self-service capabilities can provide the customer with significant choice of the type of transaction that they can execute in a self-service environment.

Choice over nature of interaction

The internet and other self-service channels provide customers with the ability to avoid face to face or over the phone interactions. In some cases, this is a desired state by customers, particularly as call centres more heavily cross-sell during service transactions. In the case of the self-service transactions control is passed back to the customer.

SELF-SERVICE DRIVERS

There are number of issues that are driving the adoption of self-service, these include:

CHANGES IN CUSTOMER'S ATTITUDE

Customers are becoming more familiar and conformable with the internet for commerce and other activities. This change in attitude is being driven by:

— Wider availability of broadband access that addresses performance issue
— Improved ease of use through better technology and web site design
— Organisation are allowing more transaction types to be executed over the internet
— Reliability of transactions on the internet
— Improvement in perceptions of security

These changes in attitude are making self-service a more viable option.

REDUCED COSTS OF SERVICE

One of the key drivers for the development of self-service environments has been the potential to reduce the cost of sale or service transactions. By migrating customers from a live person channel to self-service environment, unit costs per transaction can be significantly reduced.

This is further facilitated by the fall in the costs of the underlying technology resulting from main stream adoption and competition in the market.

Service centre staff costs and associated overheads represent a significant cost in most companies so the business benefits of self-service can be high in these organisations.

INCREMENTAL REVENUE GENERATION

As with the effective use of self-service call centres the internet is providing a great opportunity for incremental revenue generation. In the self-service environment this cross-sell and up-sell can be fully automated and highly targeted.

Although not a key driver in many cases the potential for incremental revenue generation through automated cross-sell and up-sell should not be ignored.

CLIENT OPPORTUNITIES

For this particular client the local market presented a number of additional opportunities:

— The high penetration of the internet in the local market provided a large target audience for self-service activities
— The local consumers had been early adopters of the internet

Table 1: Support for key business objectives

Objective	Supported by the internet channel
Improve quality of service	By doing self-service activities on site, the internet will improve the quality of service provided to customers.
Increase revenue from existing customers	The internet could be used to sell client products and services to new customers and cross-sell and up-sell products and services to existing customers.
Reduce churn	The internet will not influence directly on churn but could indirectly reduce churn by: • Improving the quality of service • Making better price plans available
Reduce costs	The site will help reduce the cost of sale and the cost to serve.
Acquire new customers	By selling on site, we can use the internet to acquire new customers.

— Most competitive sites were portals with little or no e-commerce support. Even fewer supported self-service
— Opportunity to re-enforce position as innovative and providing customer with choice
— The high penetration of broadband internet enabled the use of advance technology options like video streaming, online offer management that can be used to support the self-service activities
— The popularity of use of chat rooms and instant messaging in the local market meant that these tools could also be used as part of the self-service environment

ALIGNMENT OF SELF-SERVICE OBJECTIVES

The following sections show how the self-service environment would align with the client's current business objectives.

The following are key objectives for the client business:

— Improve quality of service to customers
— Increase revenue from existing customers
— Reduce churn
— Reduce costs
— Acquire new customers
— Make more effective use of the internet

Table 1 outlines how the client's key business objectives could be supported by the internet channel

The following are key objectives for the self-service project.

TO PROVIDE A PORTAL ENVIRONMENT THAT THE CUSTOMER CAN USE FOR HIS CENTRE OF INTEREST

The following functionality is implicated:

— Manage existing products and services relationship
— Support for the use of the client products and services
— Access to information on how best to use the client products and services
— Resolving product and service queries
— Accessing general information on the client organisation

TO CREATE A MARKETING CHANNEL TO PROMOTE ACQUISITION, CROSS-SELL AND UP-SELL ACTIVITIES

The following functionality is implicated:

— Purchase client products and services
— Recruit new customers

TO CREATE AN ENVIRONMENT THAT CAN BE USED TO SUPPORT THE MANAGEMENT OF CUSTOMER DATA

The following functionality is implicated:

— Management of information on the customer
— Name and address
— Contact details
— Profile data
— Customer preferences

Table 2: Self-service activities

Self-service objectives	Self-service activities	Client objectives				
		Service	Revenue	Churn	Costs	New customers
To provide a portal environment that customer can use for his centre of interest.	Help in how to use the mobile using interactive interface	√		√	√	
	Review the price plan and make recommendations	√		√	√	
	144 service (ask for a number) and then text, which register for the site	√		√	√	
	Purchase, modify and cancel a product or service (SOC)	√	√	√	√	
	Request for a call back	√				
	Activate and manage an SOC (international calls) eg, friends and family	√	√	√	√	
	Manage and update the address book	√			√	
	Online top-ups (Pay as you go)	√	√	√	√	
	Call management (International calls limit calls - filtering)	√				
	Manage my bill	√		√	√	
	Search engine on the site	√		√		
	Site map	√				
To create a marketing channel to promote cross-sell and up-sell activities	Recommendation engine for purchase of phone and price plan	√		√	√	
	Upgrade a phone	√	√	√	√	
	Purchase a new phone with price plan	√	√		√	√
	Cross-sell and up-sell		√			
	Buy insurance		√			
	Friend get friend		√			√
To create an environment to collect data on customers	Details of account, name and address, etc	√		√	√	
	Maintain profile data (account management)	√		√	√	

TO PROVIDE THE ABILITY TO UNDERSTAND CUSTOMER EXPERIENCE

The following functionality is implicated:

— Identification of visitors to the site
— Web analytics
— Alignment with CRM road map

Table 2 represents examples of self-service activities and how those activities support the overall business objectives.

PROJECT TARGETS

The client established a set of targets for the project that covered the following items (Table 3).

VISION

The following section describes the long-term vision (3–5 years) for the self-service environment in the client organisation:

— Self-service will become a significant customer interaction channel
— Self-service will become a major source of incremental revenue
— Self-service will account for 20–25 per cent of all customer interactions for target segments
— Self-service will reduce the average overall cost of serve by 15–20 per cent
— The client will be the leader in self-service customer experience over all channels

Table 3: Targets

Self-service targets	Service	Revenue	Churn	Costs	New customers
Acquire new customers					√
Generate revenue from new customers		√			
Generate revenue from current customers		√			
Migrate customer service queries to self-service	√			√	
Register customers for online billing	√	√		√	
Increase average order value		√			
Improve customer perception of self-service	√		√	√	

— Self-service will support most (98 per cent) of all sale and service transactions types
— Self-service will be delivered through all available and relevant channels, including:
  • IVR
  • Email including alerts and notifications
  • SMS/MMS
  • Mobile device including WAP
  • Intelligent kiosks
— A wide range of technologies will be used to support the self-service environment (including real-time offer management).

The following technologies are implicated:
  • Real time decision offer management
  • IM (IM robots)
  • Voice over IP
  • Video conferencing
  • Knowledge management systems
  • Remote diagnostics
  • Supported selling The self-service environment will integrate seamlessly into the live person channels and provide the customer with real choice on how to interact with the client organisation

STRATEGY
The workshop raised and discussed the importance of a clear strategy and objectives to create sustainable competitive advantage. Current market sectors were discussed as set out within this document and potential areas of growth that could be stimulated by a focussed self–service strategy were uncovered.

In the context of the meeting, the following strategy principles were discussed at high level:

— The self-service environment should be used to create sustainable competitive advantage
— The self-service environment should provide real customer benefits, build a sense of community and provide additional customer touch points
— The self-service environment should create increased customer satisfaction
— The self-service environment should put the customer in control
— The self-service environment should facilitate increased market share by providing access to new customer segments

  • The key segments will be:
  • SOHO and business markets
  • Professionals
  • Young, inspirational market
    The self-service environment should help improve overall business and individual customer profitability by:
    ○ Providing cross–sell and up–sell opportunities
    ○ Reducing the cost to serve

BUSINESS OWNERSHIP AND MANAGEMENT
In order to ensure focus, the client self–service processes are to be owned by one dedicated business unit that will commit to delivering the business plan.

In this case, the marketing business unit took ownership of the self-service environment. In most cases it comes under the service organisation.

The marketing team was responsible for:

— Project establishment
— Project management
— On going management of self-service environment when it is up and running. This included:

  • Updating marketing materials
  • Working with relevant marketing and service teams to initiate new services and offers
  • Working with MIS of future enhancements
  • On going marketing promotion development

CONCLUSION

As the cost of servicing the customer relationship grows, more and more organisations are looking at how technology can slow down and in some cases reduce the costs of managing the customer relationship, while at the same time driving up customer service. The result has been the growth in self-service technologies, which aim to address both the cost and service quality issues.

The primary focus is often on reducing cost to serve, but organisations are recognising that self-service can support a number of other business objectives. These include:

— Increasing customer choice
— Increasing customer service satisfaction levels
— Re-enforcing brand perception around innovation

Developing a clear strategy for self-service in the telco and many other industries is essential if an organisation is to realise the potential business benefits that self-service affords.

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