

Active Management of the Customer Experience with Proactive Customer Care

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Moving to true proactive customer care

What is often called “proactive customer care” today is not truly proactive

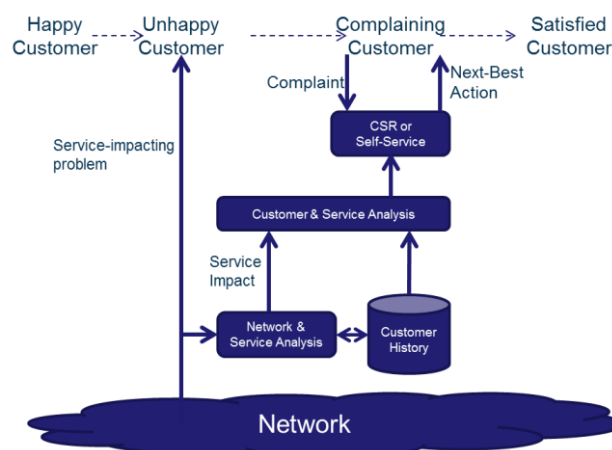
The goal of true proactive customer care should be to provide active customer experience management that totally eliminates all complaints by the customer.

The term “Proactive Customer Care” has been used by many vendors and Communications Service Providers (CSPs) for several years in the telecoms industry. It has generally come to mean “Understand the reason for a customer’s concern, or potential issues, with their service before the customer takes direct action.” Features and functions to support that determination have included:

- Pre-processing the customer history so that if a customer calls to complain, their historical data is already available to the Customer Service Representative (CSR) to allow the next best action to be pre-computed and available immediately to the CSR.
- Correlating network information with the customer service to determine that a network degradation or outage is currently affecting, or has affected the customer in the recent past and has a high probability of being the reason for the customer call.
- Proactively monitoring social media channels for any dissatisfaction and correlating this information with the identity of the user, if known.

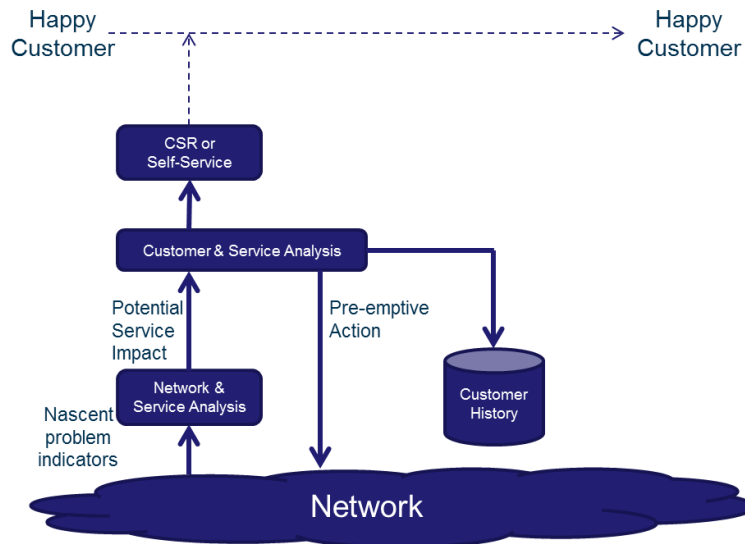
The net effect of this is to give the CSR the ability to determine the next-best-action to mitigate against the service problem that the customer encountered, as shown in Figure 1. Often, these actions involve processes and procedures to prevent the churning of the customer account (especially VIP accounts) by specially trained “Save Agents.”

Figure 11: Customer engagement process for traditional proactive customer care [Source: Analysys Mason, 2015]



All of these are, indeed, proactive steps taken by the CSP prior to a customer complaint that brings significant benefits to the customer interaction. But are they truly proactive? Not in the truest sense of the term. The goal of true proactive customer care should be the proactive elimination of *all* complaints by the customer, leading to a process more like Figure 2.

Figure 22: Customer engagement process for true proactive customer care, where pre-emptive action prevents the customer complaint [Source: Analysys Mason, 2015]



In this customer engagement model, the “Happy customer” never encounters the problem that makes them temporarily unhappy. This requires a close connection between what is traditionally the Business Support System (BSS) area of customer care and the Operations Support System (OSS) arena of service analysis. It also requires extremely active management, not just measurement of the customer experience using automated closed-loop operations.

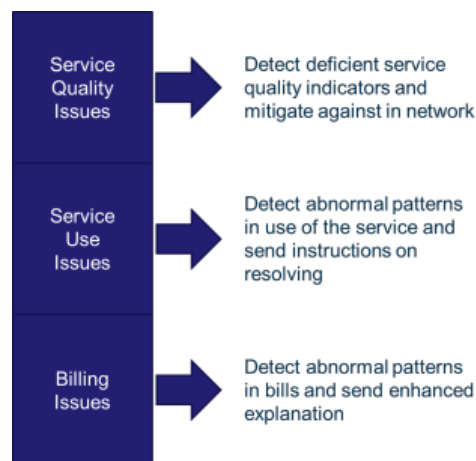
Some examples of cases where such proactive management is possible include:

- Identifying network deterioration and outage issues and communicating with the affected subscribers proactively via SMS and social media to eliminate the need to call the customer service.
- Detecting a performance problem due to spot overload conditions in the network and bringing more capacity on-line immediately.
- Identifying that more local caching would improve the customer experience in a video download – and automatically creating and activating the caching network element in their service.
- Detecting devices that are at risk of breaking down or malfunctioning and pushing software or firmware fixes in an automated fashion to avoid problems.
- Using historical data to develop algorithms or models to identify potential issues then use these predictors to engage in outbound proactive treatment strategies.

What are the root causes that lead to calls to customer care - and can they be treated proactively?

There are three major categories of trouble calls, as shown below. Billing issues predominate, often accounting for 60% of the calls into the Customer Contact Center. Next are the issues with how to consume the services (which constitute the second largest category for new services), followed by service quality issues from the network or device. But each of these can be handled truly proactively, with the right analysis and action, as seen in Figure 3.

Figure 3: Categories of calls received by CSRs and how they can be mitigated against by active management of the customer experience [Source: Analysys Mason, 2015]



What will it take to do this proactive management?

To enable this proactive management requires the constant analysis of a vast amount of information that comes from the network, the devices, and the systems that support the customer. The new technologies of Big Data Analytics can now tackle these problems, providing proactive correlation of vast amounts of data.¹ Systems such as IBM Analytics take existing customer experience data and analyze it to understand the quality of experience of each subscriber, understand the root causes that lead to poor experience and subsequent poor rating from Net Promoter Score (NPS) or Customer Satisfaction (CSAT) survey and address those proactively. These solutions can be deployed in a matter of months.

As a more far-reaching solution, CSPs are now gravitating towards a centralized analytics solutions or an Advanced Analytics Platform (AAP). These platforms allow the CSPs to retire point analytics solutions (silos) thereby reducing OPEX. An AAP sits between the OSS to ingest massive disparate data sets and deliver analytics to the BSS, based on business requirements (e.g. real-time, predictive processing). An AAP also allows the CSP to manage a single version of truth (e.g. via Information Governance), and deliver analytics at unprecedented speeds and lower costs.

¹Formerly, computing on such large datasets was so expensive, that CSPs would only go looking for correlations when there was an indication of a fault, service degradation, or customer complaint. The new analytics technologies and underlying computing hardware have changed that.

What is the business potential for a CSP for Active Customer Experience Management?

The operational benefits of active customer experience management primarily include:

- dramatically lowering the number and duration of inbound calls made to CSRs (thereby reducing the number of CSRs required),
- eliminating call escalations to more technical (level 2 and level 3) agents,
- minimizing ‘No Fault Found’ (NFF) device returns (devices returned by customers that are functioning properly)
- reducing the number of billing inquiries to operators substantially.

How much of the current operations can be moved to active customer experience management?

Reductions on the order of \$4/sub-year are achievable today. These will come from:

- A 20% reduction in the number of calls to CSRs from customers by
 - Proactively providing them information on network degradations via IVR (or other) notifications during the call-in process and via SMS to pre-empt the subscriber calls,
 - Providing proactive explanations of unusual billing circumstances,
- A reduction of 30% in the calls that are escalated to technical agents for diagnosis and resolution by proactively identifying network events that most probably generated the calls,
 - Providing tips or advice delivered via social networking on the use of new devices.
- A reduction of 10% in the No Fault Found device returns. By analyzing individual customer’s usage of the device, faulty usage methods can be separated from actual faulty devices. Then the customer can be coached on how to properly use the device, instead of returning it.

*For a 25 million subscriber CSP, these savings add up to
USD100 Million per year*

To put this in perspective, a \$4 reduction per customer means:

- USD50 million yearly savings for a CSP the size of Rogers,
- USD100 million yearly savings for a Claro Americas,
- USD400 million yearly savings for a China Telecom.

How can this savings be realized today?

In the short and mid-term, CSPs need to implement tools to actively measure quality of experience for each subscriber across all services (Voice, SMS, IP data / Smartphone Apps usage, Entertainment etc.), all devices (tablets, laptops, PCs, Set top box etc.) and all technologies (2G, 3G, 4G LTE and upcoming 5G). CSPs need to find root causes that lead to poor subscriber experience and address those affecting their most loyal/lucrative subscribers to improve overall satisfaction with the services.

Additional benefits accrue from this approach

The benefits of happier customers are well-understood. Just a five point increase in Net Promoter Score (NPS) can lead to substantial business benefits:²

- A reduction in churn of 15%-18%
- average revenue per user (ARPU) increases of 15%-20%

²See *Business Benefits of the Total Customer Experience: Mapping NPS to Revenue*, Analysys Mason, 16 September 2013.

Mid- and Long-Term Benefits will be Even Larger

These benefits will increase in the mid-term as more and more information is available from the network and devices, coupled with better patterning of the network events and individual customer usage patterns. This patterning will come from modern cognitive computing, enabling CSPs to understand both the historical and current operational environment, learn from it, and create recommendations on how to manage subscriber experience better to avoid issues.

Constant analysis of network and customer events and usage will be coupled with machine learning to pinpoint the best areas for proactive customer management investment.

In the long term, the promise is to use these techniques in cooperation with the extremely capacity-flexible network coming from the movement of the network functions into virtual elements under fast, flexible software control. This next generation of network elements, under development now, will utilize standard computing infrastructure and will be able to be created, implemented, and weaved into the overall network infrastructure automatically through a next-generation control structure of *Network and Service Orchestration*.³ These will allow the network to expand and contract in its capabilities when, and where, resources are needed, under the control of the active customer management systems.⁴ We estimate the potential benefits of fully proactive active customer management experience in this scenario at \$40 per subscriber per year.⁵

Next generation virtualized networks will increase the benefits of truly proactive care by ten times.

³The issues of VNEs and the promise of automated network capacity enhancements are covered in the Analysys Mason *Software Controlled Networking* research stream. See, for example, *NFV and SDN deployment strategies are accelerating OSS automation evolution*, Analysys Mason, 4 June 2015.

⁴In addition, virtualized networks will bring exceptional agility to the CSP's offerings. New types of elements will be able to be introduced and configured rapidly, supporting new services in unprecedented short time frames.

⁵The \$40 per customer per year would come from the reduction of three-quarters of customer issue calls that come from network faults or degradations.