

The Telecom Tightrope: Balancing the Customer Experience While Controlling Costs

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Who should read this paper:

- Telecom executives responsible for customer service/experience
- Telecom companies requiring fast time-to-market product launches
- Providers operating a low-cost business model, running lean operations
- Operators requiring brand differentiation in a tight-margin environment

The Telecom Tightrope

When it comes to quality of service, customers have higher expectations than ever. They want nothing less than a superb customer experience from their providers. With narrowing choice from competing vendors and no compelling reason to remain loyal, consumers can, and will, vote with their feet. Whether a company is new to the market, or well established, it's clear that providing superb customer experiences has to become part of an organization's DNA in order for it to bolster customer advocacy and reduce unwanted churn.

Traditionally, there has been a high cost associated with providing a superb customer experience. The "telecom tightrope" is the balancing act providers perform when trying to balance delivering great customer experiences with controlling and even reducing costs.

However, some telecom companies have mastered the tightrope and are delivering exceptional customer service with very lean operations.

Callmobile.de in action: Mastering the telecom tightrope

The ability to differentiate brand through the delivery of exceptional customer experiences, while tightly managing costs, is something that German Mobile Virtual Network Operator (MVNO), Callmobile.de adopted from the beginning—recognizing it to be the new battleground of customer loyalty and a critical driver in recruiting new customers.

Market entry

With offerings from no-frills operators gaining traction in neighboring countries like Denmark, Callmobile.de was founded in 2005 to capitalize on a gap in the German mobile provider landscape overlooking the needs of consumers seeking standard services like voice and SMS.

Put simply, prior to 2005 the German mobile provider landscape had fallen into two major segments; the premium segment dominated by a handful of operators differentiating themselves by heavy brand investment and a complex product portfolio, and the service providers differentiated by offering tailored products at competitive price levels.

From the outset, Callmobile's criteria for successful market entry determined that delivering satisfactory customer experiences was essential.

No contract tie-in would make it easier for customers to switch if dissatisfied.

Criteria for successful telecom market entry:

Differentiated product

- Simple price structure focused on essentials
- Low price point
- No long term commitment

Alternative channels

- Low acquisition costs
- Focus on online sales
- Leverage community effect

Lean operations

- High online self-service
- Simple product features

Strong brand

- Build up brand and/or leverage channel asset
- "Trust" in company key for final purchasing decision

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An online only sales channel, and the need to keep acquisition costs to a minimum, was dependent on building a community of satisfied customers happy to recommend Callmobile to others.

The no-frills business model meant that a balance between lean operations and keeping customers satisfied had to be found.

Callmobile's customer experience vision

To facilitate this balance, Callmobile made two significant decisions. First, it sought to harness the power of the internet in two distinct ways—as the primary channel for customer service enabling customers to self-serve online, and by capitalizing on the cost benefits associated with Software-as-a-Service (SaaS). By opting for a SaaS CRM system, Callmobile could limit infrastructure investment and take a major step forward in operational cost savings.

Second, it identified three business development phases and placed its customer service operation at the core of each phase. Callmobile's vision was to build a consumer-centric organization focused on delivering exceptional customer experiences across service and support channels, which would satisfy customers and encourage them to recommend the company to others.

Start-up phase

Rather than outsource its customer service staff operation, as might be expected from a no-frills operator, Callmobile sought to create a flexible in-house customer service “task force” that could leverage affordable and innovative customer service channels. By instigating intensive communication between management and the customer service team, during its start-up phase Callmobile was able to learn from customer interactions and feedback and use this to shape business decisions about necessary customer care resources and processes.

Start-up phase key learnings:

- Affordable (and innovative) customer service channels to receive customer feedback
- Focus on paperless communication
- Limited automation and quick response times for all customers
- Insourced customer support as “flexible task force”
- Broad education of customer service employees
- Immediate and intensive upward and downward communication
- Only a few KPIs monitored

Common misconceptions avoided:

- Customer service is a “commodity” and therefore only an efficiency topic
- Always outsource customer service as it is more efficient

Growth phase goals:

- Enhanced quality and up-to-date knowledge
- Reduction of service requests through self-service by 15%
- Enhanced customer service level despite increasing customer numbers
- Reduction of peaks during major events (newsletters, new products)

Growth phase

Callmobile identified that to really ramp its customer experience delivery during its growth phase it would need to automate more of its customer care processes, both at the front- and back-end. It did this by providing robust web self-service that customers could easily search to answer inquiries about standard problems. By introducing a knowledge foundation that could learn from the type of information sought by customers, and dynamically change to present the most requested information, Callmobile was able to deflect in-bound inquiries to the customer service department by 15 percent.

On the back-end, regular, detailed reporting helped identify customer issues and gaps in the knowledge foundation. When changes to content needed to be made to address this insight, service agents were empowered and incentivized to identify and upload new knowledge items, ensuring speed, relevancy, and accuracy of information.

Growth phase key learnings:

- Enable customers to help themselves on standard problems
- Empower customer service staff to react to issues in a timely manner
- Incentivize customer service to constantly optimize the back-end and interface to the customer so they can focus on complex issues and product improvement
- Increase degree of automization on standard issues
- Increase number of measured benchmarks with additional focus on self-service levels and traffic reduction

Common misconceptions avoided:

- Significant IT investment is required to operate a professional customer service center
- Customer service is only for reacting to customer inquiries
- Increased headcount is necessary to deliver affordable, high quality customer service

Customer satisfaction and recruitment

By efficiently addressing customer needs via its website, Callmobile now delivers exceptional and satisfying customer experiences. Even within a lean operational framework the company found the correct balance between investment and customer expectations. Measured through feedback surveys, Callmobile enjoys a stable customer satisfaction rate despite its customer base growing by more than 100 percent year-over-year.

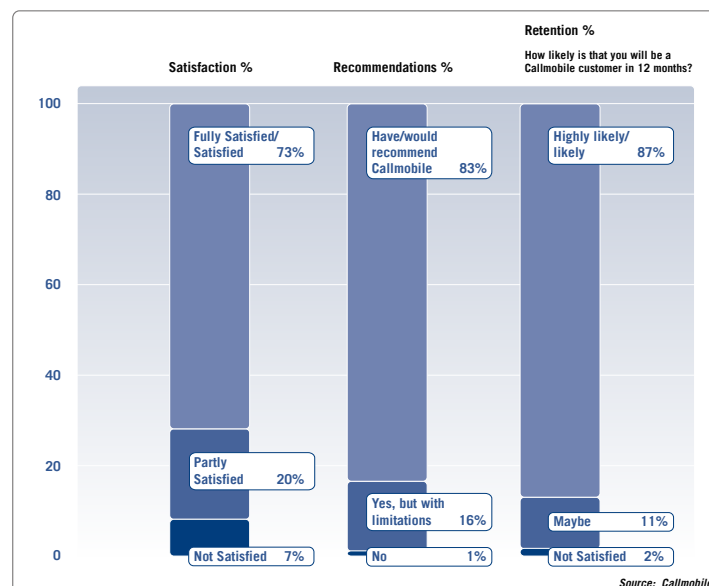
Making its brand synonymous with good service has bred loyalty among existing users who are willing to recommend Callmobile to others. By understanding the power of excellent customer service as a marketing tool, the company has been able to maximize its investment and use service as a cost-effective customer acquisition channel.

The future

With a strong customer experience strategy successfully delivering results across both customer retention and acquisition targets, Callmobile has placed itself in a position of strength for future growth.

Evolving customer choice will inevitably make it tougher to acquire new subscribers, placing increasing emphasis on brand differentiation and word-of-mouth recommendations. To combat rising competition, the company expects to deliver increasingly complex and personalized customer care to further bolster satisfaction in this area.

Having set in place the right technology to support its efforts, Callmobile is confident of continued success in balancing operational investment with customer loyalty.



Callmobile's Customer Experience Success

RIGHTNOW HELPS TELECOM COMPANIES DELIVER GREAT SERVICE AND REDUCE COSTS



“RightNow has proven that it is dedicated to ensuring BT meets its customer commitment goals. RightNow is working with us to ensure we get the most from its customer service solutions and is flexing the product to meet our customer requirements. We are confident that we will be able to offer a superb customer experience to our customers, keeping us ahead of the competition.”

Senior Business Director, BT



“Email and the web are a modern day necessity for every household. Although we may be winning hundreds of customers on a daily basis, it is our responsibility to ensure we are keeping everyone of these customers happy. With RightNow’s support we can provide customer service that rivals our competitors, showing each of our customers that we listen and want to meet and indeed, exceed their expectations. RightNow is the partner of choice when it comes to supporting customer advocacy.”

Managing Director Customer Operations, Tiscali



“In order to provide our customers with the best service possible, it is becoming increasingly important to address alternative customer service channels. The internet leverages a great potential and enables us to provide successful customer self service, enhancing the customer experience. A substantial number of customers would like to find all the information they require on the internet and prefer to administer their accounts without having to call the hotline or to visit a shop. With solutions like RightNow we are able to fulfil this customer requirement optimally.”

Executive VP of Customer Care, T-Mobile Austria

ABOUT RIGHTNOW TECHNOLOGIES

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For more information on how RightNow can help you deliver great customer experiences while reducing costs, please visit www.rightnow.com/telecom.