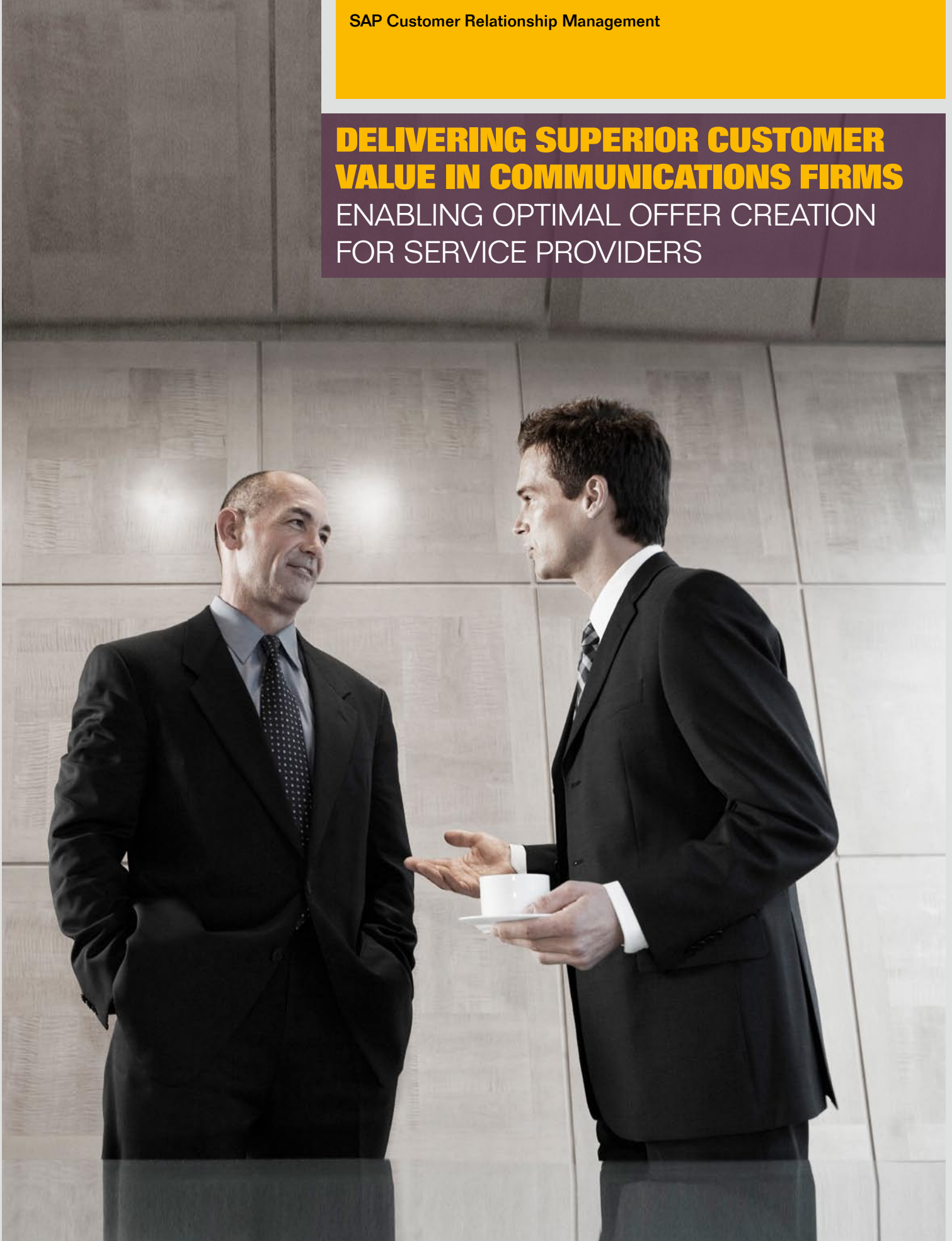


SAP Customer Relationship Management

**DELIVERING SUPERIOR CUSTOMER
VALUE IN COMMUNICATIONS FIRMS**

ENABLING OPTIMAL OFFER CREATION
FOR SERVICE PROVIDERS



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Overview

For communications companies – whether focused on telecommunications services or media content – these are challenging times. Markets are saturated with new offerings, and margins continue to diminish. In response, communications service providers (CSPs) are concentrating on improving offers of voice, content, and data services. These offers have the best chances of being accepted when they are attractive to the customer – and made in real time and through the right channel. SAP is in a strong position to help CSPs, with products that enable requisite functionality for real-time offer management optimized within the context of enterprise processes.

STRATEGIC IMPERATIVES FOR FIRMS IN THE COMMUNICATIONS INDUSTRY

THE NEED FOR UNDERSTANDING YOUR CUSTOMERS



Communications service providers around the world are now facing increasing market saturation and having trouble differentiating their offerings – and deregulation is adding to the intensity of global competition. Heightened competition among CSPs adds pressure to form new alliances, consider additional distribution channels, and pioneer new business models.

Along with triple-play services, next-generation offerings such as Voice Over IP (VoIP), IP television (IPTV), mobile commerce, and an array of other services have joined the list of must-haves in many portfolios. Consumer access to user-generated content and other free content downloads – enabled by Web 2.0 technologies – only complicate matters. Bombarded by offers at every turn, consumers have more reasons than ever to switch providers and can do so quite easily.

In response, many CSPs are renewing their focus on customers: their subscribers. They are recognizing that their business is less like high tech than retail, with an organization highly mindful of consumer needs and behaviors. They are focusing on customer loyalty, personalization, and reinforcing their brands.

A prerequisite for customer focus is, of course, a clear understanding of them. This means leveraging the data you are capturing about customer interactions to develop meaningful segmentation, customer usage profiles, and so forth.

Understanding your customers can help you develop new offerings to increase market share and profitability – despite a highly challenging business environment. And while many of the products and services you might consider can be quickly matched by competitors, a good customer-facing process – particularly for offer development and presentation – is hard for rivals to copy. One such process encompasses making the right offers in real time.

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THE VALUE OF PRESENTING THE RIGHT OFFERS IN REAL TIME

LEVERAGING CUSTOMER DATA AND INBOUND CHANNELS

You might deeply analyze customer data to develop offers that are attractive to different segments of your customer base – for example, appropriately priced bundles of voice, content, and data services. As well targeted as these offers may be, however, they are most likely to be accepted if they are made at the right time – in real time, while the customer is speaking by phone with an agent or logged on to your Web site. Moreover, you are most likely to achieve long-term sales objectives by continually adapting offers based on the following:

- Information about the customers who accept offers versus those who reject them
- Factors that influence purchase decisions
- Rates of offer acceptance

With customer data available for making predictions about offer acceptance, you are in a strong position to leverage a real-time, fact-based offer management process.



With customer data available for making predictions about offer acceptance, you are in a strong position to leverage a real-time, fact-based offer management process. And based on information about offers that worked in the past, you can adapt offers for future customers.

SAP CRM® ENABLES REAL-TIME OFFER MANAGEMENT PROCESSES

BUSINESSOBJECTS™ SOFTWARE AND SAP CRM PROVIDE THE FOUNDATION

A real-time offer management process presents opportunities for enormous revenue generation. But “real time” by definition requires up-to-the-minute customer data – and in turn requires the support of robust software. SAP® software can make real-time offer management work well in your organization, tightly integrating this functionality with broader enterprise processes such as offer to cash and marketing (see Figure).

Developing Offers Using Data-Based Customer Insights

Successful real-time offer management processes start with hard data on cus-

tomers – and developing offers created from the resulting insights. Business Objects, an SAP company, provides software that can help managers sift through volumes of operational data to develop optimal offers – leveraging insights into key performance indicators (KPIs), customer input, and customer behavior.

Xcelsius® software for data visualization allows marketers to create interactive dashboards to analyze KPIs, such as average revenue per user (ARPU) and rate of customer cancellations. For example, by clicking on dashboard data, a marketing manager can determine if

there are significant ARPU differences by geographic region, age, lifestyle, or gender.

The manager can set up alerts so that the system will indicate when a KPI such as the customer cancellation rate exceeds an established threshold. The manager can also use BusinessObjects™ Text Analysis software (which processes, classifies, and summarizes vast amounts of text information); mine customer comments to call center agents in e-mail and chat logs; and then group them according to reason categories or date of call. Such comments may suggest opportunities for improving offers.

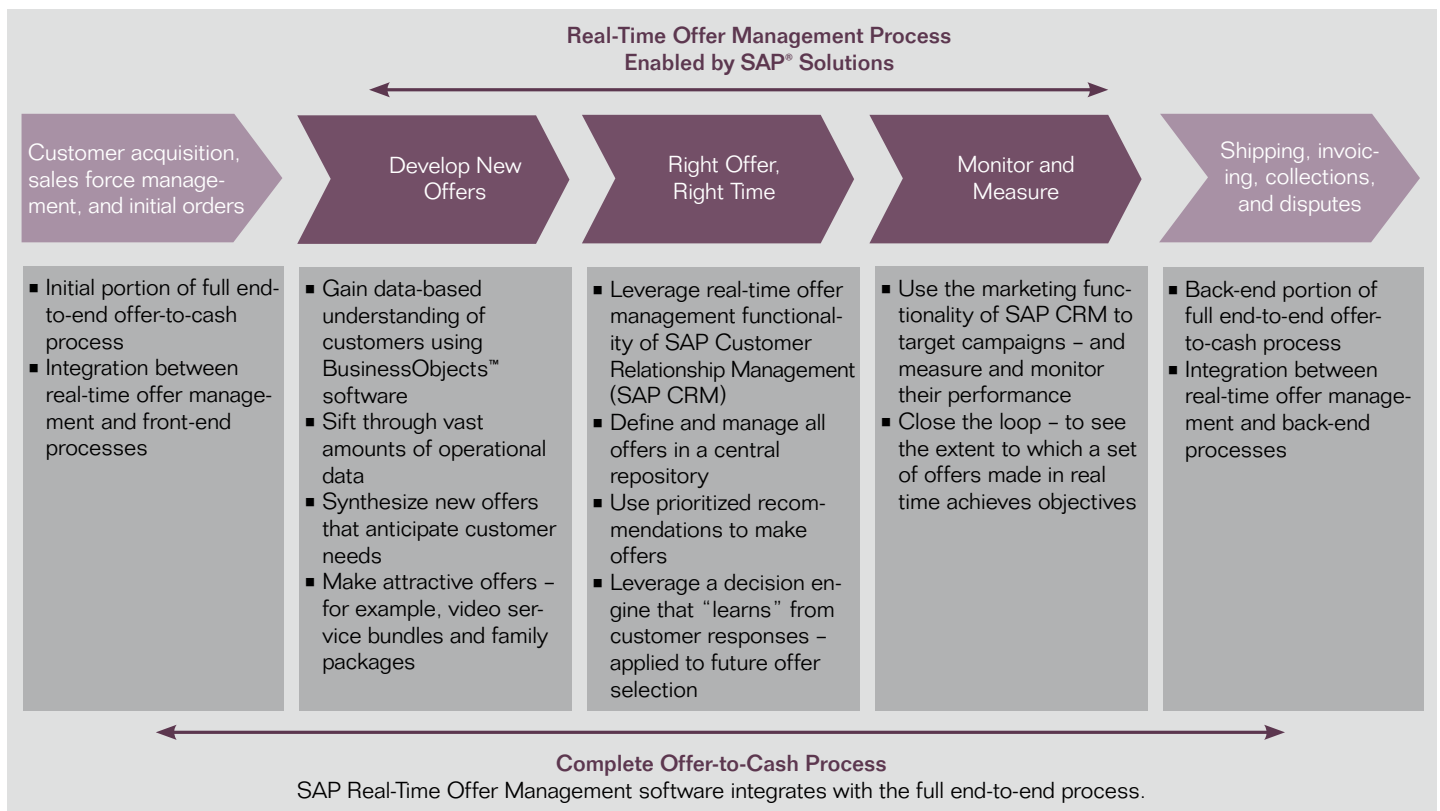


Figure: Real-Time Offer Management – in the Context of the End-to-End Offer-to-Cash Process

Finally, BusinessObjects Predictive Analysis software provides predictive modeling functionality to project future customer behavior based on the customer's profile, history, and value; affinity to specific product bundles; and risk of churning. Such predictions can help determine the likelihood of success of new offers.

Through insights provided by BusinessObjects technology, a manager can develop a variety of new offers, such as voice and video service bundles, innovative pricing, and family packages. Making offers that customers perceive as anticipating and satisfying their needs can help you retain existing customers or generate revenue through cross-sell and up-sell programs.

Presenting the Right Offers at the Right Time

Besides developing good offers, however, you also need a mechanism to fully capitalize on selling opportunities by presenting the right offers in real time and through the right channel. The real-time offer management functionality of the SAP Customer Relationship Management (SAP CRM) application lets business users define and manage all offers in a central repository. The software provides a real-time decision engine that allows call center agents to choose the offers relevant for a specific interaction, taking into account all relevant customer information. By providing prioritized recommendations, the soft-

ware helps agents make the best decision about what kind of offer to make, when, and to whom. It considers various factors that may have been determined using BusinessObjects software, such as churn-risk scores and the potential value the offer will generate.

Offer recommendation functionality can show the agent one or more options from which to choose in the given situation. The technology "learns" from customer responses to the offers it has promoted. As the learning becomes statistically significant, the software applies the learning to improve its performance when selecting offers for future customers.

Enhancing the Customer Experience with SAP CRM

SAP CRM also serves as a central repository for customer data, orders, product preferences, and other key data. It enables key industry processes such as order management, customer care, and marketing, and thus provides a foundation for enhancing the customer experience. With SAP CRM, you can address the most critical strategic opportunities facing CSPs today, including bundling products and services more flexibly, monetizing customer interactions, and managing customer life cycles across multiple channels.

The marketing functionality of SAP CRM is particularly relevant for real-time offer management. It provides

a way for CSPs to target campaigns encompassing a set of real-time offers to customers – and to monitor and measure campaign performance.

SAP CRM thus enables you to close the loop, demonstrating the extent to which a selected set of offers made in real time achieve the original objectives. This way, you can determine –

The real-time offer management functionality of SAP CRM lets business users define and manage all offers in a central repository.

from the scores of campaigns running at any one time – which offers to keep, how to enhance the offer set, which channels work best, and how to refine targeting.

Delivering Customer-Driven Growth with Solutions from SAP

SAP software helps you design a real-time offer management process appropriate for your firm – and enables real-time offer management and related end-to-end processes. This way, you can deliver additional value to subscribers, establish a new barrier to entry, and improve your customer-driven growth.

Find Out More

The SAP software available today is helping improve performance for CSPs around the world. To learn more about how SAP can help your CSP deliver superior customer value, call your SAP representative today or visit us on the Web at www.sap.com/industries/telecom/index.epx.

Please contact your sales representative to view a demonstration covering BusinessObjects and SAP CRM software supporting the real-time offer management process. To learn more about the functionality of SAP CRM for real-time offer management, please visit us on the Web at www.sap.com/solutions/business-suite/crm/featuresfunctions/realtimeoffermanagement.epx.

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