



**STOP GOING IT ALONE:
USING MANAGED SERVICES
TO ENHANCE THE CUSTOMER
EXPERIENCE**

AMDOCS > CUSTOMER EXPERIENCE SYSTEMS INNOVATION

amdocs

CONTENTS

EXECUTIVE SUMMARY 3

INTRODUCTION 4

THE CHALLENGE OF CUSTOMER EXPERIENCE 5

THE RISKS OF GOING IT ALONE 6

THE MANAGED SERVICES ALTERNATIVE 7

ENHANCING THE CUSTOMER EXPERIENCE THROUGH SERVICE LEVEL
IMPROVEMENT AND OPTIMIZATION 8

CUSTOMER BENEFITS 9

MAKING IT WORK 9

A FINAL THOUGHT 10

LEARN MORE ABOUT HOW MANAGED SERVICES CAN IMPROVE THE CUSTOMER
EXPERIENCE 10

ABOUT AMDOCS MANAGED SERVICES 11

SURGE PROTECTION: AMDOCS MANAGED SERVICES ENSURES SMOOTH
HANDLING OF TOP PRIORITY PRODUCT LAUNCH 11



EXECUTIVE SUMMARY

Service providers today have little choice but to invest in the customer experience. Customer loyalty is no longer an option, and the combination of rising customer expectations and convergent competition put a premium on a positive customer experience across all channels at every stage of the relationship. Making this happen, of course, is no simple task. Success rests heavily on the right systems, processes, governance, and continuous improvement.

Typically, service providers attempt to meet the challenge with a combination of in-house resources and point solutions from different vendors. It's understandable, but the results often fall short.

As this paper will argue, working with a managed service partner provides a compelling alternative. Although cost control has dominated the managed services discussion, a growing number of service providers have begun to view managed services partnerships as opportunities to enhance the customer experience as well.

Indeed, service providers that work effectively with the right managed services partner can generate substantial benefits around the customer experience. Choosing the right partner, however, makes all the difference.

"FROM THE TIME WE START TALKING TO A CUSTOMER TO THE TIME WE ACTUALLY BILL THE CUSTOMER WE COULD TOUCH 21 DIFFERENT SYSTEMS. WE'RE WORKING WITH ALL THESE LEGACY SYSTEMS THAT NEED SO MUCH MANUAL INTERVENTION AND THERE IS NO WORKFLOW TO MAKE IT ALL HAPPEN."

—SENIOR PERFORMANCE ANALYST FOR A TOP NORTH AMERICAN SERVICE PROVIDER

INTRODUCTION

The new competitive landscape for service providers puts a tremendous premium on customer experience as a key driver of customer loyalty and competitive advantage. With so many choices for service, customers are one bad experience away from dropping their subscriptions or pre-paid programs and jumping to a better offer.

At the same time, the power of positive word of mouth is such that great experience can bring service providers significant increases in retention, ARPU, and new subscribers.

As customer demands for services grow, and acceptance of poor service shrinks, providing a consistently positive experience with superior service and a wider range of offerings has become increasingly difficult.

Consider just one aspect of the customer experience: New product and service activation. Service providers are rushing new offers to market to meet competitive challenges and generate new streams of revenue. What if the next offer is a surprisingly big hit? How confident are you that a sudden surge in activations will go smoothly? Do you have all the people, processes, and systems in place to make sure all those customers can jump right in and use the new service without incident?

In fact, according to Amdocs research, the percentage of customer support calls relating to problems with new devices (e.g., smart phones) has increased dramatically in the last five years from 10% of calls in 2005 to 35% today – and these are generally longer and more costly calls than those focused on billing or other support issues.¹

All too often, inadequate systems and inefficient processes for marketing, sales, service, and support lead to uneven service operations, inconsistent customer experience across different channels, and costly workarounds. In this context, customers suffer from too many service interruptions, overly long billing cycles, slow resolution for service queries, a lack of customer-friendly tools, and too many problems with ordering and activating new products and services.

The end results include reduced consumption of existing services, missed opportunities for growth, reduced ARPU, declining margins, and customers more prone to complain and leave.

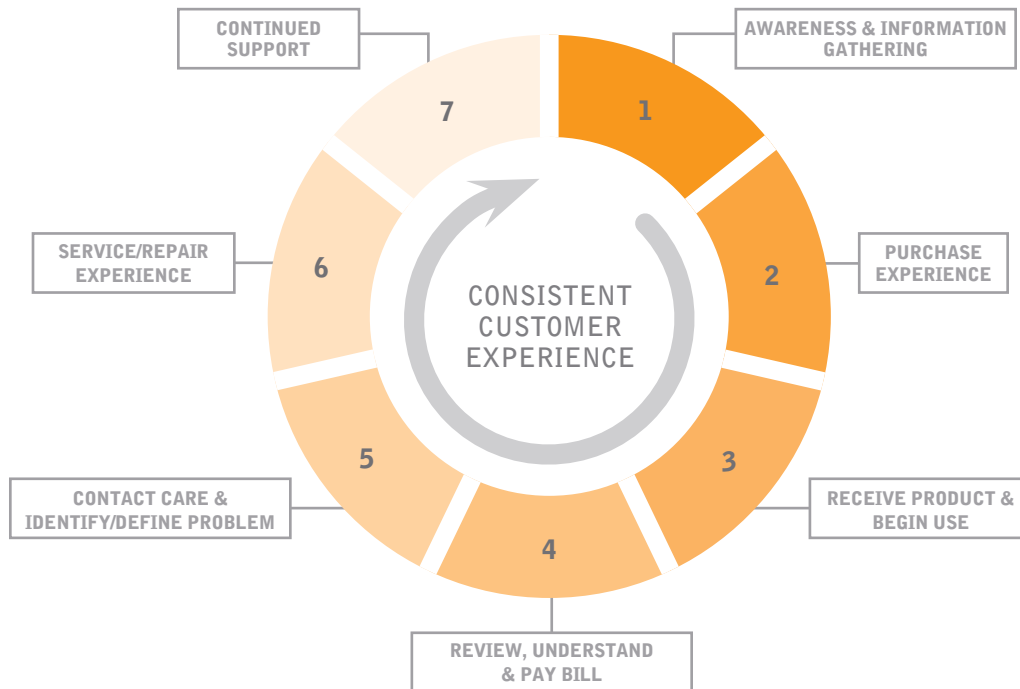
¹ Internal Amdocs research

“CUSTOMER EXPERIENCE PROGRAMS ARE NO LONGER ALTRUISTIC EXERCISES, BUT A STRATEGIC MEANS OF ATTAINING CUSTOMERS’ LOYALTY, PLUS IMPROVING COMPETITIVENESS AND PROFITABILITY IN THE SHORT AND LONG TERM. LOYALTY IS ESSENTIAL TO DERIVING LONG TERM RESULTS FROM CUSTOMER RELATIONSHIPS.”

—TM FORUM, QUICK INSIGHTS CUSTOMER EXPERIENCE: THE KEY TO PROFITABILITY, 2010

THE CHALLENGE OF CUSTOMER EXPERIENCE

The goal is clear: A consistent and repeatable customer experience across all channels and across every stage of the relationship (e.g., awareness, purchase, usage, and support) that drives loyalty, growth, and competitive advantage.



“CUSTOMER EXPERIENCE IS DEPENDENT ON MANY MOVING PARTS WITHIN THE OPERATOR’S ORGANIZATION AND IT OCCURS IN REAL TIME.”

—HEAVY READING SERVICES SOFTWARE INSIDER, BEYOND CRM: CUSTOMER EXPERIENCE MANAGEMENT, FEBRUARY 2010

Meeting the challenge requires top quality execution across five critical areas:

- > Scalable and flexible B/OSS systems to support subscriber growth and delivery of new products and services
- > Consistent operating procedures and processes across the organization, based on industry best practices
- > Automation and tools to lessen human dependency, increase productivity, and enhance customer convenience and choice
- > Clear and effective governance across business units and operating silos to ensure coordination and relentless customer focus
- > Targeted investment in systems and process improvement as well as employee training to support continuous improvement

Making this happen, however, is far easier said than done.

For one thing, the number of channels keeps growing: Retail stores, shopping mall kiosks, reseller partners, phone, email, Web, online chat, mobile, social networks, field support, and more.

For another, the performance bar keeps rising. As customers experience best practice in other industries (e.g., online ordering with Amazon.com, application downloads with Apple iTunes, or customer support with Zappos), they expect the same from every service provider. And as choice proliferates, customer tolerance for poor service declines.

Perhaps most important, service provider executives have a hard time focusing on customer experience in a consistent, ongoing way. As one service provider CIO recently told Amdocs, “we run a very lean operation so there are only so many things we can do at once. Having enough people to take on all the high priority issues is a big concern.”

THE RISKS OF GOING IT ALONE

Many service providers try to improve, or at least maintain, the customer experience with a combination of in-house resources and vendors of point solutions.

It's understandable; they know their own systems and processes best and they try to fill in with different hardware, software, and service vendors as the need arises. They want to serve as their own general contractor.

Unfortunately, this go-it-alone approach too often falls short of what is needed to succeed.

Five shortcomings are particularly problematic:

- 1. Vision and Objectives:** The company lacks a unifying, comprehensive vision of what it is trying to accomplish in terms of customer experience – or has failed to translate its vision into concrete business objectives in critical areas such as marketing and sales, product and service activation, billing, customer care, and ongoing satisfaction and loyalty
- 2. Metrics and Accountability:** The company has not been able to move from business objectives to specific KPIs and metrics with clear accountability for results

- 3. Multi-Vendor Integration:** The company has great difficulty ensuring that diverse systems and applications in a multi-vendor environment work together smoothly to support the required processes and behaviors—and ensuring that there is an integrated roadmap for upgrades and continuous improvement

- 4. Processes and Execution:** Processes are inconsistent across different functions and lines of business, and/or inconsistently executed – and often exacerbated by extensive manual workarounds

- 5. Budgeting and Investment:** The company struggles to plan for and afford necessary investments in systems, support, and/or training due to concerns about OPEX and CAPEX

A serious shortcoming in any one of these areas, never mind two or more, makes it extremely difficult for service providers to keep up with the demands of a seamless customer experience—especially in the face of constant growth in subscribers and decreasing margins for error.

THE MANAGED SERVICES ALTERNATIVE

Managed services provide a compelling alternative to traditional in-house approaches to improving the customer experience.

Over the past decade, service providers (and others) considered managed services primarily as a way to control and reduce costs.

More recently, a growing number of service providers have begun to view managed services partnerships as opportunities for dramatic improvements in service quality and consistency, launching new operations, and executing modernization and transformation projects, as well as cost savings and efficiencies.

In the last few years alone, leading global service providers, including AT&T, Sprint, Bell Canada, BT, Vodafone, and T-Mobile, have signed large managed services deals that focus heavily on business process improvement and systems transformation.

With managed services, service providers can take advantage of four critical enablers of customer experience that are so often hard to develop and optimize internally:

- > **Global best practices and methodologies:** Applying best practice experience and hard-won lessons from other managed services engagements; as one CIO notes, “we prefer managed services for our large systems so we can leverage the experience and code base that vendors have instead of trying to bring it in-house.”

- > **Customer experience-focused tools:** Integrating advanced operational tools such as predictive analytics for customer support and applications to monitor the quality of customer interactions
- > **Business process automation and optimization:** Streamlining and improving processes with automated monitoring, reporting, and validation, service level agreements (SLAs), and centralized processing
- > **Systems innovation:** Building a realistic and appropriate roadmap to implement new B/OSS products and features to support continued subscriber growth and new offering delivery

At the same time, service providers can gain a “single throat to choke” with clear accountability for specific KPIs and SLAs, measurement at every step, and the opportunity for strict penalties for non-delivery.

Finally, a move to managed services can offer much greater financial flexibility, including the opportunity to shift sizable expenses from CAPEX to OPEX. Rather than struggling through the constant battles for new CAPEX investment budgets, managed services contracts typically provide more predictable patterns of OPEX spending based on constant and/or usage-based fees.

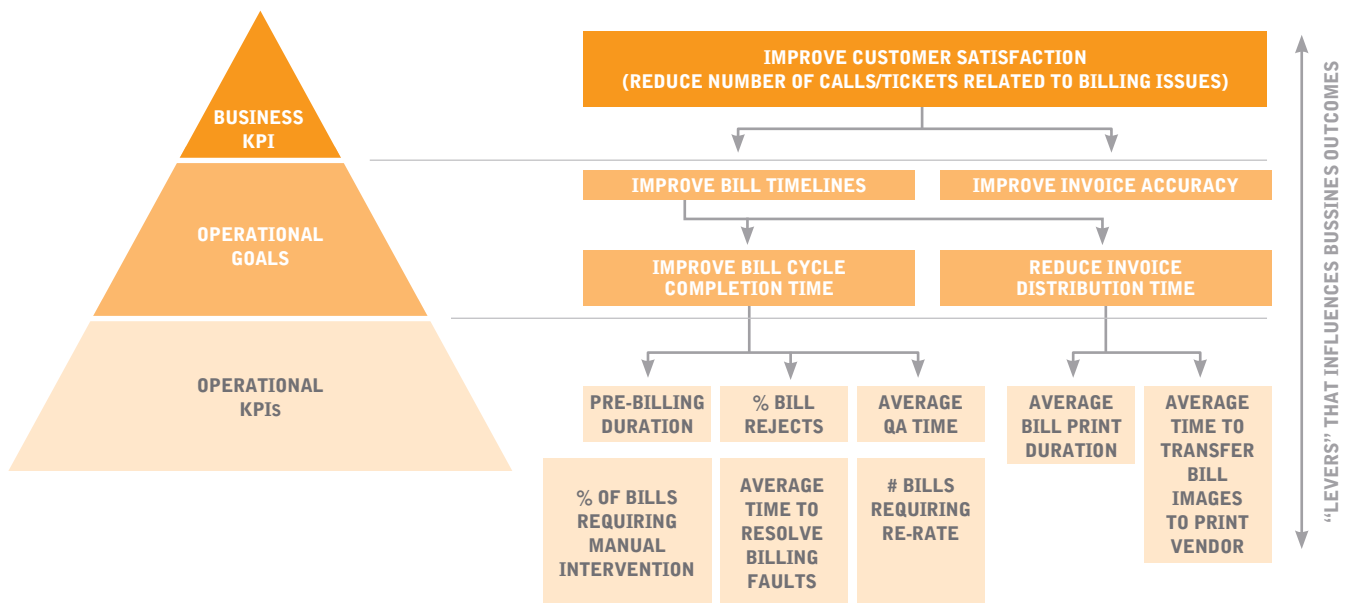
ENHANCING THE CUSTOMER EXPERIENCE THROUGH SERVICE LEVEL IMPROVEMENT AND OPTIMIZATION

Improving customer experience through managed services is based on a process which starts with mapping the customer-experience related processes, the underlying systems, integration touch points, and the measurable impact on the end customer. Then translating those into performance measurements (KPI's) and service level targets that the managed services provider can be held accountable for as a single point of accountability

The key steps include:

1. **Identifying desired business outcomes**
2. **Identifying customer experience impacts and operational goals** – Translate the customer experience impacts into the operational processes that can be improved or optimized to achieve the desired business objective
3. **Building KPI models** – Decompose operational goals into operational KPIs that will be targeted for improvement
4. **Defining performance targets and commitment periods** – Establish performance baselines, target achievement levels, commitment periods, and associated bonus and penalties
5. **Developing service level improvement and optimization plans** – Work with your managed services partner to develop a schedule and set of activities to improve and optimize operational SLAs over a defined period of time
6. **Monitoring, Measuring, and Reviewing** – Work with the managed services partner to generate frequent reporting/dashboards and set formal periodic reviews to measure the plan impacts to the customer experience; implement improvement plans as required

BUILD A KPI MODEL - EXAMPLE:



CUSTOMER BENEFITS

Done right, managed services can deliver substantial benefits around the customer experience.

According to research by Accenture on the all-important billing process, for example:

“Because outsourcing results in a comprehensive improvement of the billing function’s processes, technology and skills, it goes well beyond simple cost reduction to generate greater business value and true competitive differentiation.... The new processes and platform make it easier for a telco to gain deeper insight in what customers want and, consequently, create and deliver a more compelling customer experience—thus providing a powerful incentive for customers to remain with the telco.”²

Overall, service providers can expect their customers to see benefits in at least four important areas:

- > **Increased Reliability:** By shifting infrastructure management, application development, and ongoing operations to a managed services partner with clear accountability for service level agreements (SLAs), service providers can meet customer expectations for purchase, activation, and ongoing service and support with greater consistency and reliability
- > **Improved Quality:** Through relentless focus on application, process, and system improvements, managed service providers can systematically deliver improvements in critical touch points across the full lifecycle of the customer experience
- > **Enhanced Choice:** By improving and introducing new tools and channels, such as self-service portals and kiosks, service providers can give their customers new ways to interact on their own schedules and terms
- > **Accelerated Innovation and Time to Market:** With improved quality and efficiency in cross-company operations, service providers can develop and deliver new products and services more quickly, and respond more quickly to competitive offerings and customer demand

CHOOSING THE RIGHT PARTNER

Partnering with a managed services provider to ensure customer experience success is not a simple process or decision. In evaluating potential partners, service providers should consider seven essential criteria:

- > **Industry Knowledge and Vision:** Does the partner show deep understanding of what’s happening in the communications business, and have a vision for how service providers can meet continually rising customer demand and expectations to ensure a superior customer experience?
- > **Knowledge of Your Business:** Beyond general industry knowledge, do they know your business, your customers, and your partner ecosystem? Do they have a good feel for your culture and what makes you special and different?
- > **Focus on Business Impact and KPIs:** Are they truly focused on improving the customer experience in meaningful ways with clear KPIs and effective forms of recourse and resolution if they fail to meet agreed targets?
- > **Best-of-Breed Technology AND Integration Capability:** Technology is only part of a managed services solutions, but having the best is still essential. Can the partner deploy the latest customer-centric systems, tools, and processes — and customize and integrate to your environment with high confidence and minimal risk?
- > **Collaborative and Flexible Approach:** To what extent do they emphasize collaborative development and operational agility—and the methodology and evidence to back up their claims?
- > **Phased Approach to Value:** Customer and competitive pressures mean that managed services partners cannot take a year or two to deliver real value; do they offer a phased approach tangible near-term benefits for end customers even as they ramp up more substantial changes that create more substantial longer term value?
- > **Proven Record:** Has the company succeeded with managed services for customer experience before—and will they provide specific program managers and team leaders that themselves have delivered excellent results?

In this context, there is literally no such thing as too much due diligence.

² Accenture, *Billing for High Performance: Transforming Telcos’ Billing Operations Through Business Process Outsourcing*, 2010

A FINAL THOUGHT

The critical importance of customer loyalty has put a premium on a consistent continually improving customer experience at every touch point.

As a recent TM Forum study notes, however:

“C-Level executives from many CSPs publicly expound the virtues of leadership in customer experience, yet their companies frequently fall short of the leadership demonstrated by prominent firms in other industries which take customer-centric approaches to their bottom line strategies.”³

Working with a managed services partner to ensure clear accountability for success across the entire customer lifecycle is an increasingly viable alternative for service providers concerned about getting it done entirely with in-house resources.

Choosing the right partner, however, makes all the difference. Sustained success at the scale required to make a meaningful impact on customer experience relies heavily on selecting a partner with a broad set of capabilities, experience, business insight, and executive commitment. Your customers deserve nothing less.

LEARN MORE ABOUT HOW MANAGED SERVICES CAN IMPROVE THE CUSTOMER EXPERIENCE

- > For more information on the capabilities and successes of Amdocs’ managed services, please visit our website at **<http://gss.amdocs.com>**
- > If you’re interested in a personal briefing with one of our managed services experts, please contact **ManagedServices@amdocs.com**.

³ TM Forum, *Quick Insights Customer Experience: The Key to Profitability*, 2010

ABOUT AMDOCS MANAGED SERVICES

Leading service providers worldwide have selected Amdocs Global Strategic Sourcing (GSS) to manage their BSS/OSS and service delivery infrastructure, applications and processes so they can focus and invest more on their business strategy — growth, new products, improving the customer experience and competing better.

Amdocs' managed services approach consists of three main pillars – expertise, foresight and value

- > **Expertise:** Amdocs GSS offers customers unmatched industry experience and access to best practices gained by working with leading service providers across 60 countries. With over 25 years of experience, and thousands of telecommunications experts, Amdocs helps its customers gain access to a knowledge and experience base that is unparalleled
- > **Foresight:** Amdocs is totally dedicated to the communications industry. The company has a vision and strategy for the future, which drives its constant investment in R&D. Award-winning customer experience systems continue to set new standards for B/OSS innovation. Amdocs experts are regular speakers at industry events and forums and its employees participate and contribute to industry standards bodies. A global perspective combined with industry focus enables Amdocs to help customers prepare for the future.
- > **Value:** Amdocs customers are able to leverage the company's global software, systems integration and operations best practices for each customer engagement, from tier one to greenfield operators, to enable best-in-class service levels.

SURGE PROTECTION: AMDOCS MANAGED SERVICES ENSURES SMOOTH HANDLING OF TOP PRIORITY PRODUCT LAUNCH

THE CHALLENGE

- > Tier 1 service provider in North America counts down the days to a highly anticipated launch of a new smart phone
- > Provider conducts extensive tests to ensure its network and sales application could handle double their normal volumes
- > On launch day, however, customer demand surges to four times the normal volume, overloading a channel partner system and diverting even more traffic to the service provider's main sales application
- > First day sales break all records for the company, matching the total sold by two previous best sellers combined over their first three days
- > As traffic eases in the following days, Amdocs initiates a rapid design review with the service provider to explore potential upgrades that would ensure future success at even higher levels of demand

THE SOLUTION

- > Amdocs real-time, proactive monitoring tools and communication processes flag the problem immediately and provide constant transparency and control to the service provider; responding to immediate need, Amdocs adds capacity to minimize delays with the overloaded sales application

THE RESULT

- > Monitoring and stand-by capacity from Amdocs managed services enables a smooth and successful launch experience amid the risk of substantial failure

Handling the surge in sales and activation traffic for major product launches is a big test for customer experience management. Minimizing any problems means you're off and running with happy customers, positive buzz in the market, and an important new revenue stream. Let those problems take center stage, however, and the hoped-for big day can easily become a long-term drag on revenue, reputation, and renewals.

Maintaining surge capacity, responsiveness, and follow-on planning capabilities with in-house resources for the biggest hits is extremely difficult for most service providers. With an effective managed services partner, however, the challenge can be met confidently, affordably, and with clear accountability.

ABOUT AMDOCS

Amdocs is the market leader in customer experience systems innovation. The company combines business and operational support systems, service delivery platforms, proven services, and deep industry expertise to enable service providers and their customers to do more in the connected world. Amdocs' offerings help service providers explore new business models, differentiate through personalized customer experiences, and streamline operations. A global company with revenue of \$3 billion in fiscal 2010, Amdocs has over 19,000 employees and serves customers in more than 60 countries worldwide. For more information, visit Amdocs at www.amdocs.com.

Amdocs has offices, development and support centers worldwide, including sites in:

THE AMERICAS:

BRAZIL
CANADA
COSTA RICA
MEXICO
UNITED STATES

ASIA PACIFIC:

AUSTRALIA
CHINA
INDIA
JAPAN
SINGAPORE
THAILAND

EUROPE, MIDDLE EAST & AFRICA:

CYPRUS
CZECH REPUBLIC
FRANCE
GERMANY
HUNGARY
IRELAND
ISRAEL
ITALY
NETHERLANDS
POLAND
RUSSIA
SOUTH AFRICA
SPAIN
SWEDEN
TURKEY
UNITED KINGDOM

For the most up-to-date contact information for all Amdocs offices worldwide, please visit our website at www.amdocs.com/corporate.asp

amdocs