

Reader Forum: Big data – Driving change for CSPs

June 17, 2013 by Gary Zimmerman, Director of Solution Marketing, Neustar Carrier Services

Editor's Note: Welcome to our weekly Reader Forum section. In an attempt to broaden our interaction with our readers we have created this forum for those with something meaningful to say to the wireless industry. We want to keep this as open as possible, but we maintain some editorial control to keep it free of commercials or attacks. Please send along submissions for this section to our editors at: dmeyer@rcrwireless.com.

This becomes increasingly important because the communications market is changing. Two basic models are dominating the communications industry – the Internet/e-commerce model and the traditional CSP model.

Internet and e-commerce companies are regarded as:

–Personal: The pervasive model continually refines content and offers based on what the customer has done before (i.e. recent searches, likes, purchases, re-tweets, etc.).

–Less than trustworthy: Unfortunately, in a model where many services are free, often the product for sale is the customer, or more specifically their data.

–Best efforts: Network quality and customer support are beyond the scope of these providers and therefore not expected by the customer.

CSPs are regarded as:

–Standard: Offers consist of a few “one size fits all” service bundles of communications plans and video packages.

–Trusted: For years CSPs through practice and regulation have been stewards of personally identifiable information.

–High quality: Customers expect a quality network experience and expansive service support.

Services like voice and messaging that are traditionally identified with CSPs are increasingly being provided by internet companies in ways that are more cost efficient and convenient. CSPs must offer a more personalized service that differentiates their strengths in customer trust and service quality to

keep the value with the CSP, not riding over the top. Using the information being generated within their networks is critical to the success of this effort.

CSPs are good at handling big data with terabytes of information processed through their networks every minute. However, they are historically focused on monetizing messages, calls and megabytes rather than developing insights and analytics to drive their business.

To be truly effective, CSPs should add demographics, propensity to buy and lifestyle data from a trusted third party to provide a 360-degree perspective on behavior. Doing so completes a true information asset on customer behavior because it adds a richness that cannot be gleaned from internal records alone. This information asset is the foundation for change.

Many CSPs are trying to generate revenue growth from application developers by offering applications programming interface access to their operations and networking capabilities. While these efforts are beginning to bear fruit, CSPs should not lose sight of the internal uses for a customer behavior information asset.

Such an information asset can be used to answer lots of questions to improve business. In a recent Gartner Market Insight report titled, “Calculating the Value of CSP Customer Data” published on Dec. 7, 2012, analyst Charlotte Patrick outlined no less than 45 different uses of customer data to generate margin improvements. According to Patrick, “An average CSP could potentially generate \$300 million a year in additional margins.”

These aren't hypotheses; CSPs are taking advantage of their information assets on customer behavior today. For example, a wireless CSP wanted to increase the customer take rate of an add-on service that was suffering from low sales volumes. Even though the customers that purchased this service were highly satisfied, it was highly rated by analysts and competitors were working on similar offerings – the company could

not get customers to purchase it. Their information asset provided the big picture; what their targeted customers truly wanted, how to reach them and what to say to them to ultimately boost sales. Sales are increasing markedly as they execute a plan that focuses on an improved user experience along with highly relevant messaging.

In another instance a major cable operator realized that bad debt was on the rise and was looking for a way to identify risks during customer acquisition rather than writing off charges months later in collections. Using advanced insights and analysis, the operator correlated current service applications with previous customer records to identify risks before service installation and significantly improved results. In the first year alone, the operator collected \$7 million in outstanding collectibles, and avoided an additional \$14 million in bad debt.

In conclusion, CSPs can use big data in the form of a customer behavior information asset to take advantage of their strengths as the trusted provider of the network experience, augment that strength with more personalized service and ultimately drive significant growth in revenue and profit.

Gary Zimmerman is senior director of Carrier Marketing at Neustar. He and his team deliver the educational and outbound marketing efforts for communications service providers. Zimmerman has over 30 years of experience in telecommunications management in both the carrier and enterprise setting. Zimmerman spent 20 years at AT&T where he developed ordering, billing and international clearinghouse systems. Zimmerman has successfully launched and managed products including international data services for global 500 companies, a software-as-a-service offering in Japan and data networking/security offerings for the mid-market. Prior to joining Neustar, Zimmerman was a VP and founding member of a telecom expense management enterprise software company that grew into a \$30 million dollar concern during his tenure.