

Business Needs Study 2009: CSPs sharpen focus on customer satisfaction

The second edition of the annual study by Nokia Siemens Networks noted a recognizable shift in the market – the rise of mobile internet is causing a profound market transition, leading towards an open, internet-driven communications ecosystem. As a result, Communications Service Providers (CSPs) are transforming themselves into customer-centric organizations and envisaging new business models to compete in this new ecosystem.

Selected by more than half the respondents, **improving customer satisfaction** emerged as the most important strategic goal for CSPs over the next three years. Transforming their service and device portfolio, pricing and billing, and customer care were cited as the key drivers to achieve it.

Reduction of operating costs was the second-most important goal voted by 37 percent of respondents. Outsourcing network operations and technological evolution as well as company transformation are seen as central levers in order to decrease OPEX.

Identifying new revenue streams emerged as the third most important goal with a vote from 34 percent of the respondents. CSPs are clear that while voice remains the core of their business, they want to get more out of their networks and graduate from being a mere bit-pipe. About 78 percent of CSPs said they want to venture into intelligent distribution, while 69 percent said they look at content bundling as areas of growth.

“We believe the future is in data, we want to make money out of data, exploit technology and make sure we stay ahead of the pack.”

Mobile operator, West South Europe

- CSPs see the need to transform themselves from a telecom and network roll-out driven organization into an efficient customer-centric IT organization.
- In a highly competitive market, network performance is the main battlefield, followed by prices/ tariffs and innovative services.
- Mobile internet is the biggest top-of-mind issue this year. CSPs are also focusing on identifying new business models and addressing regulatory issues.
- CSPs’ main pain points rely in network performance & evolution, process management and customer approach.
- The market transformation has most affected the network domain, enterprise management, and product development units of CSPs.
- Main competences needed are for more customer insights, innovation and IT skills.



New ecosystem, new challenges and opportunities

There is explicit recognition that customer-centricity is the key to harnessing new business opportunities and remaining competitive.

However, user expectations are rapidly changing, especially as the internet transforms the way services, applications and content are accessed, distributed and consumed. CSPs are therefore focusing on organizational transformation to offer next-generation services and compete effectively with the internet organizations. A majority plan to or are currently working on simplifying their network architectures so they can react rapidly to competitive developments through new service introduction. In addition, they are focused on adopting a leaner and more agile operating structure through process transformation.

"We redefined our processes in order to become a customer centric organization."

Converged operator, Latin America

This transformation extends to new business areas as well. CSPs are also sharpening their focus on the enterprise segment where the boundaries between telecom and IT organizations are fast blurring. In fact, service providers named enterprises as a key source of additional revenue in the next three years, after mobile and fixed internet.

They are also tapping new business models that have emerged from the internet ecosystem. Moving away from the walled garden approach of the traditional telecom model, they are embracing two-sided

business models by acting as conduits between third-party applications and content developers and the end-users.

*"Our overarching strategy is to become a **multimedia solutions company** providing innovative services to bring positive experience to our customers."*

Mobile operator, APAC

There is also a shift in their view of internet players such as Google, who are seen to be less disruptive than they were last year. CSPs see a threat from these players as much as an opportunity to partner them for new offerings.

But ultimately it's the end-user experience that will decide the winners in this new ecosystem. Customers today are more demanding than ever before and can quickly switch their service provider if dissatisfied. CSPs, therefore, can't afford to take their eyes off this end-goal.

The Business Needs Study 2009 is based on interviews with senior executives from CSPs operating in 42 countries. The objective of the study was to gather insight on their value proposition to customers and their perception of competitive strength and to identify their current major areas of concern.

"We invest and will invest a lot of money to improve customer satisfaction and retention."

Fixed operator, Middle East and Africa