

# Winning Customers in the Digital Economy



### The Value Chain is Under Pressure

The worldwide transition towards a digital economy promises more than \$2 trillion in benefits for the communications industry. But it will not be an easy feat for service providers to take advantage of this opportunity, given that they now generate a smaller percentage of industry-wide profits<sup>1</sup> than they did five years ago—a struggle that’s predicted to continue in the future.

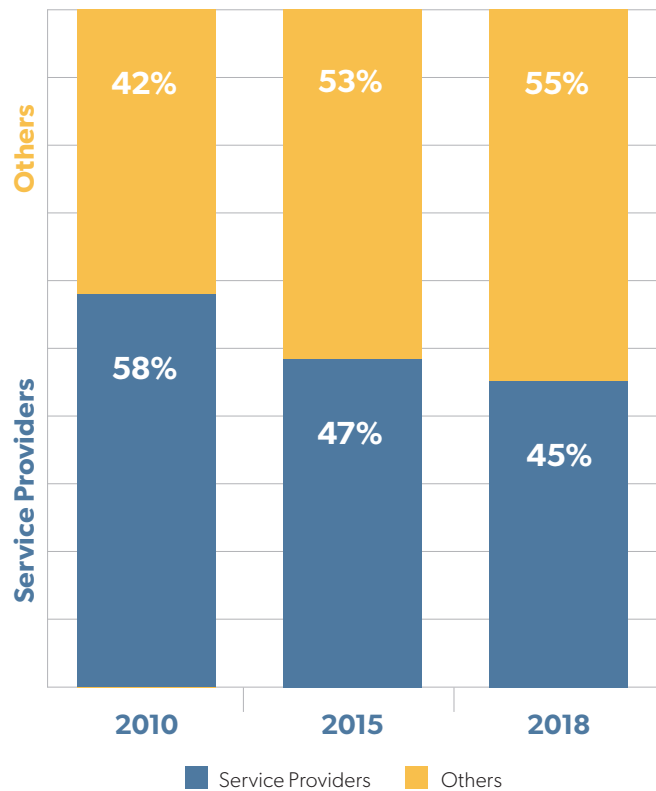
Adding even more pressure to the value chain is the emergence of a completely new breed of competition in the cloud segment. These companies are innovative, agile, customer-centric and unburdened by legacy systems and business processes. They boast microservices-based architecture and particularly short product release cycles. They provide superior, digital-first customer service and effortless interactions.

### Winning in the Digital Economy

Digital transformations are becoming common among service providers in response to new forms of competition and as a means to win in the digital economy. With worldwide smartphone adoption projected to hit 65 percent in 2020<sup>2</sup> and consumers in some countries spending an average of five hours per day on their smartphones<sup>3</sup>, service providers may have no other option but to adopt a digital-first approach. Behaving like a digital company means service providers must be able to:

- Introduce new digital services to the market quickly, bundle them with traditional services and sell them efficiently across channels.
- Provide a personalized customer experience across digital and traditional channels.
- Adapt quickly to changing market conditions by deploying new capabilities, initiatives and offers.

### Share of Overall Industry Profits



Source: World Economic Forum

Many service providers struggle to achieve these goals because they established their business and operational processes and IT infrastructure in the pre-digital era. Their businesses were built around conventional telecom services, traditional channels and thorough engineering methods. Because change was customarily managed over long periods of time to ensure network integrity and regulatory compliance, many service providers developed siloed legacy systems that have since grown outdated and inefficient.

Rapid change is the new rule. To win in the digital economy, service providers must be able to achieve superior business agility, create digital service portfolios and deliver truly seamless experiences.

<sup>1</sup> World Economic Forum, Digital Transformation Initiative – Telecommunications Industry whitepaper: <http://reports.weforum.org/digital-transformation/wp-content/blogs.dir/94/mp/files/pages/files/dti-telecommunications-industry-white-paper.pdf>

<sup>2</sup> GSMA, The Mobile Economy 2017, page 8: <https://www.gsma.com/mobileeconomy/>

<sup>3</sup> Flurry Analytics: <http://flurrymobile.tumblr.com/post/155761509355/on-their-tenth-anniversary-mobile-apps-start>

### Achieving Superior Business Agility

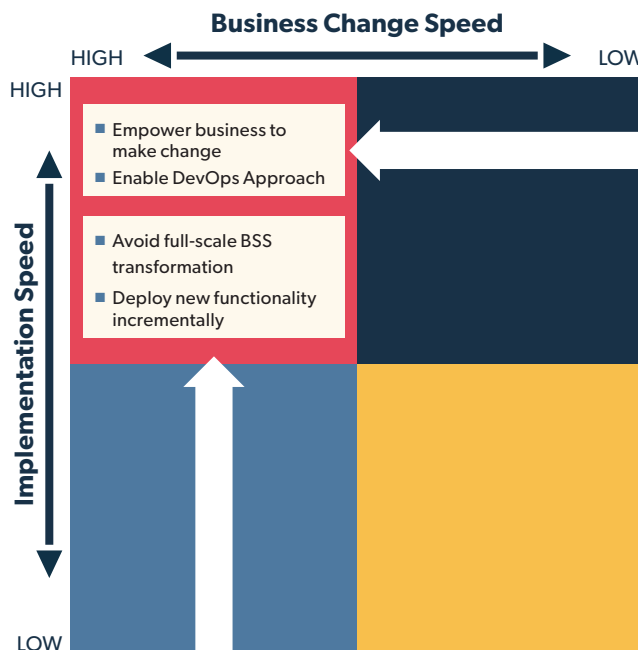
In today’s digital era, business agility is essential for long-term success. However, multiyear “big-bang” transformations that help a business become more agile in the future are no longer feasible. So how can a business achieve agility in this environment? There are two recognized ways. The first way is to increase business agility by incorporating the speed of business change into the process of introducing new products or services, adding new business functions, engaging new partners or opening new channels. The second method involves the ability to accelerate the speed of implementation. If successfully managed and deployed, these approaches will allow service providers to become more adaptable to change.

### Two-Speed IT Approach

The two-speed or multispeed architectural approach abstracts front-office business- and customer-focused applications from back-office applications. This approach allows service providers to deploy business-critical functions on top of existing BSS as an alternative to long-term transformation projects with delayed benefits. With a multispeed approach, service providers can leverage the freedom they need to accelerate time-to-market with front-office applications and experiences. It also allows core business processes shepherded by legacy systems to remain intact. Meanwhile, a two-speed approach also enables an accelerated transformation of customer-facing systems.

### Microservices-Based Architecture

Internet innovators introduced microservices-based architecture and it has quickly become the backbone of business agility. Microservices enable robust but flexible architectures where distinct functional components can be deployed, scaled and healed independently. This allows service providers to deploy functionality incrementally in order to achieve quick wins and hit aggressive time-to-market goals. Additionally, contract-based APIs enable easy integration of third-party microservices into the existing IT landscape. The main benefit of microservices is that they can be changed independently, which allows



service providers to deploy a DevOps approach across their organizations.

### Enterprise-Wide DevOps

DevOps is another key enabler of business agility. It addresses the inherent challenges to the traditional waterfall approach, including siloed teams, long release cycles and a lack of transparency. With DevOps, a service provider can organize development around business teams that focus on specific business functions. This ensures close collaboration between business and IT, making each team responsible for clear objectives and measurable goals. DevOps also enables continuous functionality development, testing and deployment. This helps service providers deploy software more frequently and reduce time-to-market. Incorporating Agile methodologies into the DevOps approach enables even greater transparency for management with regard to business alignment, project progress and KPI achievement.

### Creating a Digital Portfolio

In order to become a one-stop-shop for mass market and business services, service providers need a unified offering catalog for all traditional, virtualized, digital and other services. This will enable services to be



bundled and sold efficiently across channels. In the digital economy, a mobile-first experience is critical, and service providers need to ensure that potential and existing customers can shop and engage with them through any digital channel. Additionally, service providers need to utilize zero-touch processes to ensure speed and quality for all service orders and deliveries.

### Partner Ecosystem Enablement

The number of potential services is growing exponentially thanks to the emergence and proliferation of digital technologies. As such, service providers will benefit from efficiently onboarding partners in order to build robust ecosystems comprised of myriad proprietary and third-party services.

Next-generation partner ecosystems should span a variety of domains, including Software as a Service (SaaS), IoT, virtualization and services such as security, network management and finance. A partner enablement process that goes beyond onboarding into service integration and go-to-market strategy development will help an ecosystem thrive.

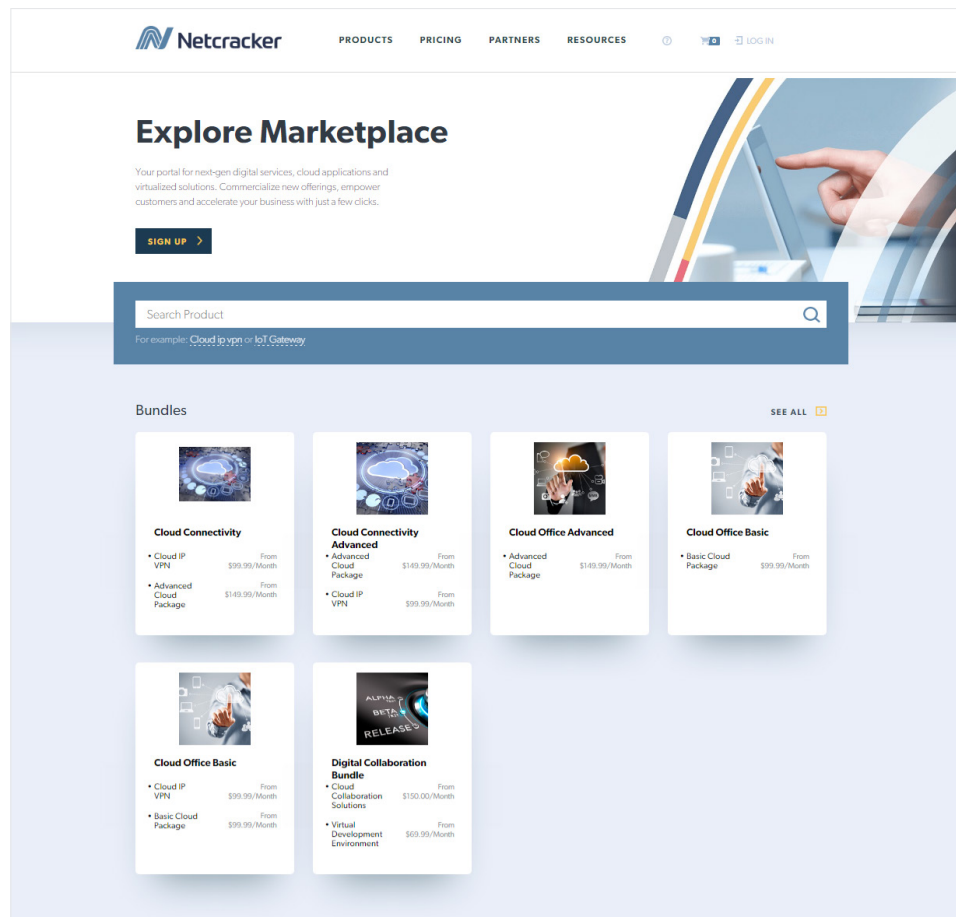
### New Offer Management

Once partners are onboarded, it is important to provide business teams with the right tools to configure offers, bundles and promotions. Service providers must be able to manage these offers across regions and product lines. Flexibility is also required to set a variety of complex rules on how discounts, promotions and offerings

interact with each other. Beyond that, service providers need to have mature product lifecycle management processes that efficiently manage a multitude of promotions across offerings and business lines.

### Delivering Digital Experiences

Digital-first, personalized experiences and proactive customer engagement depend on continuous customer journeys. This means that customers should be able to start their experience in one channel and continue seamlessly into another. For example, customers should be able to leverage customer service for questions or concerns and then easily transition back to their journey. Meanwhile, service providers should have the ability to track customer interactions throughout the process to provide suggestions and personalized offers. Proactively guiding customers by anticipating needs and next steps is an important, and often expected, aspect of a digital experience. To



enable a unified experience across channels, service providers need intelligent customer profiles, high levels of automation and effective journey management tools.

### Comprehensive Customer Insight

Providing personalized and proactive care requires a deep understanding of customer preferences, behavior patterns, needs and desires. Service providers have to aggregate this data from a variety of back- and front-office systems, along with other events that are relevant to the customer, in a single place. This data needs to be constantly updated and analyzed so that service providers can utilize helpful customer insights, including projected customer lifetime value, churn probability, preferences and behavior patterns. The results can be used to personalize customer experiences and interactions and engage proactively with customers to maximize lifetime value and loyalty.

### Business Teams in the Driver's Seat

Once comprehensive customer insight is available, business teams can leverage it to provide personalized customer experiences. Customer-facing groups need to engage customer segments using the right communication through the right channel at the most opportune time. Business groups can also design engagements and organize them within a continuous journey across channels, putting every interaction into context with previous interactions. This ensures that business users have full visibility and control over the customer experience at every touchpoint.

### Automated Customer Journey Execution

To keep pace with a growing customer base, digital journeys need to be automated. Every customer event needs to be acquired, analyzed and put into the context of all other customer events and journeys. This provides complete awareness of customer context, helping to avoid scenarios such as attempting to upsell a customer before a grievance has been resolved. Therefore, automated, monitored and analyzed customer journey execution is a critical factor in improving customer experience.

### Conclusion


Winning customers in the digital economy requires service providers to bring new digital services to market quickly and sell them efficiently across channels, while delivering personalized, superior customer experiences. To achieve these goals, service providers are transforming into digital service providers. Digital transformation enables service providers to:

- Leverage multispeed IT architecture with microservices-based, DevOps-enabled solutions.
- Create a one-stop-shop for digital and traditional offerings.
- Enable personalized customer journeys across channels.

These focus areas help drive faster service introduction, revenue growth and greater customer satisfaction in the near term, providing momentum for long-term success.

For more information about Netcracker's next-generation OSS solution, please contact [sales@netcracker.com](mailto:sales@netcracker.com).

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