

Convergys Perspective Papers

Cable: the commercial market opportunity



Cable's urgent need to win business customers

On any given night in any market the world over, audiences can switch on their TV sets – or increasingly PCs and mobile devices – and find *Jaws*, one of the most popular and ubiquitously distributed movies ever made. For many cable companies, the image of a great white shark menacing its prey may strike a little too close to home as satellite TV, telecom communications companies and new over-the-top providers vie for market share in the increasingly competitive video arena.

While cable companies continue to battle aggressively in the consumer sector, making significant gains through new consumer offerings that include high-speed Internet access and VoIP, industry leaders recognize the need to diversify into new markets.

One opportunity frequently cited: the commercial sector, spanning organizations that range from SOHOs to small and medium-size businesses (SMBs), wholesalers, Fortune 500 companies and government agencies – many with seasonal needs. To be sure, cable companies already have a presence in this market, but they now need to push harder to win commercial accounts that can drive major new revenue streams.

The only question: Does cable have what it takes to grow as a significant presence in the commercial market serving large companies? Yes, they do – in all areas except one that ranks high with businesses – billing. There the cable sector needs work.

The commercial market – it's complicated

Cable companies have many important credentials that add luster to their portfolio in the commercial arena.

- In the U.S. alone, the cable industry during the last decade invested more than \$130 billion in advanced network infrastructure to support next generation services. Globally, cable's investment in new networks is a significant multiple of that figure.
- In the same period, many cable operators have created packages expressly designed for businesses, including metro Ethernet, private line, high-speed Internet, VoIP and other services.

Despite these efforts, cable's bid in the commercial arena seems to move in slow motion: In the U.S., cable companies score 5 - 10 percent revenue contribution from businesses - at best - while many telecom operators pull in 35 percent of revenue from the sector.

One obvious reason: Telecommunications companies are firmly entrenched with business customers. As comparatively new players going up against competitors with years of experience serving commercial accounts, cable operators may find that their lauded record in the consumer market means nil to a business.

Serving business customers is a different world. Here the title of another popular film applies: "It's Complicated." Among the chief plot twists are the complex set of requirements and expectations in billing support.

Complex demands of commercial billing

Commercial accounts have very specific needs in billing:

- **Simplicity** – easy to understand invoicing. The ability to provide full detail on complex bundles of service, from any individual or network, in one master invoice
- **Hierarchical treatment** – presenting billing across multiple geographic zones and allowing each user to define an organizational invoicing arrangement. Also requires the ability to invoice at the "appropriate" level, including corporate, division, local and individual
- **Convergent billing** – a consolidated invoice that re-rates as prices increase or decrease, and has also the ability to generate a statement of charges at non-invoiced locations
- **Discounting** – the application of discounts and sharing of minutes across the whole commercial account. All charges, including discounts, must be reflected on invoices and statements down to the service level. Must include all devices, for example, pay-per-view discounts across not just TVs, but also wireless devices and PCs
- **Sophisticated pricing** – bundling that is attractive to the commercial customer. At the same time, the bill must have the ability to split charges for usage by the organization versus usage by the individual
- **Rock solid service level agreements** – the flexibility to tailor and support SLAs by customer.

Legacy BSS systems designed to support the consumer marketplace are ill suited to meet this complex and diverse array of demands in the commercial sector.

The bill: what matters most to business and commercial customers

Commercial customers are not happy with their billing from current service providers. A recent survey of business customers by Convergys¹ finds that:

- Only 36 percent rate their primary provider as effective in billing
- Only 37 percent say their provider can bundle services
- Just 31 percent say billing issues are easily resolved and 40 percent say customer service is too slow
- 70 percent have complained about billing issues
- 90 percent of C-level execs have complained about billing

Because billing is a top priority in the commercial arena, the ability to deliver what business customers want most provides a major market opening for cable operators armed with sophisticated BSS solutions.

¹ Convergys North America Corporate Telecommunications Survey, May 11, 2010

Cable BSS evolution

To succeed in the commercial arena, cable operators must offer next generation business services and support offers via efficient, coherent back office operations. Cable back offices must evolve to meet business customers' expectations in all areas, including:

- End-to-end automation – from order entry to product configuration, service activation and fulfillment – to ensure the accurate, efficient and timely delivery of complex business services
- The ability to rate and charge across complex hierarchies and geographies for all products and services
- Complex service level agreements to process pre- and post-paid transactions with agility and flexibility
- Discounting across all services, with shared usage across any combination of product, service, hierarchy, or geography.

The right BSS solution can elevate cable operators in this vital sector, driving a cable operator's business objectives for better management of revenue, the customer relationship and the lifecycle of products designed to win share.

Revenue Management

- Ensuring an efficient cost to serve that sustains margins and grows ARPUs
- Real-time convergent charging enabling personalized promotions to increase loyalty
- Maximizing converged service offerings to the customer
- Revenues billed and collected quickly and effectively
- Service-agnostic to meet today's demands for m-commerce, high-speed data services, messaging, voice and video and future-proof for whatever services come next.

Customer and Order Management

- Integrated with the CRM, subscriber and order management capabilities
- Single view of the commercial customer, to effectively manage all customer interactions
- Omniscience: Ability to manage the needs of business customers by division, department or end user across diverse locations.

Product Lifecycle Management

- Tight integration of the BSS, specifically the CRM, order and fulfillment systems, with a centralized, dynamic product catalog.

“Pain points” in current cable billing systems

At present, many cable companies' back office systems undermine initiatives to win commercial business. Older BSS systems designed to support the consumer marketplace lack the sophistication to manage the more complex demands of high-end commercial customers. Heavy reliance on manual processes for order entry, service creation, activation and fulfillment lead to high order fall-out rates, re-work and late service delivery. Customer dissatisfaction and lost opportunities result when the following “pain points” prevail in the cable back office:

- Lack of end-to-end automation across all processes from order entry to fulfillment
- Lack of a simplified integration/interface
- Lack of processes for credit checks
- No single view of the customer and no single reporting view
- Too many places for the configuration of new products and services
- No tools to quickly and cost effectively assess the feasibility, financial benefit and impact of new price changes
- No ability to provide sophisticated rating
- The IT department is too slow responding to needs of new products
- The cable operator can't allocate cash back for the right billing account or efficiently collect revenue
- The old BSS system lacks intelligence: When a customer is delinquent, the cable operator cannot see the level of debt or its duration
- Inability to provide, let alone improve product bundling and discounting
- No reduced speed or cost to market for future services
- Multiple processes across all department touch points
- Multiple file formats for external suppliers
- Multiple invoices for one commercial account
- Rampant inefficiencies across customer service
- A fractured brand image in the commercial marketplace.

Commercial customers expect a “can do” attitude from service providers. What they often find instead when a cable operator brings its legacy approach to bear on the business market:

- No detailed, hierarchical billing
- No location-based billing
- No discounts once a business customer passes a threshold
- No bundled services – cable companies must offer each service *a la carte*.

Cable's future

The cable sector must move expeditiously on the commercial market opportunity. Consumer revenue is no longer the “sure thing” of the past, and rest assured that the competition is stepping up its own market initiatives across the board – not just in the consumer sector but with business customers, too. Cable companies have the chance to seize an important window by quickly addressing commercial customers' demands for better billing and care.

Time remains. Recent research shows that Internet TV has minimal to no impact on regular viewership habits – despite the fact that 50 percent of U.S. households regularly use a PC to watch a TV². Currently, most Internet TV fans spend less than five minutes online watching snippets, then switch to traditional channels to view the whole program. However, with the increase in Internet-enabled TV, improving technology and more tablet PCs showing streaming TV, it would be a mistake to expect viewing habits to stand still.

The competitive equivalent of *Jaws* is closing in. Cable leaders know this well and understand that they must broaden their horizons to include commercial customers. How successfully they do so will hinge on their speed and resolve in embracing advanced BSS as the platform for future growth.

²WorldTVPC article based on Comscore data, “Internet TV Has No Effect on Regular TV Viewing Figures.”



Convergys Smart Revenue Solutions

Convergys has 25 years' experience providing Smart Revenue Solutions to the telecoms, cable, satellite, broadband, and utilities markets. With its convergent billing and customer care solutions, Convergys helps organizations better understand, sell to, and serve their customers to build stronger relationships and turn transactions into profit. Convergys' future-proof solutions enable clients to offer personalized, innovative services and delivery, build customer loyalty, lower costs, and grow revenues.

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