CSG
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CAPTURING THE ENTERPRISE MARKET

PROFIT POTENTIAL IN PERSONALIZATION

UNDERSTANDING, WOOING AND WINNING THE SMB

While corporate giants and captains of industry may grab the limelight, small business is what truly drives national, and by extension, world economies. Capitalizing on the potential of the small/medium business (SMB) market takes a unique approach. For example, the statement in the bottom right corner, cited by TeleManagement Forum[1]—spotlights two critical requirements of the small/medium business (SMB): 'customized', and 'business needs'. Communications Service Providers (CSPs) wishing to attract and retain customers in the growing SMB market need to address their clients' business side, not their technology side. We believe that this can be achieved through personalization.

Imagine you are a small/medium business owner. You have 100 employees, distributed around the country, and your business is financially stable—as much as a small business ever can be. There are the usual concerns over operational costs and improving the productivity of your workforce, and you think that your sales and marketing could be more effective. And as soon as you sort out those areas of the business, you'd like to expand, maybe overseas.

But in the meantime, you have everyday tasks to be done—answering the phone, keeping up with the books and record keeping, coping with legislation like taxation, government regulations and incentives for small business, dealing with staff issues, maintaining an online and social presence which is taking up an increasing amount of your time, doing yet more paperwork, planning inventory, negotiating with suppliers, writing proposals and quotes, networking, stocking shelves, visiting the warehouse, interacting with customers, paying the bills, ordering product... The list goes on.

In a recent survey, 76 percent of small business owners said they filled between three and six different roles in any given day[2]. No wonder then that in a survey of people in forty countries, in only four of those countries did the majority think self-employment was feasible[3].

> **WHAT DO SMALL TO MEDIUM BUSINESS CUSTOMERS WANT? ONE COMPANY THAT CAN OFFER BUNDLES OF COMMUNICATION, SOFTWARE, AND EQUIPMENT... CUSTOMIZED TO MEET THEIR SPECIFIC BUSINESS NEEDS.**

[1]TM Forum Article, 2010, http://www.tmforum.org/Articles/BusinessProposition/41671/article.html
[2]http://home.evoice.com/s/r/evoice/25HourDaySurveyResults.pdf
[3]http://ec.europa.eu/public_opinion/flash/fl_354_sum_en.pdf. The four: Latvia, Sweden, China and Brazil.

While SMB owners like our imaginary one are not unique—95-99 percent of all businesses are SMBs, and 40-55 percent of all employees work in them, anywhere in the world[4]—their requirements are. Each business is different and so each one has unique requirements to enable it to grow and succeed. The CSP that can most directly meet those requirements is the one who will gain—and keep—the SMB owner's trust and business.

**SMB YEAR-ON-YEAR SPEND ON INFORMATION COMMUNICATION TECHNOLOGY (ICT) IS GROWING AT A HEALTHY 3 PERCENT.**

CSPS HAVE BUSINESS CONCERNS TOO

CSPs around the globe are struggling to identify new revenue sources, grappling with declining voice income, confronting new technology investment, and battling threats from non-traditional competitors. So attracting and retaining SMB customers provides a new market that is ripe with potential. Although the number of SMBs remains relatively static, their year-on-year spend on Information Communication Technology (ICT) is growing at a healthy 3 percent. And if you are a mobile provider, the good news is that the growth rate in the mobile workforce is expected to be even higher (Figure 1).

Your competition—whether CSP or OTT—is chasing the same revenue opportunities as you are. You must act differently: by capitalizing on the full breadth of your product offerings and expertise; by providing a unique, end-to-end solution matched to the business requirements of each individual Small or Medium Business; and by personalizing your offerings so that you, as one company, can meet their business needs.
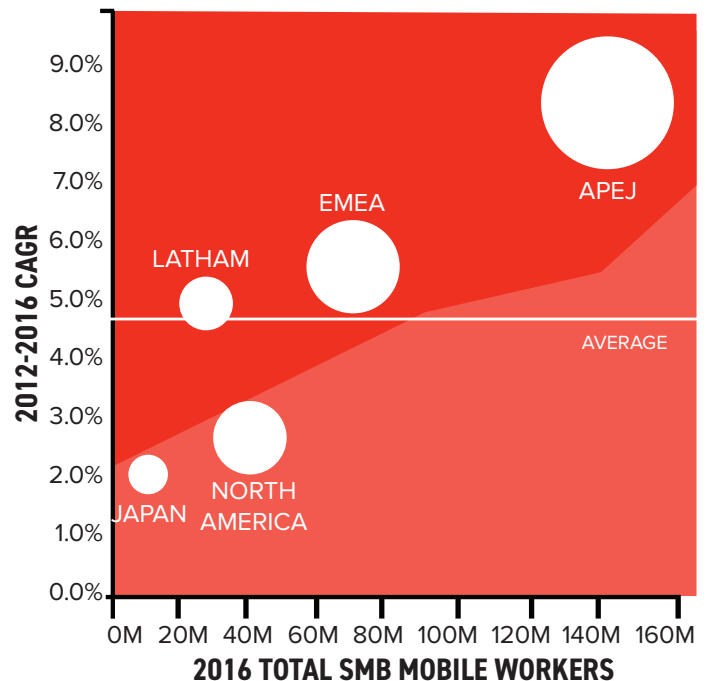
Figure 1: Total SMB Mobile Workers and Growth Rate, by Region (source: Techaisle)[5]

CATERING TO THE SMB: THE MARKET OF ONE

SMBs have varied requirements resulting not only from their different business models and sizes, but from regional differences and emerging technology trends. A 2011 survey of 50,000 SMBs determined that the top business drivers differed regionally.

In each region, SMBs believed that collaboration and communications, workforce efficiency and market penetration were important, but the approaches to achieving these goals varied.

Consumerization—the growing tendency for new information technology to emerge first in the consumer market and then spread into business—has challenged small business owners as they grow their enterprises. As a sole proprietor, sorting through the myriad technologies, services, and applications was

a matter of personal preference. However, as with larger enterprises, as employees are added, "most SMBs have not yet figured out how to manage the explosion of devices, apps and the "bring your own device" (BYOD) phenomena." Having a partner who understands and can inform this process is of real value; CSPs can fill this role through personalized end-to-end offers.

ANALYSYS MASON, 2012

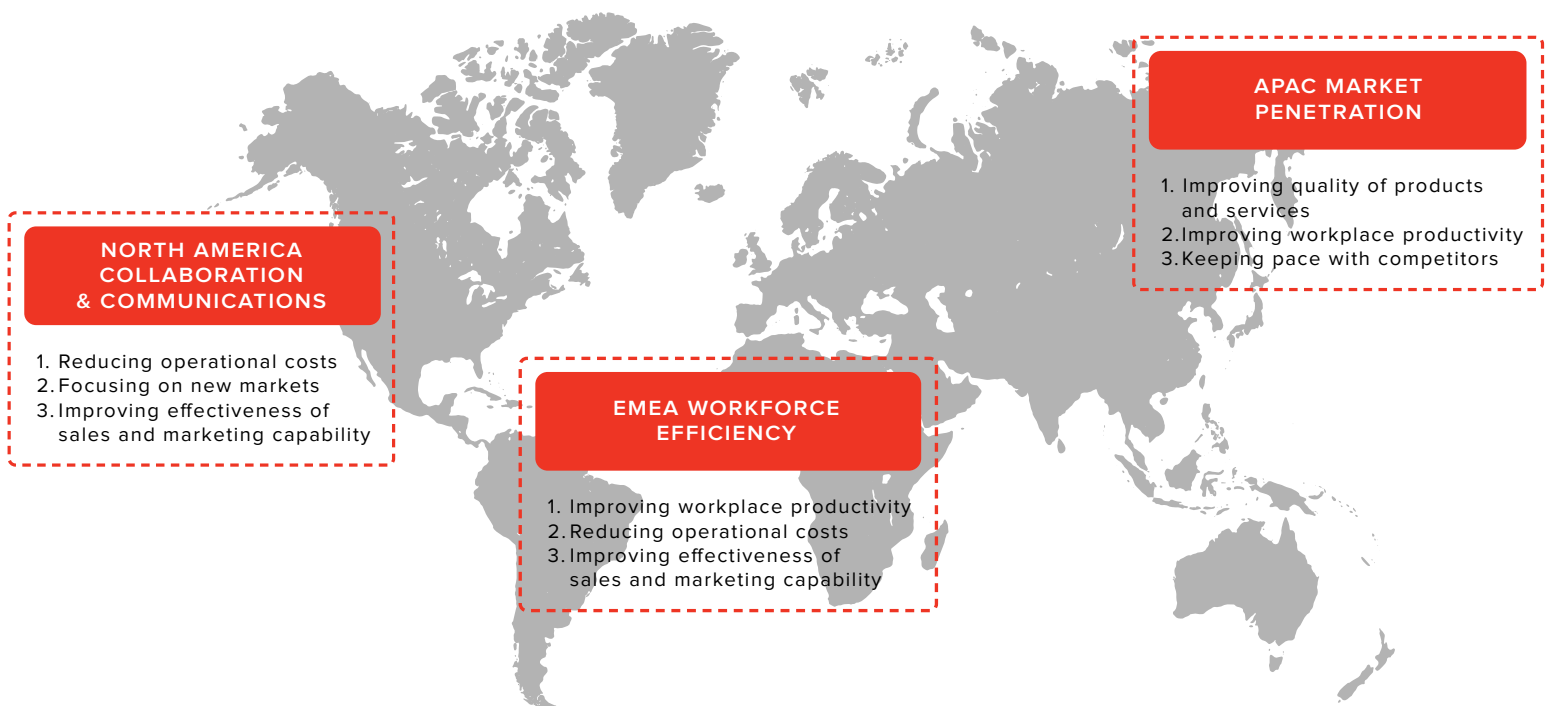### MARKETING TO SMES AND SOHOS REQUIRES CAREFUL ATTENTION TO BUSINESS RATHER THAN TECHNOLOGY CHALLENGES.

APAC MARKET PENETRATION

1. Improving quality of products and services
2. Improving workplace productivity
3. Keeping pace with competitors

NORTH AMERICA COLLABORATION & COMMUNICATIONS

1. Reducing operational costs
2. Focusing on new markets
3. Improving effectiveness of sales and marketing capability

EMEA WORKFORCE EFFICIENCY

1. Improving workplace productivity
2. Reducing operational costs
3. Improving effectiveness of sales and marketing capability

Figure 2: Top SMB Business Issues across Regions (Source: Techaisle)[6]

[6] "SMB Transformation – Regional Drivers", Techaisle, 2011
[7] "SMB Group's 2013 Top 10 SMB Technology Market Predictions",
http://www.smb-gr.com/wp-content/uploads/2012/pdfs/2013_SMB_Predictions.pdf

WHAT IS A PERSONALIZED OFFERING?

Personalized offerings address SMBs' unique requirements. They may be bundles of pre-selected equipment, services, and software that address the full breadth of the SMB's needs, or they may be standard offerings, a veritable smorgasbord of products and services, accompanied by knowledgeable advice and support that many busy and understaffed business owners welcome, so the SMB can pick and choose those that fit their unique operations.

The key attributes of a personalized offering are:

A Clear Menu. Technical jargon has our SMB owner confused. As a market of one, SMB owners want your offer explained in the business or consumer terms they're already familiar with. Provide a menu of disparate — but standardized — elements that the SMB can pick from to create a personalized package in a manner that is easy-to-use and clearly explained.

A Wide Variety of Offerings. The 'I' of ICT provides obvious advantages for SMBs' businesses, and may be the most valuable of a CSP's offerings. According to the global survey of 50,000 SMBs, 61 percent said that they are ignoring some technologies even if they may be relevant for their businesses. With so many options, SMBs are being forced to spend valuable time working out which technology to use, and from whom. This represents a major opportunity for CSPs; if they can package up these technologies into easy-to-understand bundles, with the right support, they stand to gain these 'missing' businesses.

Bundling. A proven churn preventer, bundles underscore the CSP's role as a one-stop shop. Time-pressured SMBs seeking core telecommunications products that are a CSP's bread and butter such as mobile, IP telephony and fixed line connectivity, will welcome business basics and other IT services, such as payroll, alongside the CSP's staples. Bundling parameters might include how many employees

PERSONALIZED OFFERING

SMBS' UNIQUE REQUIREMENTS

Staff retention ordering reporting
Social Media accounts receivable CRM
Marketing quotation preparation bill settlement
Social media legislative requirements stock management
Accounts receivable overseas expansion cost management
Marketing social media CRM

served, and differentiating how many are mobile. All the services that the CSP offers as standalone offerings, such as BYOD services and business applications, could be packaged as a tailored bundle for the individual SMB.

Self-selectable limits. Services with self-selectable limits of usage, bandwidth, QoS and other parameters allow SMBs to choose how much data they want to use each month (or day, or week) as an organization—and how much they want at a better QoS—and stay within their budgets. They can choose how and when certain websites can be accessed, and what office, telephony, security and cloud options they want.

Variable Pricing. Having selected their options, the SMB would be quoted a price for their bespoke package, including discounts for combination options, and they could tweak their choices to meet financial plans. 'Upgrades' would be available at a price, once the agreed-upon quota(s) were exceeded for the given period of time. And all of this should be done either via the call center, with expert help from CSP staff, or as a guided self-care 'shopping cart' process over the Web. 44 percent of SMBs find that there are too many vendors for different types of technologies, also contributing to the increase in technology-related

pain points[8]. These SMBs for are looking for unbiased advice on technology that is easy to understand and simple to adopt.

The Cloud. 45 percent of U.S. SMBs said they were going to move their business to the cloud in 2012[9]. However, they find cloud computing—along with virtualization, business intelligence, remote managed services and marketing automation—the most complex technology to understand[10]. So CSPs need to talk in business language rather than technology terms and emphasize business benefits to their customers, to help them understand what exactly cloud services mean to them, and more importantly, make them aware of what services are available in the cloud that could improve or simplify their business operations.

WHY DOES PERSONALIZATION APPEAL TO THE SMB?

Presented clearly, personalization helps SMBs to understand CSP offerings and how they are applicable to their business. It simplifies the search for the right service provider and encourages a one-stop-shop approach. In providing transparency of the costs for each type of service, budgeting and planning is made more certain. And the SMB has assurance of services that will grow with them—both in terms of the ability to select new types of services and to increase current services.

Techaisle's 2011 survey determined the six most commonly cited business drivers for SMBs to seek out bundled Enterprise services; these provide a common reference for segmenting your service offers.

1. Reducing Operational Costs

Personalization enables the SMB to choose the blend of equipment, products, and services that best fits its operational requirements. Unlike a standard off-

the-shelf package, they only receive and pay for the services they want. No waste means reduced costs. The ability to share resources and services (data, voice, cloud, etc.) within the company also results in less waste, and the flexibility of cloud-based, on-demand solutions, combined with the ability to alter tailored packages at will means that resources can be increased or decreased as required. Offering tools for the SMB to run its business in a 'rent' rather than 'buy' mode – and in a bespoke bundle – means no large capital expenditure, thus helping keep cash flow predictable both in terms of fixed and variable (usage-based) costs.

2. Improving Workforce Productivity

With personalized packages including cloud-based offerings, CSPs give their smaller business customers access to the type of resources that wouldn't have been feasible for an SMB before; according to Gartner, "cloud-based services are allowing small companies to have industrial-strength IT very quickly," but only a small number of SMBs recognize the true benefits that cloud computing can bring to their business[11]. Typical productivity applications include workforce scheduling, conferencing facilities and advanced call routing, enabling SMBs to share resources more productively than they could before. And of course who better than a CSP to offer improved standard communication capabilities as part of their offering?

3. Improving Quality of Products and Services

CSPs that offer personalized packages for their customers can also offer collaboration tools—both in the cloud and through mobile apps. Sharing of information and ideas, including those crowd-sourced from customers and others, fosters innovation and helps improve quality at a faster rate.

[8]"SMB Transformation – Regional Drivers", Techaisle, 2011
[9]http://home.evoice.com/s/r/evoice/25HourDaySurveyResults.pdf
[10]"SMB Transformation – Regional Drivers", Techaisle, 2011

4. Focusing on New Markets

SMBs face many hurdles when entering new markets: lack of knowledge and the ability to disperse skills and people geographically are major barriers. Globally, around a third (34 percent) of firms say that setting up an office/workspace presence is the biggest obstacle to overseas expansion[12]. As part of a personalized package, offered at the right time, CSPs can provide services like video conferencing, virtual offices and other remote business support. Even advantageous roaming packages can help with expansion by cutting costs.

5. Improving Effectiveness of Sales and Marketing

For SMBs concerned with sales and marketing improvement, CSPs can offer cloud services varying from cloud-based CRM, scheduling applications, to collaboration tools. Virtual call center support is currently offered by several CSPs too. Services that help an SMB expand its footprint and respond quickly and effectively to its customers will help drive sales and marketing efforts.

6. Keeping Pace with Competition

The final concern expressed in the survey was keeping pace with the competition. In high-growth markets in particular, there is concern about maintaining and exceeding those growth rates in order to keep up. For a small business, a flexible and personalized package that grows with the company without wasting resources is a highly prized option. At the same time, innovation enablers such as BI and analytics help SMBs grow ahead of their competition

WHAT ADVANTAGE DOES PERSONALIZATION OFFER THE CSP?

By making personalized offers, CSPs can meet the varied needs of their SMB customers, gain more revenue from them, and, more importantly, earn their loyalty and longevity as customers.

Obviously, by selling more services to SMBs, CSPs will grow their revenue. Notably, if a CSP already offers fixed or mobile communications or internet access to an SMB, it has a great opportunity to cross-sell more products and services. Personalization helps prevent SMBs from looking elsewhere for additional products and services because they will feel that all their needs are met by their current CSP. In this way, personalization provides a competitive differentiator for CSPs and decreases churn.

CSPs have the advantage in the products they can offer to SMBs. They have the network and core communications offerings that IT-only and OTT providers such as Microsoft, Skype and Google cannot offer, and associated with the network, can provide assured QoS, QoE, security, SLAs and more, as well as VoIP and unified messaging products. All of these together help meet our small business owner's needs for operational and workforce efficiency. On top of mobile, fixed and broadband connectivity, CSPs can offer bandwidth and the apps and services—

ACCORDING TO GARTNER, "CLOUD-BASED SERVICES ARE ALLOWING SMALL COMPANIES TO HAVE INDUSTRIAL-STRENGTH IT VERY QUICKLY", BUT FEW RECOGNIZE THE BENEFITS IT CAN BRING TO THEIR BUSINESS.

[11] "http://www.prweb.com/releases/2012/6/prweb9545480.htm
[12] http://www.smbworldasia.com/en/content/overcoming-barriers-growth-tackle-culture-first?page=0%2C1

communications apps, productivity apps, automation apps, reporting apps—that the business needs to function and meet needs, such as improving sales and marketing effectiveness, and guarantee the quality of those products and services.

To complete the package, CSPs can offer their SMB customers IT support, eliminating or minimizing investment in in-house servers, data storage and backup, thus enabling quick expansion to pursue new business opportunities. They are also positioned to offer their customer an online presence in terms of web hosting and other services. On top of the core IT offerings, CSPs can resell partner applications, such as office productivity software (examples might include Office 365 and sales force automation), and dedicated office support services, such as virtual call center and appointment booking. Beyond these services, CSPs can offer billing for SMBs' end customers. Other products might include PC rental or NFC or credit card payment terminals bundled with a GPRS connection.

The SMB no longer needs to be an expert to support its IT operations. The CSP is uniquely positioned to own the communications and be a trusted party; it can guarantee fast access, securely, from anywhere. And thanks to cloud and managed services, SMBs have access to tools they might have thought unaffordable.

For the CSP, product catalog agility and flexibility in the rating and billing engine makes it easy to bring new products and pricing models to market. CSPs have many channels to market, with the same set of services available via the call center, online and via self-service applications. Partnerships with application vendors, software suppliers, and IT

infrastructure providers can be established, and effective fulfillment and settlement can be made with them, enabling reseller agreements and white labeling. This is important for CSPs, in an environment where competition comes from Microsoft, Google or Amazon as well as other CSPs. It is also important to the SMB; as a provider of complete ICT services, the CSP can provide insights into the SMB's business across their end-to-end business processes that they might not otherwise be able to get.

SingTel Optus in Australia is a leading example of a CSP that takes maximum advantage of its assets. It has moved to integrate its IT services arm, and a branch specializing in applications, into its business division. Optus Business Managing Director John Paitaridis says, "This business structure will have networking, managed services, mobility applications and cloud all under one roof: a truly integrated, end-to-end proposition, domestic and regional, with customer centricity at the heart of our strategy. Customers, in this converged world, don't just talk to me about a network, or a mobile broadband plan, or a bit of bandwidth. Increasingly, they want our organization to talk to them about how we solve business problems; how do you win by devices, by applications, by software, how do you wrap it up in a service."[13]

> **GLOBALLY, 34 PERCENT OF FIRMS SAY THAT SETTING UP AN OFFICE/WORKSPACE PRESENCE IS THE BIGGEST OBSTACLE TO OVERSEAS EXPANSION.**

[13]"CommsDay http://www.commsday.com/commsday-australasia/optus-restructures-to-target-businesses-govt-mncs

ENABLING PERSONALIZATION IN YOUR BSS: THE IMPLICATIONS

The provision of personalized packages, presented simply and clearly for a non-technical audience, is no easy task. Behind the scenes, the back office systems must have fundamental capabilities to deliver the products and services in a tailored way. Many CSPs provide personalization for their large Enterprise customers, but have found it challenging for their smaller business customers. Given the size of the SMB market and its growth potential, enabling such bundles and choices to be as applicable and affordable to a company of two as of 1 to 2 million is completely worthwhile. But do the services and how the CSP controls, manages and bills for them make this possible? Can the processes and systems be made to apply economically to any size of organization?

Several aspects of Business Support Systems need to be addressed and are described below.

Product/Service Catalog Management

If a CSP is serious about offering personalization, it must offer a very wide range of services, with many of them, such as SaaS applications, provided by third parties. CSPs must offer, sell, price and settle for these services and provide customer support for the same. They also need to be able to bundle them and to explain them to the customers, as well as their own sales force, service and support teams. A centralized product catalog is essential to have all information available from a single source.

Charging and Billing

This is another critical part of the back office support for personalized packages. A charging and billing system needs to:

→ Rate and bill for any service, using any parameter, including feeds from external partners

→ Charge in real time for these services, and track spending

→ Have highly flexible policy management and control capabilities to ensure the monitoring and management of the personalization and thresholds

→ Support bundling of services in any combination

→ Interface with fulfillment and other ordering processes / platforms

→ Support user-defined limits – set by the customer – by time, bandwidth, monetary and other units. Other SMB-specific thresholds include the number of concurrent users of some software applications, and the total amount of data or other backup

→ Calculate complex financial settlements between the CSP and partners who are providing the various components of the packages, such as cloud infrastructure, platforms and applications

→ Perform sophisticated revenue assurance and accounting functions such as revenue recognition over long-term agreements

CUSTOMERS, IN THIS CONVERGED WORLD, DON'T JUST TALK ABOUT A NETWORK, OR A MOBILE BROADBAND PLAN, OR A BIT OF BANDWIDTH… THEY WANT TO TALK ABOUT HOW WE SOLVE BUSINESS PROBLEMS…

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→ Integrate with cloud CRM and, for larger businesses, manage hierarchies and flexible account structures

Self-service

A self-care portal that is simple and easy to use, ideally including a mobile app for selecting limits, etc. is important both for the customer satisfaction of the SMB and for keeping down the operational costs of the CSP.

Wholesale Settlement

Sophisticated and scalable partner settlement is an important component of a personalized offering that contains many third-party products, but it is often overlooked in favor of ad hoc, manual approaches. As the number of partners and agreements grows, manual approaches become unwieldy and costly.

Provisioning and Fulfillment

To reduce costs and enhance customer experience, activation of the services selected by the SMB in their package must be automated. The building blocks of a package—including services provided by third parties—must be enabled both in ordering and in network activation so that when a bundle is created by an SMB, via self-care, the package creation is automated—from ordering to provisioning to activation and fulfillment, and ultimately to monitoring and management by the SMB.

BSS FOR THE CLOUD

With the CSP offering many of the products and services in the cloud, the BSS of course needs to enable and support cloud business processes.

Mediation must collect, correlate, correct, transform and distribute all network activity related to users' access of cloud applications, platforms and solutions

in order to determine usage and, ultimately, pricing. Charging and billing should determine price, generate the charge, and bill for cloud usage, based upon any number of parameters. Pricing models for cloud-based services include:

→ Subscription-based charges (e.g., number of active users or 'seats')

→ Transaction-based charges (e.g., number of inserts or updates to data records)

→ Bandwidth requirements, bandwidth provided as part of a cloud package, and/or SLAs

→ Processing power required

→ Storage utilized

The process of billing and settling for cloud services requires revenue share calculations among the multiple players, from data center operators, network providers and application providers. And finally, activation and provisioning need to be real time, since customers expect services sold through the cloud to be available instantly.

AS A PROVIDER OF COMPLETE ICT SERVICES, THE CSP CAN PROVIDE INSIGHTS INTO THE SMB'S BUSINESS ACROSS THEIR END-TO-END BUSINESS PROCESSES.

RECOMMENDATIONS

In order to capture a significant portion of the SMB market, CSPs should target small businesses and offer benefits in these most important areas: reducing operational costs; improving workforce productivity; improving quality of products and services; focusing on new markets; improving the effectiveness of sales and marketing; and keeping pace with the competition.

Offering customized packages that the SMB can select and easily configure, requires that the right systems and processes be in place:

→ Charging and policy closely integrated to provide the real-time alerts, control and charging needed for personalized services with self-selected thresholds

→ Self-care—both web and mobile-based—to provide the SMB user community the greatest flexibility to control their services. This can extend to eCommerce capabilities: if the offer is simple enough and personalization works well, the SMB does not need to interact with a person.

→ Technology strongly supported by CSP business processes and customer support functions to guide SMBs to the optimum choices for their business

→ Billing and charging flexible enough to allow charging according to parameters that the SMB customer finds useful, valuable and clear; e.g., using plain language provides the SMB with options they understand, but parameters can't be too complex or the SMB will be discouraged from using the offering

→ Partner settlement robust enough to support sophisticated revenue share models, or CSPs risk losing partners to more aggressive rivals, or leaving revenue 'on the table'

→ Transparent pricing such that packages are clearly explained and presented, again using language and parameters that make sense to the SMB and their business

→ Analytics/dashboards provide value to the CSPs but can also sold as a service to the SMB

CONCLUSION

In an increasingly competitive market, communications services—delivered as a personalized bundle, through the cloud, in a clear, user-friendly, and extremely flexible manner—provide the edge that CSPs need to capture SMB business. The potential revenue is great, but to capture it the CSP must align its offering with the SMB's business needs. Personalized, self-configurable services let the customer make that alignment themselves. Small business has a big future, and CSPs can play a large part in it.

ABOUT CSG

CSG simplifies the complexity of business transformation in the digital age for the most respected communications, media and entertainment service providers worldwide. With over 35 years of experience, CSG delivers revenue management, customer experience and digital monetization solutions for every stage of the customer lifecycle. The company is the trusted partner driving digital transformation for leading global brands, including Arrow, AT&T, Bharti Airtel, Charter Communications, Comcast, DISH, Eastlink, iFlix, MTN, TalkTalk, Telefonica, Telstra and Verizon.

At CSG, we have one vision: flexible, seamless, limitless communications, information and content services for everyone. For more information, visit our website at csgi.com and follow us on LinkedIn, Twitter and Facebook.