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# MOMENTS THAT MATTER

HOW SERVICE  
PROVIDERS ARE  
TRANSFORMING  
THEIR BILLING  
EXPERIENCE

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## INTRODUCTION

In the last twenty years, the telecoms industry has connected billions of people worldwide to one another and to the Internet, with Internet access growing from less than 4% of the world's population in 1998 to over 55% in 2018 (see Figure 1).

We are now on the cusp of the next generation of the Internet, which is ushering in a hyperconnected world that is seeing everyday things, as well as people, being connected, massive amounts of data being generated, powerful new technologies such as artificial intelligence (AI) and virtual reality (VR) becoming a reality, and automation and robotization transforming the Global Economy. Connectivity is not simply an essential tool in the Global Economy, it is becoming the Global Economy.

This hyperconnected Digital Era is presenting both opportunities and threats to those providing connectivity services. Frequently and unfairly accused of not being sufficiently innovative, the truth is the telecoms industry continues to commit hundreds of billions of dollars to technology innovation and is responsible for enormous value creation and social good.

Innovation is 'business as usual' in telecoms, but unlike VC-funded businesses and the start-up economy, service providers must satisfy the requirements of both shareholders and customers while simultaneously innovating. This challenges the sector to choose where best to target investment, in order to meet customer expectations, increase operational efficiency and enhance profitability (see Figure 2).

This research explores how service providers are innovating, as well as analyzing some of the pitfalls and opportunities that lie ahead.

## TWENTY YEARS IN TELECOMS: WHY LACK OF INNOVATION IS A PERVERSIVE MYTH

Factor	The Networked World – 1998	The Digital World – 2018
<b>Global IP traffic<sup>1</sup></b>	12Pb per month	102,960Pb per month
<b>Home internet access</b>	Dial-up, 56Kbit/s	Always-on, 50-100Mbit/s
<b>Internet access business model</b>	Pay per minute	Pay per Gb, all-you-can-eat
<b>Internet users<sup>2</sup></b>	147 million	4 billion
<b>Handsets<sup>3</sup></b>	Nokia sold 37 million phones and had 23% market share. The Nokia 5110 was the world's most popular handset. Siemens introduced the first color screen 97x54 pixels (S10)	With 20% of the global market, Samsung will ship over 300 million phones in 2018. Apple's iPhone X supports facial recognition, 12Mp wide-angle and telephoto cameras – 2436x1125 pixel screen
<b>Mobile penetration (unique users)<sup>4</sup></b>	318 million	5.1 billion
<b>Mobile generation<sup>4</sup></b>	2G	4G as standard, 5G rolling out
<b>Global telecoms revenues<sup>5</sup></b>	\$726 billion	\$1.7 trillion
<b>Global telecoms investment<sup>5</sup></b>	\$164 billion	\$159 billion
<b>Innovative consumer applications</b>	First downloadable content sold – the ringtone	Virtual assistants (Alexa, Siri) enable voice control of connected home devices (IoT)
<b>Innovative business applications<sup>6</sup></b>	Providing employees with mobile handset, setting up a company website	Artificial intelligence bots are adjuncts to contact center staff, Connected Cows win GloMo Awards, medical students at Case Western Reserve University learn anatomy using AR headsets

Figure 1. Source: Omnisperience 2018. 1: Cisco VNI. 2: CI Almanac, ITU. 3: Dataquest, Gartner, manufacturers' specifications. 4: GSMA 5: OECD, Statista. 6: Computer Weekly, GSMA Global Mobile Awards 2017-18, Cleveland Clinic of Case Western Reserve University (Cleveland, Ohio)

## FIVE AREAS OF INNOVATION

SERVICE PROVIDERS MUST SIMULTANEOUSLY INNOVATE ON FIVE LEVELS:

- 1.** Application-level innovation – continuously innovate both consumer and enterprise solutions
- 2.** Network-level innovation – maintain 24x7 connectivity (“keep the lights on”) while rolling out next-generation networks (5G and ultra-high-speed broadband) to increase speeds and bandwidth while decreasing the cost of connectivity
- 3.** Business-level innovation – creating new business models and new ways of doing business while meeting the needs of both stakeholders and customers
- 4.** Customer experience innovation – innovating experience to meet the evolving needs and expectations of both business and consumer customers
- 5.** Operational innovation – increasing automation and investing in processes and technologies to increase efficiency by speeding up operation and lowering costs

Figure 2. Source: Omnisperience 2018

## HOW SERVICE PROVIDERS ARE PLANNING TO INNOVATE

### COMPETITION REMAINS FIERCE

The telecoms sector remains fiercely competitive. Traditional competitors are entering new geographic markets by organic expansion and through M&A, and many are diversifying by becoming multiservice providers, taking advantage of the consumerization of B2B services<sup>i</sup> and the hybridization<sup>ii</sup> of customers, and exploring new areas of service provision and innovation such as IoT, Big Data and the provision of additional cloud-based applications and services.

At the same time, new competitors are entering or expanding their offerings in the form of Virtual Network Operators (VNOs), significant non-telco rivals such as the FANGs<sup>iii</sup> (who compete with service providers in the service and device sectors), and application providers such as Instagram, WhatsApp and Skype whose applications are substitutes for core telecoms services.

A study by accountancy firm BDO (August 2018) found that competition has supplanted disruption as a top concern for the telecoms industry<sup>iv</sup>. But while even a few years ago, traditional service providers were still largely competing with one another, this study found that it's now the new breed of competitors that is seen as the greatest threat to service providers (see Figure 3).

Service providers know that disruptive innovation can be rapid and unpredictable, funded by VCs and unconstrained by everyday concerns that they are bound by such as shareholder scrutiny and regulatory compliance.

They've already seen the transportation sector disrupted by Uber, Chariot, Citymapper, Lyft, Via and Waze. And they've seen the hospitality sector disrupted by the likes of Airbnb and TripAdvisor. They've also felt the effects of social media on their own core business and are bracing themselves for further disruption from innovations such as eSIMs. The question is how do they respond to competitors targeting different aspects of their business? The answer is that they need to innovate on five levels simultaneously – application, network, business, experience and operational<sup>v</sup> – requiring them to prioritize and co-ordinate their innovation efforts.

### SERVICE PROVIDERS ARE MOST CONCERNED WITH COMPETING WITH INNOVATION FROM NEW COMPETITORS

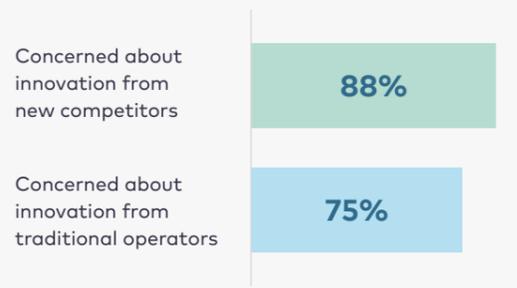


Figure 3. Source: Omnisperience 2018

### PRIORITIZING INNOVATION IS ESSENTIAL

Service providers have identified seven key challenges they face in 2018-19 (see Figure 4), which range from increasing their focus and spend on customer experience to dealing with the effects of geopolitical issues such as global trade wars or Brexit. Interestingly, new network rollout and operational challenges are relatively low on this list of challenges, suggesting that given enough resources and the right commercial vision, service providers feel relatively confident they can deliver operationally.

### SEVEN KEY CHALLENGES FACING SERVICE PROVIDERS IN 2018-19

1. Combating innovation from new and traditional rivals
2. Increasing investment in customer experience
3. Ensuring compliance with new and existing regulation
4. Supporting and monetizing IoT
5. Managing new network rollout
6. a. Dealing with geopolitical changes  
b. Solving key operational challenges

Figure 4. Source: Omnisperience 2018

## SERVICE PROVIDER PLANS FOR COMMERCIAL INNOVATION

Service providers have three key commercial objectives in 2018-19 (see Figure 5). They intend to innovate their products, increase revenues and meet shareholder expectations.

Interestingly, product innovation is seen as being more important than generating increased revenues. This suggests that for some service providers, innovation is essential simply to maintain market share. These objectives also acknowledge the importance of balancing customer needs with those of shareholders, who expect a steady return on their investments.

To meet their objectives, service providers have identified four key strategies: develop new B2B and B2C products, launch new tariffs and special offers, and innovate in key areas such as IoT and M2M (see Figure 6).

### KEY COMMERCIAL OBJECTIVES 2018-19

- 90% – Innovate product
- 65% – Increase revenue
- 65% – Meet shareholder expectations

Figure 5. Source: Omnisperience 2018

### COMMERCIAL PLANS 2018-19

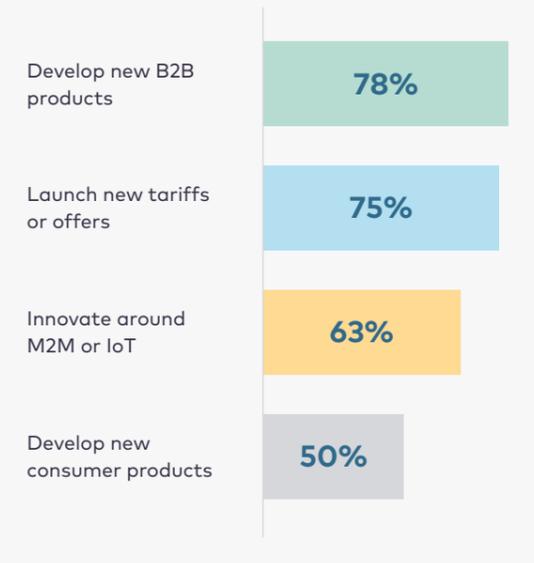


Figure 6. Source: Omnisperience 2018

However, there is a sting in the tail of their innovation efforts. As the volume and velocity of innovation increases, they must be extremely careful to ensure that products work as expected, and that charges and special offers are carefully explained and applied. Clarity is important both during the sales cycle and when the customer is billed for the services they've signed up for. With more short-term offers, and limited term or one-off products, making charges clearer is set to be both more challenging and increasingly important.

If charges are not communicated clearly to customers, service providers run the risk of either impeding the take up of new products they've worked so hard to develop (due to 'bill dread'), or of subsequently increasing contact center traffic as confused customers query their bills.

The good news is that service providers have the tools they need to avoid this problem. They can use regular communication channels such as the bill to educate and inform customers about products they're currently using, making charges clear and highlighting the value and not just the cost of the services being delivered. Simply by using data they readily have available, service providers can target the right customers with new products and offers that are relevant to them. Done well, this transforms the bill from a boring statement of charges into a key communications touchpoint that adds value to the customers' experience – demonstrating how well the service provider knows them. It also has the potential to support cross-selling and up-selling opportunities, boosting revenues and profitability.



## SERVICE PROVIDER PLANS FOR CUSTOMER-CENTRIC INNOVATION

Reducing churn was a no-brainer for the service providers we spoke to. For them this goes hand-in-hand with their plans to improve the customer experience (see Figure 6). Interestingly, there was an obvious shift from the acquisition-oriented strategy that many service providers have pursued for the last twenty years to a retention-oriented strategy. This became apparent when we asked service providers which customer-centric objective was their **main priority** for 2018-19 (see Figure 7). This revealed that:

- 38% were focusing on customer experience
- 25% were focusing on customer retention
- 25% were focusing on acquisition

In total, 88% of operators cited one of these three customer experience goals as their top priority in 2018-19, with the rest citing commercial goals. Since customer experience is all about keeping existing customers happy in order to retain them, almost two-thirds of service providers (63%) are now focusing on retention-oriented goals rather than simply on acquisition.

This makes a lot of sense as markets mature and the cost of acquiring new customers continues to rise<sup>4</sup>. (For more about the importance of a retention strategy to telecoms operators, see the TM Forum Quick Insights report 'Inspire loyalty with customer lifecycle management' ([www.britebill.com/blog/tm-forum-report](http://www.britebill.com/blog/tm-forum-report)), June 2018. Focusing on customer acquisition means investing huge sums simply to stand still, as it encourages and rewards disloyalty and churn. Focusing on retention, in contrast, increases the likelihood that service providers can realize net growth from their acquisition strategies, rather than acquisition simply replacing continually churning customers.

## KEY CUSTOMER OBJECTIVES 2018-19

- 100% – Reduce churn
- 88% – Improve customer experience
- 75% – Acquire more customers

Figure 7. Source: Omnisperience 2018

In terms of how they plan to meet their objectives of reducing churn and improving customer experience, service providers have identified two key areas. The first is to improve the billing experience they deliver, and the second is to integrate AI into their customer experience (see Figure 8).

## CUSTOMER EXPERIENCE PLANS 2018-19

- Improve the billing experience 100%
- Integrate AI into customer experience 50%

Figure 8. Source: Omnisperience 2018

Service providers in this study said that billing was still one of their biggest customer experience blackspots, and the least-transformed area of the digital experience. Most do not have a bill they are proud of, and even those that have innovated around billing are aware that this is a moving pavement – last year's innovative bill is this year's table stakes. This means improvements to bills can't be one-off tweaks. Bill design must be easier to change and evolve, meaning that service providers require a platform that enables them to easily innovate.

Part of the reason that bill design has seen little impact from digital transformation efforts is that in 38% of service providers, billing operations are still responsible for it, rather than specialists. Another 33% of service providers said that they were suffering from 'too many cooks spoil the broth' syndrome, with multiple departments all wanting to be involved. This is complicating bill design as service providers try to accommodate the varying requirements of different stakeholders. It is also impeding service providers' efforts to innovate bills because of slow decision-making.

Despite these challenges, there was considerable awareness that billing could be a strategic asset if only they could get it right. Service providers said that for this to happen, they have to ensure that their bills are evolving in line with their business and that they are a better representation of what their business is about. Service providers identified four key areas that they are targeting for improvement in 2018-19 (see Figure 9). None of these areas focus on the accuracy of the bills, but rather on how the information delivered by their billing systems is provided to their customers.

## FOUR AREAS THAT SERVICE PROVIDERS ARE TARGETING TO IMPROVE THE BILLING EXPERIENCE

- 100% – Make billing more automated
- 75% – Make bills easier to understand
- 38% – Make bills more interesting and relevant
- 23% – Communicate value not just cost

Figure 9. Source: Omnisperience 2018

Improving the billing experience goes hand in hand with deploying AI. However, while AI can be a very useful technology in terms of meeting customer expectations of self-service, reducing contact center wait times and so on, it is a fallacy to believe it will absorb all the extra contact center traffic resulting from poorly explained products, tariffs and offers.

Even if AI could handle all the billing-related inquiries, the fact that customers have to ring for clarification of bills means there is a discontinuum in the customer experience. In reality, billing inquiries tend to be too complex for current AIs to deal with, and often frustrated customers prefer to speak to a human agent to resolve this type of query. Given the huge costs involved in dealing with customer inquiries, it's important for service providers to tackle the root cause of inquiries and not just find ways of deflecting traffic from contact centers.

Our research found that on average approximately one in three calls to care is billing related, although this varied considerably between service providers.

- 63% of service providers said that less than 25% of their call center traffic was billing related
- 25% said 26-50% of traffic was billing related
- 13% said more than 50% of traffic was billing related

Quite often, these inquiries are not because the bill is inaccurate, but because the customer does not understand the charges. All service providers could save considerable sums and improve the customer experience they deliver simply by reducing the need to call the contact center for explanations of unclear charges and offers.

Tellingly, 95% of service providers in this study told us that they could reduce both calls to care and subsequently their operational costs by making their bills clearer and more usable.



## SERVICE PROVIDER PLANS FOR OPERATIONAL INNOVATION

Service providers are generally more comfortable with their ability to improve operational efficiency by rolling out new networks, or increasing automation, as these are areas they feel they understand.

However, what's notable is that their operational priority has now shifted from focusing solely on cost reduction. Improved operational efficiency is now being driven by strategies such as increasing automation to meet customers' needs and innovating to meet their expectations.

That said, even though cost reduction is no longer the main priority for service providers, 63% still intend to focus on it over the next 12-18 months.

Service providers told us they have three key operational objectives in 2018-19 (see Figure 10), which along with their other objectives deliver benefits across multiple areas of their business (see Figure 12).

Their main operational objective is to create a more automated customer experience. This allows customers to use self-service portals to order new products, make changes to their packages, and alter service parameters – creating a far more customer-centric and dynamic service paradigm. While this affects both ordering and fulfilment, it also affects telecoms bills.

For example, in future there might be:

- a greater volume of ad hoc charges or time-limited charges
- a much wider variety of services
- more changes to subscriptions and services
- a wider variety of charging parameters and business models
- greater volume and variety of promotions (including personalized promotions)
- individualized charging
- variable and customer-driven payment cycles
- linked accounts (such as family plans and small business plans)

Even the network becomes a tunable entity in the future, as customers slice and dice network capabilities according to their needs.

However, as exciting as this type of automated and customer-driven experience is, all of this will need to be clearly represented in bills and that presents considerable challenges. Bills will need to evolve to become more real-time, easier to understand and more personalized, or else confusion and dissatisfaction will increase.

## KEY OPERATIONAL OBJECTIVES 2018-19

1. Delivering higher levels of automation
2. Rolling out new networks
3. Implementing AI

Figure 10. Source: Omnisperience 2018

## SERVICE PROVIDER PLANS FOR B2B INNOVATION

Service providers are increasingly focusing on their business customers because they perceive there to be more growth potential in this sector than in B2C. However, the B2B market presents a range of challenges depending on the type of business customer being served.

Large enterprises, for example, are increasingly seeking improved reporting and analytics to gain greater control and insight into their costs, and to enable them to assign costs more accurately and easily to cost centers. In our study, 88% of B2B service providers told us they would invest to meet this need in 2018-19.

Supporting innovation was also highlighted as being important, with a whole raft of B2B products on the horizon as service providers target digital enterprises with more services.

Seventy-eight per cent of B2B service providers told us they are planning to rollout new B2B products in the next 12 months, with key areas of innovation being IoT and M2M. However, although 63% of service providers planned to innovate around IoT or M2M, 30% highlighted this as one of their key challenges (see Figure 11). Charging for these services is still something of an unknown quantity but could result in bills having to reflect models characterized by high volume but low margin transactions combined with subscription services charged on a different basis.

As connectivity becomes ever-more important to enterprises of all sizes, helping large enterprises understand and manage their charges is set to be key to retaining them as customers. Businesses are increasingly demanding more from their service providers, including help with analyzing and assigning spending on connectivity and communication, and help with optimizing their spend.

At the lower end of the B2B market, service providers also need to consider how they are going to address the 'hybrid' customer. Such customers may be sole proprietors, contractors or home workers who want both business services and consumer services supplied to the same address or handset but will need to separate business from home usage.

On the other hand, some small businesses may also seek to aggregate charges into small business plans, which in many ways will resemble a 'family plan'. Dealing with dozens of individual bills is time-consuming for them to process and potentially inefficient in terms of usage. Helping small businesses to improve control, efficiency and the processing of these types of payments is good for both the SMB and the service provider.

## B2B OBJECTIVES 2018-19

- 88% – Improve reporting and analytics for B2B customers
- 78% – Introduce new B2B products
- 63% – Innovate around IoT or M2M

Figure 11. Source: Omnisperience 2018

## HOW SERVICE PROVIDER STRATEGIES MEET MULTIPLE OBJECTIVES

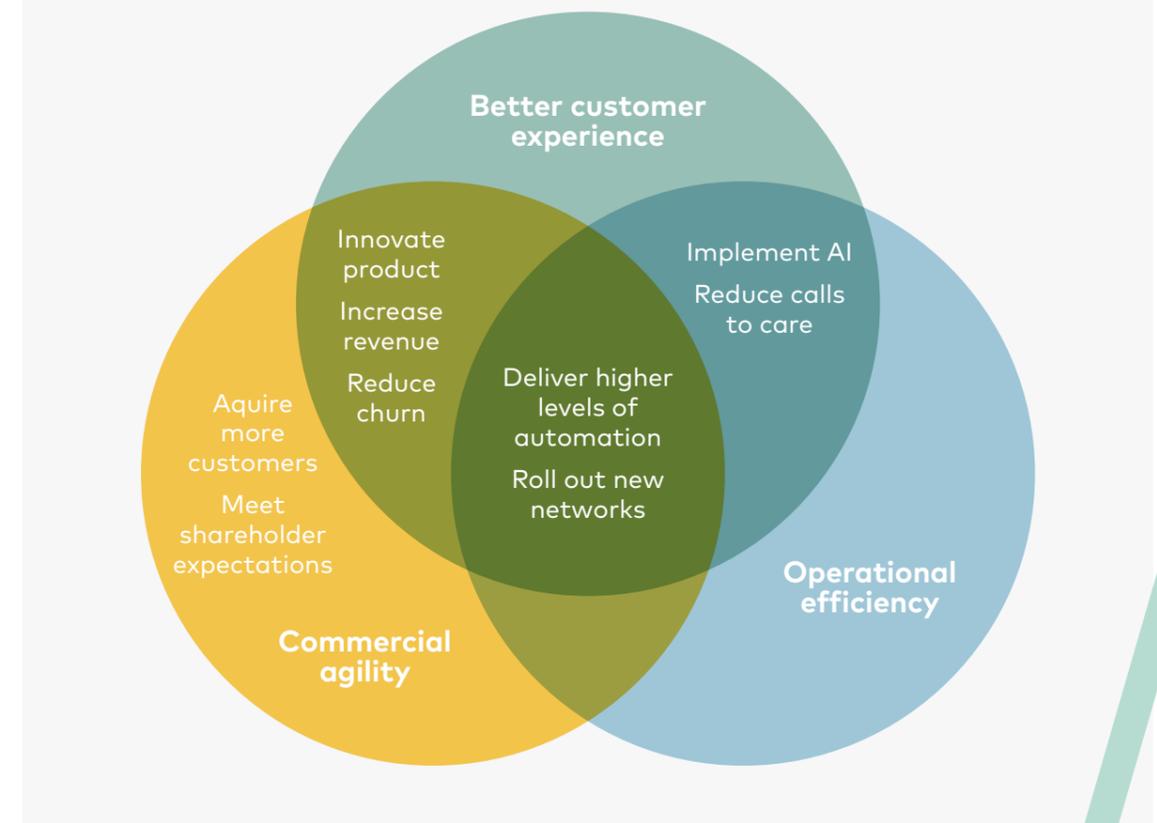


Figure 12. Source: Omnisperience 2018

## CONCLUSION

To combat competition and innovation from rivals, nine out of 10 service providers want to innovate around customer experience. For 38% this is their chief priority in 2018-19, while a further 50% say their priority is to reduce churn or acquire new customers.

Despite the importance service providers are placing on customer experience, half of them say more investment is needed in this area. Improving the billing experience is not only important for consumers but is also a key priority for B2B service providers, with 88% focusing on this in 2018-19.

Service providers perceive that billing remains a customer experience blackspot, with bill inquiries continuing to drive substantial traffic to contact centers. Although it is one of the most tangible touchpoints customers have, and an important tool in digital innovation, most service providers say that billing has been bypassed by digital transformation efforts. In 38% of service providers, billing operations is still responsible for bill design rather than specialists. While a third of service providers (33%) say that their challenge is a 'too many cooks spoil the broth' effect, with so many departments involved in bill design that it's hard to balance all the stakeholders' needs or make changes quickly.

The result is that four out of 10 service providers report a higher proportion of calls than average, stimulated by bill inquiries. Many of these calls are caused not by inaccurate bills, but by customer confusion and misunderstandings. Significantly, 95% of service providers say that improving their bill design would have a positive impact on their call center traffic and on the customer service they deliver.

Improving bill design helps service providers improve their performance across the business:

- Optimizing operational efficiency – by reducing the volume and cost of traffic to call centers
- Enhancing customer experience – by reducing customer frustration and helping customers understand not just the cost of services but also the value they are getting from their service provider
- Improving commercial agility – by increasing upsell and cross-sell opportunities, using the bill to communicate new offers, products and tariffs in a highly targeted manner

## KEY LEARNINGS

1. The bill is the most tangible artefact of digital transformation and should represent the brand values the service provider is trying to communicate to customers such as innovation, friendliness, efficiency, approachability, customer-centricity and so on.
2. On average, one-third of call center traffic is billing related, but much of this is caused by confusion rather than inaccuracy. Reducing billing-related calls to care could free up tens of millions of dollars in operational costs for a typical Tier-1 operator, which can be better spent on innovation and new initiatives.
3. Sub-optimal bill design increases customer frustration and drives up complaints and churn. It also increases operational costs. By improving bill design, service providers can free up operational expenditure to repurpose it for more positive innovations and tasks.
4. The sting in the tail of innovation is that more complexity will need to be communicated to customers. Getting this wrong has the potential to undermine innovation efforts by frustrating customers or causing them to avoid using new services because they do not understand or fear the charges.
5. As one of the least digitally transformed aspects of customer experience, the bill has great potential for improvement. Once digitally transformed, it promises to become a strategic asset, a valued customer touchpoint, and a tool to increase loyalty.
6. Bills will have to evolve because of digital innovation and increasing customer expectations. Today's innovative bill design will be tomorrow's table stakes. This means service providers need a flexible approach that enables them to easily innovate and evolve bill design in line with the needs of their business.

## METHODOLOGY AND REFERENCES

This study comprised 40 Tier-0 or Tier-1 service providers across three regions (North America, EMEA and Asia-Pacific). The respondents were non-technical senior staff (director level and above) from marketing, customer care, digital, customer experience and finance teams. The aim was to understand business and customer perspectives rather than the perspective of technical teams (i.e. IT or billing operations). The study was conducted in May and June 2018 and results were released in September 2018. Seventy-five per cent of the service providers in the study served a mixture of B2B and B2C customers, the remaining 25% were an even split of B2C and B2B service providers.

The study was conducted by Omnisperience and sponsored by billing communications specialists BriteBill, an Amdocs company.

## ABBREVIATIONS

AI – artificial intelligence  
B2B – business to business  
B2C – business to consumer  
BYOA – bring-your-own-application  
BYOD – bring-your-own-device  
BYON – bring-your-own-network  
FANGs – Facebook, Amazon, Netflix and Google  
IoT – internet of things  
M&A – mergers and acquisition  
SMB/SME – small and medium-sized businesses/enterprises  
VNO – virtual network operators

## REFERENCES

- <sup>i</sup> Consumerisation of IT is the trend for B2B services to become more like B2C services. This sees the traditional cycle of IT services being introduced in the B2B market with a trickle down to B2C being reversed. Today, it is consumer technology that is rapidly adopted by younger and more mobile customers and introduced into enterprises and public sector organisations.
- <sup>ii</sup> The hybrid persona is the trend for a single customer to use technology for both business and personal uses. This reflects key trends such as bring-your-own-device (BYOD), bring-your-own-application (BYOA) and bring-your-own-network (BYON), as well as the tendency for enterprises to use more short-term and contract workers. The increasing number of self-employed people and micro-businesses is also fuelling this trend.
- <sup>iii</sup> FANGs – Facebook, Apple, Netflix, Google.
- <sup>iv</sup> See <https://www.consultancy.uk/news/18384/growing-competition-is-top-concern-of-executives-in-telecom-industry>
- <sup>v</sup> See Figure 2.
- <sup>vi</sup> For example, according to Canada's Financial Post it cost Canadian operators nearly 50 times less to retain a customer than to acquire one. <https://business.financialpost.com/technology/big-telecoms-are-spending-more-cash-to-keep-customers-but-some-tactics-raise-concerns>





## ABOUT OMNISPERIENCE

Teresa Cottam is the Chief Analyst at Omnisperience. She has 25 years' experience advising service providers and their vendors to help them improve their operational efficiency, commercial outcomes and customer experience. Teresa has considerable vertical market experience which she uses to advise B2B service providers, including in retail, travel and transport, manufacturing, mining and minerals, utilities, and financial services. She is a Judge of Customer Experience and Enterprise Innovation for the GSMA's Global Mobile Awards, and of the UK Cloud Awards.

Just as the Digital Economy delivers powerful tools for businesses to achieve their goals, Omnisperience delivers powerful insights that enable better outcomes for B2B service providers. Helping them transform their offerings to better meet the needs of their enterprise and SME customers. For more information see [www.omnisperience.com](http://www.omnisperience.com)

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