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PERSONALIZATION

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Delivering Customer-Personalization Through Intelligent Applications
Key Strategies For Increasing Revenue Through Personalization
By John Konczal and Michael Hylton of Sterling Commerce, Inc.

Personalization and the demand-driven provider

It's no secret that the communications market has changed radically in the last 25 years. Instead of POTS (plain old telephone service), we now have the convergence (some would say collision) of multiple product lines, each with their own commercial interests. This is changing the shape of all the business drivers for communications service providers (CSPs).

To compete effectively in the new market realities of converged, enhanced services that go well beyond simple voice and broadband services, CSPs need to think (and operate) like world-class retailers. For many, this means shifting from acting like manufacturers and suppliers of communication services to acting like demand-driven, digital lifestyle enablers. This means going beyond bundling and market segmentation, to providing mass-customization of offers and improving the overall customer experience. For CSPs to capitalize on today's and tomorrow's market opportunities for both new revenue and cost reduction, they must go through a transformation to become demand-driven retailers. The transformation calls for CSPs to become significantly more responsive, agile, and adaptable to embracing changing consumer demands in order to maximize revenue potential.

A key imperative in becoming demand-driven is focusing on customer personalization. Personalization means creating, offering, presenting, and delivering unique and compelling offers and service options based on a prospect's or customer's profile and historical attributes, such as purchase history. Personalization, often referred to under the umbrella business objective of customer centricity, can pay CSPs great

dividends, especially in increasing revenue per sale and customer lifetime value, and reducing customer churn. At Sterling Commerce, in our own survey of consumer buying preferences, we found that 69% of customers we surveyed would be more likely to make a purchase if customization and personalization options were available at time of purchase.

Personalization means CSPs can dynamically access and analyze rich customer data to provide product, packaging, pricing and promotions recommendations, as well as fulfillment options to prospects either within an order or through any customer transaction (or interaction). A possible scenario might be when a customer calls into a customer service organization complaining about the slow download time of a very large file only to find out that they are on the limited bandwidth broadband plan. However, the representative is able to offer and sell a high-revenue service upgrade bundle with more bandwidth plus 3 months of free home IT support services by presenting a promotion to the customer based on their longevity with the provider, data download usage history, and number and types of service calls to the call center.

... but not without its challenges...

To transform to a demand-driven retailer offering personalized service, a CSP must transform its static customer-facing applications infrastructure to an intelligent applications infrastructure that provides on-demand access to and use of customer data during any customer interaction or transaction. Making applications more "intelligent" enables multiple personalization patterns to emerge across multiple customer and business processes,

including new orders, change orders, renewals, service inquiries, and fulfillment processes. What makes a difference with today's consumers, and moves a CSP into the realm of a demand-driven retailer, is the consistent use of personalization across multiple business processes and customer interaction channels. This is the capability that intelligent applications can deliver.

Intelligent applications embed business intelligence technology directly into selling, ordering, servicing, and fulfillment processes for real-time and automatic access and application of intelligence data to drive a customer-specific decision. By embedding intelligence and analytics directly in a process(for example, when determining if a business customer is applicable for a specific discount) CSPs can enhance process flows and system and user decision making by accessing,
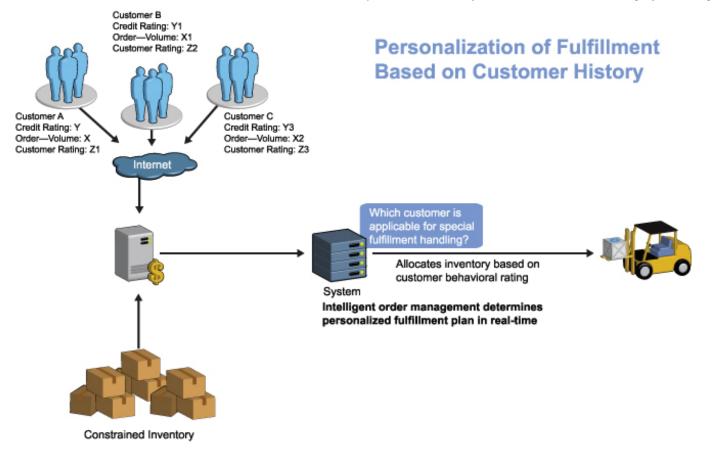

Personalization of Fulfillment Based on Customer History

Figure: Automatically determining the account personalized maximum discount that can be offered based on their individual customer history.

What are intelligent applications and how do they enable personalization?

CSPs are looking for ways to stay ahead of competitors by improving internal processes, making smarter and timelier decisions, and providing customers with a personalized buying experience. Intelligent applications can help CSPs deliver this personalized customer experience.

interpreting, and applying the last customer and business intelligence to drive how a decision is made or how a process executes.

Intelligent applications can be looked at as "on" a process, "in" a process, or "driving" a process where specific customer decisions need to be made, such as personalizing an offer or fulfillment plan. Intelligence on a process is analogous to looking in the rear view mirror, and allows CSPs to view

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Personalization of Pricing Based on Customer History

Customer History $>100,000 and Order >$10,000

For quotes with permissible limit, no approval required

Quote submitted to Sales Manager

No

System

Apply Heuristics to calculate max permissible discount

Sales/CSR creates quote with pricing

Actionable insight provided
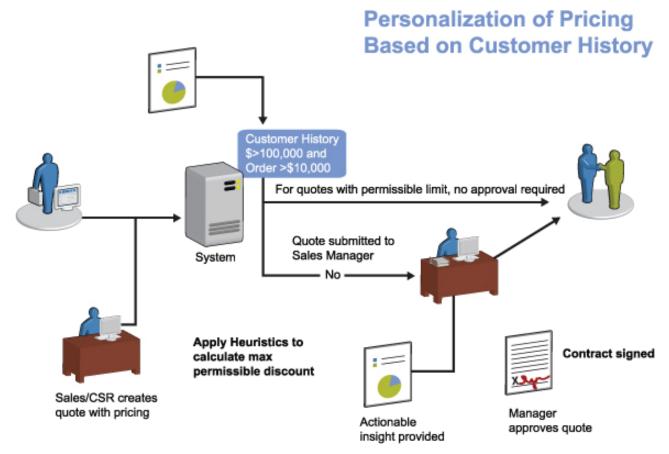
Manager approves quote

Contract signed

Figure: Automatically reallocate constrained inventory to a customer based on personalization priorities, such as customer types, behavioral score, etc.

and identify trends through data marts and key metric dashboards, and to correct any problems. For example, a sales manager can view reports that show sales performance by revenue, number of closed deals, and sales by individual team member.

Intelligence in a process, like looking forward through the front windshield, improves decision making at critical points in customers' processes by analyzing customer history or key performance indicators (KPIs), and making a recommendation to the user on the best way to proceed. Front-line employees can be empowered to make consistently better decisions by providing them with relevant metrics available to them at the appropriate time.

For example, with intelligent applications, as a field sales person enters a quote for a particular item, they would see a pop-up window for that line item that provides them with insight into previously successful quote discount percentages for that product category or industry or customer.

This would help them make a recommendation. With this information, the field sales person can provide the appropriate quote discount percentage that will hopefully be accepted by a customer.

And, most impactful, is intelligence driving the process uses events in selling and fulfillment process to automatically trigger decisions, or even to modify the process flow itself. For instance, intelligent applications support driving the offer qualification and presentation process by automatically determining the best offer to present to the customer. This includes selecting promotions and terms, based on the customer's profile including billing and payment history and customer longevity. This can be done when a user (either in the call center, retail site, or on the web) browses for available offers. Many other scenarios improve decision-making at critical points in the business process.

Another example is applying intelligence to drive an order fulfillment process. A typical scenario where intelligent application capability can be applied is in the case of inventory stock-outs. If an equipment

> **Front-line employees can be empowered to make consistently better decisions by providing them with relevant metrics available to them at the appropriate time.**

order is being fulfilled and the inventory needed to fulfill it from internal stock is not available, embedded analytics analyzes the order details and customer history to determine if the order should be placed into special handling since the order value is high and the customer has a long-standing relationship with the CSP. Thus, a personalized fulfillment plan can automatically be generated that fulfills the equipment through an external vendor (a more expensive fulfillment option) in order to keep the customer commitment and maintain the highly-valued customer relationship.

Intelligent applications enable revenue-enhancing personalization programs

By leveraging embedded business intelligence and analytics along with automated decision-making capability, CSPs can employ customer-personalization-based business programs and processes. As a result, with intelligent applications capability embedded in their selling, ordering, fulfillment, and servicing processes, CSPs can change the way they do business by responding faster to fluid customer demands and enhancing every customer interaction through automated decision making that utilizes the latest available customer data and key performance indicators for customer personalization. Some of the many business benefits CSPs can gain from embracing customer personalization include:

Increase loyalty by presenting offers and support plans based on specific customer requirements.

> # The Sterling Selling and Fulfillment Suite takes advantage of intelligent application capabilities.

Boost conversions by making "out-of-stock" recommendations or alternative fulfillment plans.

Drive repeat business through targeted promotions or save plans based on customer history and preferences Increase order size with personalized cross-sell and up-sell recommendations.

Increase order size with personalized cross-sell and up-sell recommendations.

The Sterling Selling and Fulfillment Suite takes advantage of intelligent application capabilities by embedding intelligent application technology directly into offer management, selling, ordering, and fulfillment process support offered by our software solutions. By bringing a new intelligent application capability to the Sterling Selling and Fulfillment Suite, we enrich our solutions by enhancing process flows with embedded analytics and enable CSPs to create revenue-enhancing customer-personalization programs.

Sterling Commerce
An AT&T Company

About Sterling Commerce:

Sterling Commerce, an AT&T Inc. (NYSE:T) company, helps companies optimize and transform their Business Collaboration Network quickly, easily and securely so they can accelerate revenues, reduce costs and protect their enterprise. Sterling Commerce provides more than 18,000 customers worldwide with applications and integration solutions to improve the way they connect, communicate and collaborate with their customers, partners and suppliers.

Sterling Commerce applications enhance the way companies do business by streamlining the commerce lifecycle from selling to fulfillment for any offer, across any channel, from any source. Sterling Commerce integration solutions connect people, processes and technologies inside and outside an enterprise, enabling the seamless integration of key business processes between any partner, any system, anywhere.

About the Authors:

John Konczal is a Global Industry Executive at Sterling Commerce, and sets the Sterling Commerce market and product strategy for positioning the Sterling Commerce selling, fulfillment, and business-to-business integration solutions in the communications, media & entertainment industry. His specialty is the design and deployment of e-commerce, channel integration, and order fulfillment solutions supporting customer-centric sales strategies in global communications and media environments.

Michael Hylton is a Senior Product Marketing Manager at Sterling Commerce, a subsidiary of AT&T Inc. (NYSE:T), helps customers thrive in a global economy by connecting their business communities, processes, people and technology. Hylton oversees product marketing for the company's multi-channel selling solution. This includes the development and communication of long- and short-term marketing strategies and objectives, as well as serving as the solution spokesperson to internal organizations, customers, partners, industry analysts and the press.