

# Communications Industry Report: Customer Retention Strategies in Action

As competitive pressures within the communications market continue to intensify, communication service providers (CSPs) are forced to devote more resources to defending their customer base against poaching. As such, several visionary CSPs have begun to roll out programs that tightly integrate their traditionally tactical contact center operations with their corporate customer retention strategies.



The logo for Jacada, featuring the word "jacada" in a stylized, lowercase, cursive font. The letters are colored in a gradient from red to green.



## **A Communications Industry Report: Customer Retention Strategies in Action**

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## Introduction

As communications service providers (CSPs) continue to engage in fierce customer acquisition and customer poaching programs, they themselves are increasingly feeling the pinch of customer churn within their base. Given the increasing number of players in the market (traditional telecom, cable, broadband phone providers) and the increasing number of options (wireless, fixed PSTN, VoIP), CSPs are being forced to devote more resources to their customer retention strategies. As a result, increased focus has been placed on customer service as a both a competitive strategy and a survival strategy, perhaps more intensively here than in any other industry.

Some companies have even dedicated entire contact center operations exclusively to save at-risk customers. However, as critical as contact center operations have become to customer retention strategies, most companies still face major operational issues, such as efficiency and productivity obstacles, which traditional contact center technology has failed to address.

One such company, Vodafone UK, one of the leading wireless providers, is continually trying to perfect its retention process. Most recently it created a single contact center devoted exclusively to customer retention. By using Jacada® Fusion, the Vodafone "SAVES" group has increased customer and agent satisfaction levels by dramatically decreasing overall call handle time – and as a side benefit, was able to completely eliminate after call wrap-up, resulting in a significant reduction in operational costs.

## Customer Churn in the Communications Industry

The power in the communications market has clearly shifted to the consumer. Never before have the barriers to switching communication providers been so low. And while loyalty tends to be high among older consumers, younger consumers are accustomed to continuously shopping around for the best plans, features, and perhaps most importantly – the coolest phones. According to global consulting firm, Accenture, the steady increase in customer churn rates is being driven by several factors, including equipment envy, flexible pricing plans, customer service, network performance, and number portability. And as deregulation continues and technology advances, the players in the communications industry continue to expand beyond the traditional telecommunications companies to include cable providers, wireless service providers, satellite service operators, and broadband phone service providers.



Customer retention statistics for consideration:

- Customer churn among cable and telecommunications companies is projected to cost organizations up to \$10 billion annually worldwide.
- Carriers will lose 15% to 30% of their customers each year.
- In the U.S. alone, 20 to 30 million customers or more are expected to defect annually.

So, faced with this competitive landscape, several new tactics are being employed to retain customers in an industry where differentiation (whether it be on price, plans, or phones) is extremely difficult to maintain. These tactics include:

- **Bundling** – As much of a customer acquisition as a customer retention tool, the more products a consumer has from a single vendor, the higher the exit barrier.
- **Predictive Analysis** – Customer data analytics allow CSPs to analyze customer profitability and predict churn.
- **Outreach** – Historically, outbound activity in the communications sector has almost entirely been devoted to customer acquisition. Now, outreach programs actively target high-value, at-risk customers with marketing offers to prevent churn.

It is this last strategy that will be explored in-depth in the remainder of this report, using one of the leading mobile service providers, Vodafone UK, as a case study.



## Customer Retention Strategies in Action

### The Vodafone UK Story

The cellular service market in the U.K. is extremely competitive, just as it is in many countries around the globe. The plethora of options providers now offer can be staggering. Various pricing options, different service plans, new phone models, and a wide array of solutions all combine to create a lot of movement of customers between operators. It can be a real challenge to obtain and retain customers in the cellular community.

Vodafone UK, a member of the world's largest cellular community, faces this challenge every day. With over 15 million customers, 40% of them being contract, Vodafone has improved its ability to keep valuable customers by constantly reviewing and refining the tools and processes used for customer retention. Of course, in any large contact center, even the smallest process improvement can translate into a dramatic impact on agent productivity and ultimately dollars to the bottom line.

### Identifying the Challenge

Vodafone maintains a call center group, dubbed the SAVES group, which is focused exclusively on retaining customers. In a recent project, Vodafone UK analyzed the tasks performed by the SAVES group, and identified key areas of improvement.

First and foremost, agents were required to access two separate computing systems to complete a call. HERMES, a proprietary DEC VAX legacy system, handles inventory and hardware orders. CSM, an Amdocs PowerBuilder Windows application, maintains customer information, tariff and price plan schedules, and billing history. Agents spent considerable time hand writing notes during a call, because accessing the disparate systems made building a new customer deal difficult and time consuming with the customer still on the line. A five to ten minute manual call wrap-up process then followed each successful retention call.

"As you can imagine, multiple issues resulted from having agents accessing two separate systems with no real-time data exchange or updates," said Steve Johnson, chief architect at Vodafone. As an example, there were times an agent would build a deal on paper and promise a customer a certain handset based on the data HERMES provided during the call. By the time the agent began the wrap-up process and accessed HERMES to enter the order, the handset could be out of stock and the agent might have to phone the customer again.

Vodafone wanted to shorten this process in order to improve agent productivity and customer service. Improvements in the process would reduce data entry errors, simplify training, and decrease training time, which was about two weeks for an agent to become productive in both applications.



## Evaluating the Alternatives

"Needless to say, the process needed improvement as it did not provide the level of service Vodafone strives to deliver," said Johnson. "We set out to find a solution to provide a Single User Interface (SUI) to improve agent productivity and our customer's experience."

"We identified several options to integrate and streamline processes, but all were costly and potentially high-risk and were incapable of delivering a workable solution in the defined time period," said Johnson.

The CSM application had application programming interfaces (APIs) available, but they lacked the performance levels Vodafone required for the project and they would require additional development from the vendor. Vodafone also looked at rewriting the application to deliver data-level integration, but this option was high-risk, intrusive to the application, and involved a long development process.

"In the end, Vodafone selected Jacada Fusion because it provided a robust, non-intrusive, rapid, and cost-effective solution to help our SAVES group improve productivity," said Johnson. "Jacada Fusion met our criteria on several levels. It utilizes the systems we already have in place and is 100% non-intrusive, so it required no changes to our existing Windows and legacy systems, CSM and HERMES. In addition, the rapid design and development environment provided for an unmatched ten-week development cycle of the Jacada Fusion transactions."

## Improving the Process

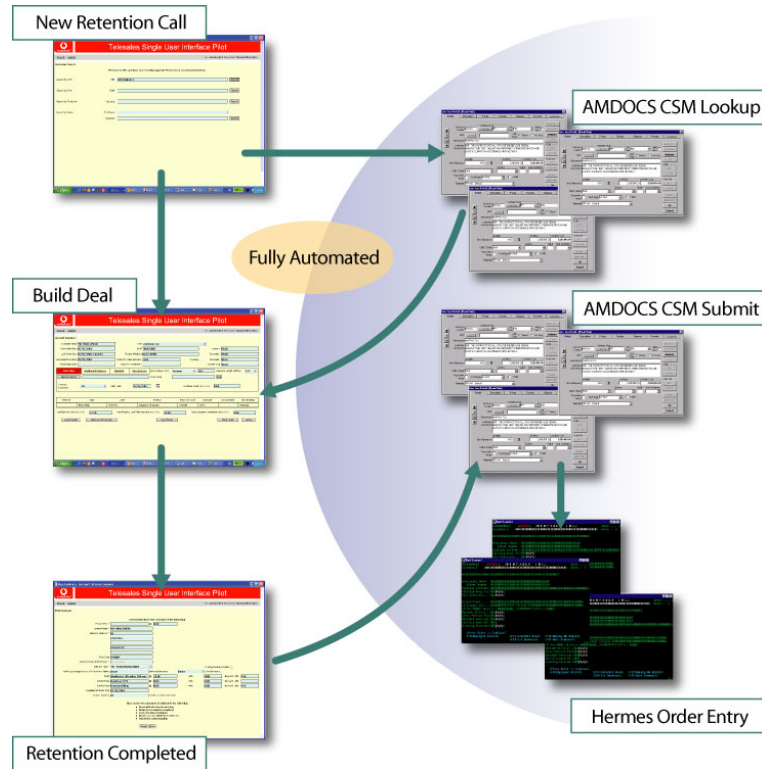
Vodafone's goal was to improve the agent's experience and ultimately improve the customer's experience. Prior to Jacada Fusion, the process was cumbersome and time consuming. The project uses a BEA WebLogic 8.1 client to provide a single user interface over the CSM and HERMES applications. Jacada WinFuse provides non-intrusive Windows integration with CSM (Amdocs Powerbuilder) and Jacada HostFuse provides non-intrusive legacy integration with HERMES (DEC VAX VT). Vodafone staff performed the BEA client development completely in-house and Jacada service consultants performed the Windows and legacy integration. Vodafone and Jacada were able to complete initial design, development and implementation of the Jacada Fusion transactions in just ten weeks.

## Outstanding Results Lead to More Projects

Vodafone SAVE agents are now presented with a much more efficient process when making a call. Through SUI, an agent now looks up the customer's information, performs a security check and builds a deal with the customer. The agent can also check handset stock and order the handset real-time through the same application. The wrap-up process, which previously took five to ten



minutes after the call, has been completely eliminated as the customer/tariff data entry process was completely automated. Total time on the call was reduced from between 10 and 20 minutes to between four and eight minutes. A total savings of 6 to 12 minutes per call!



“By employing the Jacada Fusion solution, Vodafone has cut the time of a successful retention call in half, and we completely eliminated our wrap-up process,” said Johnson. “Vodafone agents are better informed, and we increased our up-sell opportunities.”

“Based on our success with Jacada Fusion in the SAVES group, Vodafone has chosen to use Jacada Fusion to deliver a Single User Interface company wide, including retail stores, inbound call centers, and corporate functions,” said Johnson. “We are very pleased with the ease of use, rapid delivery time, and flexibility of the solution.”



## Summary

As communications service providers strive to protect their customer base from competitive poaching, they are positioning their contact center operations to be their first line of offense. However, to reap the most reward out of their contact centers, CSPs must address the operational inefficiencies inherent in the use of multiple applications and legacy systems. As few CSPs have the luxury (or the desire) to “rip-and-replace” their infrastructure, they must find a way to simplify the use of the applications that are already in place. The Single User Interface provides a less expensive, less resource-intensive alternative to “rip and replace” and enterprise integration initiatives.

Using Jacada Fusion, Vodafone UK was able to simplify and automate time-consuming processes to dramatically improve agent productivity, agent morale, and the customers’ experience.

Like Vodafone UK discovered, by implementing Jacada Fusion, CSPs can eliminate their complex agent desktop environments and drastically improve call quality and efficiency, and significantly reduce training costs. In a matter of weeks, not years, Jacada Fusion enables:

- Significantly reduced Average Handle Times (AHT),
- Improved First Call Resolution,
- Reduced costs associated with agent training and data entry errors, and
- Improved customer experience.

All without replacing or modifying any existing systems. And with guaranteed results.



## About Jacada Fusion

Jacada Fusion is an agent productivity solution that utilizes patented technology to deliver dramatic efficiencies between contact center agents and those who ultimately affect the bottom line – customers.

Jacada Fusion is ideally suited for contact center environments where agents are either burdened with multiple desktop applications or where complex business rules (whether regulatory or process-oriented) hamper an agent's productivity. Such complex environments cause agent inefficiencies, resulting in higher costs (through increased training time, increased average handling time and wrap-up time), and ultimately, in decreased agent and customer satisfaction.

By simplifying the agent desktop and collapsing processes that span multiple applications into a single user interface, the agent can spend more time focusing on solving the customer's problems and less time struggling with navigating and deciphering complex business applications.

Process optimization can take many forms, including:

- A single view of the customer or a single view of a process
- An automated call initiation process
- An automated call wrap-up process.

Jacada Fusion can seamlessly combine all of the agent's desktop applications into a powerful, easy-to-use portal-like environment that includes features such as single sign-on, in-call intelligence, and automated call disposition.

Jacada Fusion is the solution for companies looking to improve customer retention rates while increasing operational efficiency and agent productivity in the contact center.



## About Jacada

Jacada is a leading global provider of unified service desktop and process optimization solutions that simplify and automate customer service processes. By bridging disconnected systems into a single, intelligent workspace, Jacada solutions create greater operational efficiency and increase agent and customer satisfaction. Founded in 1990, Jacada operates globally with offices in Atlanta, Georgia; Herzliya, Israel; London, England; and Munich, Germany.

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