5 Keys to an Agile Transformation for Success in B2B

By Jesse Cryderman

Competitive pressure in telecommunications has never been greater. Last year, the leading mobile network operators in the U.S. collectively lost more than $45 Billion in market value, and voice and messaging revenues— historically the bread and butter for mobile network operators— continues to decline around the world. In India, for example, Credit Suisse warns that operators could lose half of their revenues to over-the-top (OTT) service providers.

On the cable side, the story isn't noticeably rosier. Fewer millennials are opting for pay-TV than their predecessors, and this trend seems to be increasing. OTT pressure has chipped away at traditional revenue streams for MSOs, driving the providers to pursue new revenue opportunities. In fact, these market developments have led Comcast to launch its own low-cost OTT video service in response.

As the competitive landscape evolves, service providers are looking into new strategies to monetize data traffic. MSOs and MNOs are investigating usage-based billing (Comcast) or speed-based pricing for mobile data (Swisscom). These companies are also pursuing the development of net new services. Emerging connectivity use cases in the Internet of Things (IoT) certainly warrant investigation, but the return on these future businesses opportunities is unclear at best.

As these new strategies gestate, communications services providers (CSPs) are scrambling to find ways to replace waning revenues in the consumer market. At the same time, they are zeroing in on another market segment that exhibits substantial opportunity: business customers.

"The cumulative revenue opportunity between 2014 and 2020 for mobile service providers in the United States and European Union for selling select mobility services to enterprises with between 100 and 4,999 employees will exceed $100 billion," reported Exact Ventures in a recent market analysis. And that's just mobility!

Telcos, who have typically served the enterprise-level customer, are pushing down to service SMBs, and MSOs are conversely pushing up to gain traction in the enterprise market. There is solid justification: business customers are increasing spending on both traditional services (mobile,

VPN, broadband) as well as net new services like M2M and IoT.

Why? The answer is simple. Businesses of all sizes are becoming more connected than ever to help enter new markets and engage with clients and stakeholders. Businesses are more connected to their customer to increase service levels, more connected to their supply chain to increase efficiencies, and more connected to their employees to increase productivity. Increased connectivity means greater responsiveness. Becoming the first company to reach market with a new service is a huge advantage— just ask Uber. The company was willing to navigate disruption in many new cities in order to build a critical mass of users and partner drivers, a strategy that has paid off. Nearly all of trends that characterize modern enterprise (hot desking, telecommuting, cloud computing, global workforce assistance, asset tracking) require next-gen systems and services that can rapidly be instantiated, adapt to changing needs, and sense and act on opportunity.

The enterprise market is ripe, to be sure, but there's a catch: CSPs don't have the level of agility to meet business customers' needs, nor the speed. Typical telco development timelines are upwards of 12 months, which simply won't cut it. In fact, just 14% of IT buyers surveyed in a recent study reported an excellent on-boarding experience, and indicated they would likely choose a different vendor for their next proposal.

"Enterprise customers have specific needs; they want to be sure that the communication is working 24 hours without any impact," said Jens Fudickar, head of Enterprise IT BPM, Vodafone Germany, at a PegaWORLD event. "To support this we have changed our way of working to support this higher need of availability."

Just as the business customers have changed, CSPs must transform their businesses to become agile and meet the

needs of their highly-valuable B2B customers. The following are the 5 steps necessary to become an agile service provider and thrive in the B2B market.

1. Deliver a frictionless customer experience

The customer experience begins at the sales and ordering process and extends throughout the customer lifecycle. This is an area that CSPs desperately need to improve. This is especially true when considering the experience that "digital native" competitors, like Amazon, deliver. Business customers desire a smooth on-boarding experience, rapid service instantiation, engagement through multiple channels, and easy customization through self-service portals.

Pipeline has interviewed sales staff from large telcos that still use spreadsheets and individual Salesforce accounts to manage the ordering process for business accounts. This type of process is doomed to fail, and produces high levels of order fallout, protracted service deployment timelines, no customization process, and little to no repeatability. Business customers need customer-centric systems that allow the buyer to engage in any channel they prefer. They also require a high degree of visibility and insight through those channels into all the orders and service requests.

It's not enough to cobble together price points and service offerings from spreadsheets and fragmented systems. A recent Vanson Bourne study on enterprise ICT spending revealed that 70 percent of respondents indicate the quality of the proposal they receive from a prospective CSP is one of the most important considerations in their decision-making process.

Further, the quality of support provided to business customers ranks even higher than reliability or price, as you can see below in Figure 1, taken from the Vanson Bourne study.

2. Increase sales and fulfillment velocity

Businesses today move faster than ever, and they can't wait around for a VPN order to be fulfilled on typical telco timelines. Take a ride-sharing business, for example, that spins up hundreds, if not thousands, of new global phone numbers each day for use by its partner drivers. Or consider a marketing firm that is opening new offices in ten countries, simultaneously. This is a challenge that most legacy's CSPs would be hard pressed to meet.

CSPs are often characterized by fragmented systems and disparate silos, which severely impacts velocity. One service provider Pipeline has interviewed has separate order management systems for mobile, DSL, VPN, and

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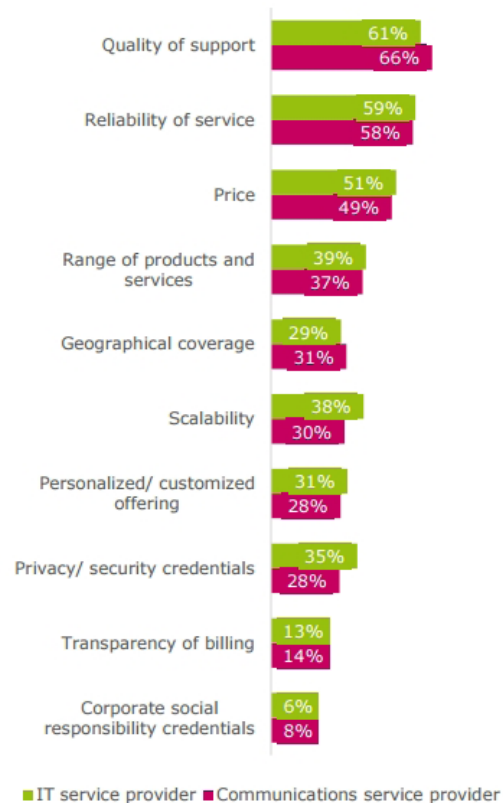
Figure1.Source:Vanson Bourne

collaboration services. For this service provider, the same silos exist on the support side as well.

Traditional solutions to this dilemma are time consuming and expensive; a CSP can't "rip-and-replace" or engage in a system consolidation project without losing valuable time in the marketplace. In order to rapidly serve the business customer, CSPs must connect and unify these tech enclaves and drive toward applications that can start quickly and scale from there. Establish a command and control layer able to consistently interact with the customers and select priority sales and fulfillment

processes such as CPQ(Configure, Price, Quote) or O2A(Order to Activate) for process improvement. This command and control layer can work with existing systems of record allowing for quicker deployments.

The velocity that can be achieved is compelling. Telstra, for example, sought to dramatically reduce response time for new telephony customers and streamline IP activation across the service chain. By implementing a solution from Pegasystems, Telstra went "from 70 to 80 days to provide a service to a business-to-business transaction...down to 8 or 9 days," said Peter McDonald, general manager of process excellence at Telstra.

3. Make change a strategic advantage

If anything is true in technology, it is that change occurs faster each year. Businesses seek systems and processes that enable them to pivot in response to customer demand and market conditions, or even better, sense opportunities and adjust course accordingly. Catalog-driven sales and systems offer a major advantage, in terms of agility. In order to compete in the digital economy, CSPs must essentially become digital-services retailers of hundreds, if not thousands, of product and product variations. They must be able to rapidly design, sell, launch, and scale solutions, integrate their offerings seamlessly with third-party solutions and numerous partners, and constantly manage dynamic promotions and incentive bundling to stay ahead of competitors and meet the needs of an increasingly demanding user base.

Most CSPs are aware of the benefits of a catalog-driven approach, but the concept should be widened to reflect the new ecosystems that CSPs are building. For example, CSPs are differentiating with multiple external cloud partners for services such as CRM, storage, collaboration, backup, and more. Service providers require a catalog and sales strategy that accommodates the entire ecosystem, not just in-house services. Such a catalog can easily add external offerings as they become available, or desirable. Likewise, a unified sales process is required that treats all services the same, whether they originate internally or from a partner.

Telecom Italia, for example, embarked on an initiative to unify its catalog for service bundles. Previously, the many services existed in disparate silos based on domain technology. Recognizing its customers' need for agility, Telecom Italia set about to build a "dynamic opportunity platform, able to follow the changing decisions of our main customers," said the head of customer management and relations at Telecom Italia at a PegaWORLD event. By implementing a unified catalog, the company reduced its new product launch time from months to days.

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The ability to make changes to systems and process without involvement from IT is an agility booster as well. Many systems require long hours of coding, many cycles of approvals, and simply a lot of time to implement small changes to a service, like new group permissions for a VPN. "Vodafone Germany recognized this need, said Jens Fudickar. "It responded by implementing a new platform so that "business for themselves, without IT, have the possibility to do changes," offering the companies "much more flexibility than they have now."

4. Put customer interests first

When you consider your services portfolio, which comes first: the customer or the product? In the past, service providers built buckets and bundles into which customers were expected to fit. This just doesn't make sense, and will become even more irrelevant as M2M and IoT opportunities take shape. Service offerings should be as unique and customizable as each business that is served, and this requires a customer-first philosophy and creativity. In fact, in the Vanson Bourne study cited above, IT buyers listed creativity as the second most important characteristic next to quality when evaluating proposals.

If a smaller customer wants VPN, 5 mobile lines, cloud backup from a partner, and asset tracking for high value cargo, the answer should be: no problem. If an enterprise customer wants global unified collaboration, cloud storage in Germany, and 2,000 local numbers in London, plus a mobile femtocell and a connected car offering for the CEO, the answer should be the same. The service providers who will succeed in the future will get very creative with the services they offer, and their sales and CPQ processes will be fine-tuned to offer user-defined products and custom bundles.

5. Create repeatability and reuse within systems

As CSPs transform to meet the dynamic needs of the business customer, some processes and products will rise to the top as gold standards. Service providers should leverage the inherent value of these discoveries, and

develop a common process layer from which to build levels of change. This is especially true as new geographies and industry verticals come into play. Again, agility is key, and what a CSP learns from successfully deploying, say, IoT for healthcare, can serve as a tweakable roadmap as the company deploys IoT for municipalities and connected cities.

This strategy also works well for network virtualization applications. Service providers are deploying SDN and NFV in limited domains, like storage and backup, with plans to extend the technology into other areas, such as evolved packet core (EPC) or virtual customer premise equipment (vCPE). It also applies to regional processes, trial markets, and net new service trials.

Pegasystems

One vendor that has helped many top-tier service providers succeed in the B2B market and become more agile is Pegasystems, a company that serves large businesses in multiple markets, including financial services, healthcare, insurance, and communications. Its flagship product, Pega 7, brings marketing, sales, CPQ, ordering, and customer service solutions to the communications market. A quick perusal of Pega's website reveals that "6 of the world's top 10 Communications and Media companies, including Verizon, Vodafone, Cox Communications, Warner Bros. and Telstra rely on Pega to deliver a superior customer experience, improve customer retention, and drive operational efficiency."

Pipeline recently met with Kenneth Benner, director, industry principal - communications, Pegasystems, and learned that EE, Sprint, Oi, Telecom Italia and NEMs like Cisco are also customers. What attracts such market-leading companies to Pega? The answer, again, lies in agility. Unlike rip-and-replace solutions or huge integration projects, Pega is essentially a layer that sits atop existing systems that is model-driven (it doesn't require coding) and process-centric.

"The Pega app and platform start quickly, rapidly scale, and add value quickly," says Benner. A customer first identifies a specific process for acceleration, say ordering. The customer then established a command and control later and pulls data from existing systems, and the process is automated, end-to-end. Compared to other solutions, the velocity of Pega is impressive. Initial deployment and value is typically realized within 90 days, and the customer can easily add new processes over time.

Cap Gemini recently put Pega to the test, and the results were nothing short of amazing. Compared to a business application developed in a traditional Java environment, Pega was 6.4 times faster. Once a solution is implemented,

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change management is 8 times faster with Pega versus Java. These advantages become even more apparent when bringing an application to the mobile environment. Cap Gemini found that "going mobile" is forty times faster with Pega than Java!

"The ability to adapt and change and be agile is very, very important," said Lanny Cohen, CTO of Cap Gemini. "We refer to that as the ability to sense changes and sense opportunities and be able to respond to those very quickly."

Winning with agility in the B2B market

Agility really is the new competitive differentiator. Businesses today must move fast and adapt to rapidly changing demands or become irrelevant. Enterprise buyers are increasing their ICT spend, but express a desire for higher quality proposals, engagement across all channels, easier customization, more powerful self-service portals, better order and service visibility, and good old-fashioned creativity. CSPs must transform as well, to be able to service these customer needs and win in the B2B market.

"We believe that the leading companies going forward are the ones that can move fast," said Lanny Cohen.

Pipeline holds the same belief, and thus advocates for solutions like Pega 7. Because it is process-based, a CSP can engage with Pega to address one pain point, quickly realize value, and then move on to another challenge, all while continuing to offer seamless service to its customers. Unlike many traditional solutions, Pega 7 allows CSPs to keep their current systems in place while transforming its processes to meet the needs of the modern business customer. By engaging with Pega, CSPs can rapidly sense and respond to opportunities, accelerate new service delivery, easily make changes, rapidly scale offerings, and capitalize on process repeatability to expand into new geographies and verticals.