

The Future of PayTV: succeed with monetization innovation and a superior customer experience

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The changing face of PayTV

People all over the world still love to watch TV. The number of households that subscribe to pay-TV, an umbrella term that encompasses cable, satellite and IPTV (internet protocol television) services, currently stands at 804 million, having grown 8 percent last year, and is expected to pass the one-billion mark by 2017, according to a recent report from Multimedia Research Group (MRG). Although cable still accounts for the largest segment of pay-TV households, satellite services increased by 12 percent in 2012, while IPTV grew a remarkable 36 percent.

Gone are the days when a single cable operator or satellite TV provider was the only option consumers had if they wanted to receive broadcast and pay-TV channels. Consumers today have choices. As broadband access continues to expand worldwide, competitive offers from telco operators continue to roll out IPTV solutions at a time when over-the-top (OTT) service providers are becoming more prevalent and diminishing the stronghold of the cable industry by offering alternatives for consumers. And if that's not enough, consumer expectations have risen, in part because of the "always on" Internet experience. Operators that wish to retain their customers and persuade them to be advocates are well aware of increasing demands, but meeting those demands is often easier said than done.

And as reports of pay-TV subscribers "cutting the cord" continue to trickle out, the trend is obvious: customers are craving choices when it comes to the way they receive TV services in their homes and on multiple devices beyond the



traditional television set, just as they crave the ability to watch what they want when they want. But how customers make their choices hinges on how they are treated by their service providers.

Operator opportunities and challenges

As with any opportunity for growth, challenges can impact success. There are two key areas where operators will need strategies and solutions in place to leverage the potential of the pay-TV market: redefining competition, and focusing on the customer.

Turning competition into cooption

The competitive pressures faced by pay-TV operators include cord cutting, breaking up the bundle to offer customers more choices, and the ability to differentiate.

While reports of cord cutting aren't yet extensive, a shift has already begun to take place. Leichtman Research Group "found that the 13 biggest U.S. cable, satellite and telco TV providers lost about 80,000 subscribers for the 12 months ended March 31, 2013," wrote Variety's Todd Spangler back in May. "It's the first tangible proof that the pay television sector is shrinking."

OTT providers like Netflix, Hulu, Roku, and YouTube are gaining some of those subscribers by offering video content to internet-connected devices—PCs, laptops, smartphones, smart TVs, gaming consoles—at a fraction of the price of a cable subscription. Ironically, this type of service is picking



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up momentum at the expense of the operators maintaining the broadband pipes that are used to deliver it.

But rather than thinking of OTT providers as competitors, pay-TV operators are starting to think about ways in which they can work together. For instance, when asked whether or not OTT services posed a threat to cable, Manuel Kohnstamm, president of Cable Europe, said he was confident the cable industry would benefit as consumers move toward more web-based viewing. “We’ve lived through decades of equilibrium between pay- and ad-driven TV models, and we’ll find a new equilibrium again,” he remarked at Cable Congress 2013 in London earlier this year, adding that when Belgian operator Telenet introduced Yelo, its “anytime, anywhere” streaming service, in December 2010, “we got declarations of love from our customers. This is what we need to do—make our customers so happy that they prefer to keep our service.”

Elsewhere, there is speculation that partnerships between pay-TV, content and OTT providers could offer the advantage of sharing some of the costs of access rather than putting that burden on the customer.

Another way that pay-TV operators are looking to stay competitive is by breaking up the bundle and allowing customers to choose the channels they want a la carte. Pay-TV subscribers have long complained about paying increasingly high bills for hundreds of channels they don’t watch. Breaking up the bundle to give customers the option of choosing only the channels they want to pay for should help operators in their efforts to retain subscribers. And keeping subscribers happy by maintaining a positive customer experience across all services (video, voice, data), regardless of what device is used, becomes critical as communications service providers attempt to differentiate themselves in this changing environment.

Managing the customer experience

Customers expect a lot from their pay-TV service providers these days. They want to be able to access their service on any device, whether at home or on the go, while receiving superior quality of service (QoS). They also want to conveniently manage their account through any channel, and they want their provider to recognize them as individuals so that their needs can be anticipated and their experience can be personalized in real time.

A key benefit for cable, satellite and IPTV operators is that they already have customer management systems in place, which presents them with the opportunity to capture and understand customer needs, then react to those needs in a way that positively affects the customer experience.

OTT providers, on the other hand, have limited visibility into the full spectrum of the customer experience since they’re

making their services available over the broadband pipe of another service provider. This could pose a problem for OTT providers if a customer were to fault them for service quality issues.

Operators recognize the need to impart excellent customer service, but back-office systems often prohibit this objective from being fulfilled. Traditionally, operators have managed a complex, disparate set of silos, including customer relationship management (CRM), billing, inventory, provisioning and fulfillment, service management systems, network management systems, and the different generations of network architecture, each holding different types of data in different formats and with different business goals. To live up to the expectations of customers, operators must include a customer management system in its fully converged back-office structure.

A unified, holistic approach across all services and interactions allows for end-to-end insight and personalized communication. Today’s customers expect offerings that are relevant to their likes and preferences, such as video recommendations and personalized, real-time promotions and notifications. Operators need to embrace this individualized approach in order to differentiate themselves and keep the customers they already have.

Another point to consider surrounding customer experience is the public’s growing appetite for bandwidth-hungry online video. As broadband traffic continues to increase, operators are implementing tools to monitor and track network capacity and performance. And although network monitoring remains important to the customer experience, focusing only on network metrics such as QoS isn’t enough.

Actionable analytics and intelligent policy management can be used to deliver a better customer experience overall. Other key factors include giving more control to the customer, providing personalized, enriched services, and real-time handling, while on the back end, coordination and automation can help contribute to a seamless customer experience. Operators have no choice but to be proactive in adopting new approaches in order to deliver an optimal customer experience.

When every operator offers similar services, differentiation can no longer be based solely on flat-rate subscription pricing for services and packages. One step an operator can take to separate itself from the pack is to offer real-time, smart monetization and a superior customer experience. The companies that manage to do so will be more efficient, more proactive and, ultimately, more innovative than their competitors.

Comverse: smart BSS monetization and a superior customer experience

Today, perhaps more than ever, business support systems (BSS) can contribute to the success of pay-TV operators. Combining the charging and billing aspects of BSS with the overall customer relationship will help to differentiate the customer experience and retain customers.

Comverse pioneered a true single-system approach to BSS convergence with Comverse ONE® to ensure operators can efficiently and smartly monetize any service, content or business model. Comverse ONE acts as a business enablement engine that helps operators energize the customer experience and elevate competitiveness. A unique, innovative architecture-backed by deep BSS and network expertise-unifies sales, marketing, customer management, charging, billing and policy to automate processes and speed time to market.

With Comverse ONE, pay-TV operators can transform customer data into actionable marketing-oriented information. Operators can automate campaigns and real-time promotions across any channel (including social media via Comverse Share) as these can be triggered by any number of subscriber- or network-related events, for instance usage, financial status, time of day, site being accessed, and so on. Operators can leverage this to not only enhance their own marketing practices but to also offer targeted marketing to advertisers, OTT and retailer partners.

Comverse's innovative solution has helped pay-TV operators around the world succeed through differentiation. "Convergent, real-time rating and billing uniquely gives us the ability to use one system to manage all subscribers consistently, regardless of payment or service type, as well as accelerate the launch of new offers and promotions," remarked one executive from a quadruple-play service provider in Europe, adding that Comverse ONE gives his company "the flexibility for key differentiation through personalization and bundled offers across fixed and mobile services."

And a quad-play provider in the Caribbean stated that "Comverse ONE makes creating attractive cross-product and cross-service bundles easy [when meeting] the convergent needs of our customers ... These built-in system capabilities, such as a single provisioning point for all services, give us powerful tools to support new business models and accelerate time to market for service rollout."

Bottom line: Comverse offers pay-TV operators a solution that unifies critical business functions from BSS to CRM to policy. The solution provides a vital promotional and marketing tool, leveraging real-time insight coupled with invaluable network and social information to generate

new revenues and provide personalization and a superior customer experience giving pay-TV operators a platform to help them thrive well into the future.

For more information on Comverse BSS solutions, please visit us [on the web](#) or contact us at billinginfo@comverse.com.