

convergence is driving ICT service providers to offer telecoms services;

however what are the **pitfalls** and how can you avoid them?



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this guide is part of the AKJ white paper series aimed at ICT resellers



The ICT industry is changing.

The convergence of telecoms and IT technologies means that 'unified communications' services and technologies are starting to gain mainstream adoption. This means that IT and Telecoms service providers are increasingly going to be competing with each other for the same business. Any provider only offering a half package is likely to risk damaging their brand and sales revenues as customers look to their trusted partners that can offer a single joined up solution to their business communications needs.

For ICT providers that are new to telecoms, there are however a wide range of challenges to overcome and pitfalls to avoid. This article looks at some of the most common issues faced by new entrant telecoms service providers and offers guidance on how best to tackle them.

Be Prepared for Usage Based Billing

Unlike IT services, telecoms services commonly include recurring rental and one off rental based charges as well as usage based variable charges (for example call minutes and data usage) and with IP telephony you can also expect to have to handle event based usage (for example customers invoking additional system features like voicemail or conferencing). This is likely to mean that your existing customer billing or finance systems are not going to cope and they are also unlikely to enable your business to tailor its services.

Usage and event based billing will require your business to define a whole set of new processes, billing rules and tariff structures. Errors in creating any of these can often lead to eroded margin or customer dissatisfaction. It is worth bearing in mind that billing is often rated the number one area of discontent for telecoms business customers.

Establish an Openreach Relationship

Whilst legacy telecoms services such as basic line rentals and calls may not seem like the type of business you want to support, they are still considered to be key building blocks for other services (for example broadband services) and they will also help to significantly reduce churn. Resellers with 3 or more products claim that their customer churn levels fall to significantly below 10% compared to over 25% for customers who take only a single product.

At the heart of all fixed line services are the exchange lines. To provide these lines (analogue, ISDN2 and ISDN30) you will ideally need to have an agreement with Openreach. Openreach provide nearly all of the exchange lines in the UK and they also manage the engineering fleet. Having a direct Openreach agreement will allow your business to rapidly react to the needs of your customers and it will keep competitors out of your customer base (including BT Retail). Also unlike most wholesale providers all service providers buy on the same terms from Openreach and so you will find a direct agreement with Openreach will allow you to compete more effectively in the market.

To work with Openreach however you will need to invest in order and fault management software that is integrated to Openreach; however by doing so you will have direct access to the same tools as BT Retail and will be able to provide a complete telecoms service.



consider how the difference in billing will affect your existing system

offering value to your service encourages customer retention

Make Billing One of Your Value Added Services

Whilst price is clearly important to all customers there are other ways to differentiate your service from the competition and in the process retain margin. Understanding telecoms billing is a significant challenge to most businesses and so offering a well designed single bill for all services can go a long way to creating happy customers. When creating your telecoms invoice, take the time to think about the presentation and information that you wish to display and do not forget the opportunity to market other services on your billing.

It is absolutely essential that you offer an online billing platform as not only will this reduce your costs by reducing the amount of printed invoices and improve your green credentials, but it will also cut down customer service calls as customers should be able to initially check details for themselves online.

For larger customers, offering value added billing features such as cost centre billing or usage management and exception reports are excellent ways to help customers to manage their telecoms usage and costs and in the process demonstrate that you are adding value.

Financial & Fraud Management

Telecoms services are particularly susceptible to fraud and hacking of customers' telephone systems can lead to significant uninsurable and often unrecoverable costs for customers and service providers alike. It is not uncommon for fraudulent attacks to result in over £50,000 of losses in a single weekend.

Regular monitoring of daily call records is therefore critically an essential part of the telecoms billing and revenue assurance process and being able to react to these threats will increase your chances of preventing a loss.

In addition as profit margins on telecoms services can be lower than for other IT services, especially for larger customers, it is essential that your business undertakes regular margin analysis of tariffs and customer accounts. With thousands of different charge bands it is easy for loss making calls to go unnoticed, eroding your margin and profits.

Finally ensure that your business has appropriate payment terms in place with customers that reflect the new telecoms services being provided. Extended credit terms on network services will quickly impact on your business cashflow and expose your finances to much greater bad debt risk. Having Direct Debit payment facilities in place is therefore an essential requirement for telecoms service providers.

Invest in Joined Up Customer Care

With multiple underlying services being deployed in a typical customer installation (exchange lines, broadband, calls, SIP trunks, etc) it is essential that you are able to control all of these services in a joined up fashion. Most telecoms service providers start out by using the portals provided by their wholesale suppliers; however as they grow they quickly find that this disjointed approach can rapidly impact on customer service and responsiveness.

By investing in a platform that integrates ordering, fault management, billing, finance and customer care you will have much greater visibility and control of the services that you are providing to your customers. This significantly reduces the risk of billing errors which are caused when orders placed on supplier portals are not accurately re-keyed into the billing system and it also ensures that you can reconcile your input costs against your customer invoicing.

About AKJ

Aurora Kendrick James (AKJ) has been working with leading fixed line, mobile and ICT service providers for over ten years. During this time we have gained a great deal of expert knowledge and experience from helping these market leaders to scale their businesses, differentiate their services, streamline processes, reduce costs and increase profitability – experience that we can apply to your business.

We typically work with larger or rapidly growing telecoms and IT service providers that are entering the next growth stage of their business or are looking to expand the range of services that they offer customers. Organisations at this stage often find that their existing processes and systems have become disjointed and are preventing the business from rapidly adapting to market changes and opportunities.

These inefficiencies can often quickly lead to customer service issues, increasing headcount, billing problems and unnecessary time and resources being spent on fire fighting rather than growing the business. Altogether these issues hold back growth, impact on reputation and cause frustration amongst staff. AKJ's business is based on helping our customers to remove these issues.

Whilst AKJ does not have the largest number of customers in our marketplace, our customers include many of the top 100 resellers in the UK as well as a fair share of those that aspire to be there in the next few years. Whilst some of these customers have grown with us from their earliest days to become market leaders, many of our customers only came to us when they started asking the very questions listed above and nearly all of our customers remain with us for the long term.

AKJ's services are based on our market leading Affinity CRM billing and customer care platform which can be provided as an in-house solution for customers with their own dedicated billing and IT resources, or as a fully outsourced Bureau Billing Service supported by AKJ's expert billing managers. For more information, please call us on 01634 673 800.

your customer service contributes massively to your customer perception