Monetizing Digital Opportunities in Enterprise Telco

Enterprise Telco is evolving. Operators are paying greater attention to their Enterprise segment, traditionally a high ARPU and high margin business, in an effort to diversify and grow revenues. Coupled with new IoT and 5G business cases geared towards Enterprise customers, now is a good time for this renewed focus.

In the past, Enterprise revenues relied substantially on connectivity services. Today, revenue growth from non-connectivity services, such as cloud and security, are leading the way and operators are acting more like technology businesses to meet the evolving needs of their customers.

The Digital Opportunity

Recently, the Consumer Telco market — inspired by non-Telco digital businesses — has had a strong focus on customer experience. Digital capabilities powered by self-serve apps are moving the channel mix away from call centers and retail stores, while also improving customer experience.

The same set of digital capabilities inspired by non-Telco digital businesses can be brought to Enterprise Telco, delivering similar monetization, cost and loyalty benefits.

Transforming Traditional Enterprise Capabilities

Whether through service differentiation, on the one hand, or product innovation on the other, embracing digital can deliver for Telcos and for Enterprises.

Efficient Financial Management

Month-end bills that offer businesses no real-time view of current spend lead to significant bill shock. On the other hand, if customers are given visibility of their spend, they can alter usage patterns appropriately.

Taking a page out of the digital playbook, the bill shock issue would be resolved if current spend and usage were viewable via real-time dashboards. FinTech companies, such as Revolut and Monzo in Europe, not just enable such a capability but also provide customers with analytical tools to help manage their spend more efficiently. These capabilities would not only minimize write-offs for operators but would also raise customer confidence and trust.

Evolve with Digital Channels

Operators usually employ substantial account management teams to serve their Enterprise customers. However, serving customer requests through manual channels can be costly and cumbersome for both operators and customers.

Digital businesses operate largely without manual interactions. Companies such as Amazon can deliver a range of services to customers without the need to interact in person while maintaining a healthy customer Net Promoter Score (NPS). By allowing Enterprise administrators to manage their accounts similarly through digital channels, operators can expect to not just lower their operating costs, but to also deliver a better customer experience.

Improve Customer Loyalty

Customer loyalty today seems to be required, rather than earned. For example, rigid contracts can often tie customers to fixed terms and can penalize customers who do not meet the terms of their agreement. Enterprise bundling strategies often entail marketing low-to-zero margin auxiliary products (e.g., web conferencing software) to create "stickiness" and aid customer retention. This results in customers staying with their incumbent providers because leaving can be too complex and expensive.

In contrast, digital businesses are known to allow customers to opt in or out of services without having to clear significant hurdles. Such an approach is built on delivering a service that is tailored to a customer's needs so that businesses are willing to pay to stay with the operator. Though providing the level of contract flexibility seen in today's digital Consumer offerings may not completely translate, supplying flexible contracts that cater to Enterprise size and usage would be a step towards earning loyalty.

Eliminate Billing Challenges

Producing a month-end bill can be demanding, requiring the orchestration and mediation of data from a variety of sources. Complexity and manual interaction can lead to errors, inaccuracies and irate customers. In fact, many large Enterprise customers run their own Telecom Expense Management (TEM) systems particularly to check the accuracy of their month-end bills.

Digital businesses have introduced us to the "platform" approach, along with the aforementioned real-time view of spend. A key characteristic of the platform approach is that the underlying technology is a consolidated system and does not rely on various decentralized pieces. A capability built on a single platform for monetizing a range of services eliminates the fragmentation that is a major cause of billing inefficiencies. Additionally, providing customers a real-time view of their spend allows customers to pre-emptively manage their costs, reduces reconciliation and decreases account management overhead for both customers and operators.

New Possibilities with IoT and 5G Services

Digital enablement must be future proof. It would be remiss to overlook two significant new Enterprise opportunities — IoT and 5G — and, more specifically, how operators can optimally monetize these opportunities via a similarly digitally-led approach.

Operators in the IoT space have generally owned the low margin connectivity part of the value chain. However, if they are to better monetize the IoT opportunity, they must focus on delivering a more premium offering. A digitally-led IoT offering is an effective way to accomplish this. By providing customers digital-like capabilities such as the ability to control device state and view usage on-demand, to share services across device fleets and monitor real-time trends, operators can differentiate and deliver higher value IoT solutions. These digital self-serve capabilities not only lead to increased revenue, but superior margins and greater customer agility.

Capabilities, such as network slicing and mission-critical functionality for industry 4.0 applications, will allow operators to introduce highly targeted 5G offerings, enabling operators to address several small but lucrative segments. Comprehensively addressing a significant number of these small segments with bespoke requirements will most certainly require a digitally-led approach. If customers are provided a superior technology, they must have the ability to harness it. Digital capabilities, such as customizing 5G services to customer requirements on-demand and to transparently charge customers based on their service, will be vital to the successful rollout and monetization of 5G.

What is Next

Enterprise operators have already begun to act more like technology companies, as is evident from their diverse product ranges. With a new set of opportunities and the accompanying renewed operator focus on Enterprise, the space is bound to become more competitive in the near future. A new digital approach would improve competitiveness and be the next step towards transforming into a modern technology business. Implemented now, it would not just differentiate what exists today, but lay the groundwork for success tomorrow.

How can MATRIXX Digital Commerce for Enterprise help offer these and other digitally-led Enterprise services, today? Read more.