

Telcos must start focusing on customer experiences

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Telecommunications is a risky sector. It's an industry caught between the older world of the third industrial revolution and the rising fortunes of the fourth industrial revolution (4IR). Telco networks were built with the centralised-design mindset of the 20th century, yet have to conduct business with a very decentralised and demanding customer base.



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Signs of this sector's difficulties are not hard to find. Carlos Slim, the Mexican telecom magnate and once the world's richest person, has lost billions due to reforms to the communication's sector in that country. At the same, global telco brands have withdrawn from their more adventurous expansions as the returns on investment aren't manifesting as expected.

Yet they should be manifesting: the past two decades have connected the world, using the very network backbones owned by telcos. So why are they having such a hard time?

The industry has changed

The telco business has changed tremendously during this period. Radio signals and fibre cables have replaced analogue lines. Data has taken over from billing by the second, virtually commoditising content delivery overnight. You only need to look at the cost difference between an SMS and instant message to see where the margins have thinned. Over-the-top players have used this advantage to great effect. Their success risks telcos becoming the much-feared 'dumb pipes' that will relegate them to little more than utility providers.

Then there is the rise of new competition in the form of virtual operators, as well as disruptive new ideas such as SpaceX's StarLink satellite array. Finally, constant infrastructure demands - ranging from mandated rural coverage to introducing new technologies such as 5G - are putting significant pressure on telcos to evolve and remain profitable.

Several telcos have gone bankrupt in the last 20 years. Those that remain are undergoing fundamental changes to use their digital channels and services better. These are key to sustain profitability and reduce customer churn. Astute telcos are undergoing digital transformation or are in the midst of planning those transformations.

What's lacking?

Telcos are not technology minnows - they continually upgrade and improve their systems. But there is still something lacking: the customer experience. Many telcos do not seem geared towards this important metric. They spend a lot on brand awareness, yet those efforts can be undone by customer complaints about poor service, confusing billing and a lack of transparency around costs.

I daresay that more people would use telco-based services if they trusted them more. But as recent ventures into streaming media show, customers prefer to spend their money elsewhere.

Why is this happening, and how can telcos change it?

There are several causes. Telcos operate very complex systems, which lead to complex services and value propositions. With millions of subscribers, a variety of new products, bundles and customised solutions, it's become very intricate to deliver on service configurations, order fulfilment, customer care, and billing. The cost of handling these operations requires resources and different tools, thus increasing the financial overhead.

Telcos are digital pioneers, but they are not using their advantages and overcoming their challenges.

Partnerships

They should partner with IT providers that are versed in digital transformation. Instead of overhauling the entire business, such partners can help introduce change and modernisation at key points, then scale those efforts to enable a wholesale culture revolution. This can bring Customer Experience (CX) into the frontline, which is precisely the element telcos are missing and yet should be so good at providing. Telcos are very close to accomplishing CX - but they have been following the wrong routes trying to get there.

Once a telco establishes a foothold in CX and demonstrates that CX is its leading indicator for success, it can compete against OTT services and satellite arrays. Telcos sit on the crown jewels of connectivity - they built the networks that we all use to stay connected. They can start using customer data to great effect and ingratiate themselves into a connected user's life. Telcos can be the one-stop shops of the digital epoch. But they need to make the customer experience their driving force, with the help of experienced IT partners.

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