

Whitepaper: Providing Excellent and Transparent Services to Business Customers in Pricing Negotiations

Executive summary

A Service Plan is truly optimized when the customer receives the appropriate value for the price they are paying, and the Communication Service Provider (CSP) is receiving the most amount of revenue while achieving the highest margin over the course of the Customer Lifecycle. Optimizing a Service Plan for B2B customers involves overcoming specific challenges. In recent years the diversity of these customers' needs has increased, making it infeasible to sell one product to all users within a company. Individually-segmented user groups require specific attention and uniquely suitable services.

It is critical all parties involved – sales managers, customer analysts, and customers – can communicate effectively and make transparent decisions. For example: How does the sales manager know when to actively contact the customer to submit an offer, and how can customer analysts provide the right offer at the right time? Furthermore (and this is an important mind-shift), how can B2B customers analyse their own users' usage, create and manage internal demand, control costs, and request assistance from the operator at the right time?

These dynamics necessitate that the solutions for sales managers (pricing advisory tool), customer analysts (pricing simulation engines), and B2B customers (Telecom Expense Management, or "TEM," software) need to be highly integrated. Triple-price analytics for B2B can provide the perfect solution for operators facing these challenges. Serving all needs from one analytical platform will not only improve time-to-market and quality, but also leverage the systems integration to produce pricing suggestions that can be communicated in an ideal way.

Comprehensive integration of customer data, pricing portfolios, and sales proposition rules allow all parties to make informed decisions and ultimately to build trust between the operator and their B2B customers. In this paper we cover details on how these systems can be linked together and leverage each other.

Introduction

Selling Communication Services to businesses has become an increasingly demanding task. In contrast to consumer sales, the B2B sales process:

- Is relationship-driven, not product-driven. Typically B2B customers expect personal account management, even those businesses at the smaller end of the scale (10 contracts).
- Is based on maximizing the value of the relationship, not of the transaction. B2B customers are often well aware of their negotiation power.
- Is focused on a small-target market. In most countries served by four or more operators, these operators focus some amount of resource on the B2B market.
- Is a multi-step buying process with longer sales cycles. Sales agents need to be prepared for iterative negotiations with short reaction times.
- Is based on brand affinity created by personal relationships. And personal relationships can only flourish on qualified core competencies of sales agents and back office.
- Requires educational and awareness-building activities, especially when it comes to cross-selling and upselling new services. Additionally, these activities must often occur with the customer at an individual level.
- Is based on rational buying decisions founded on proven business value. Transparency and precision for all customer proposals are a key differentiator.

Consequently, pricing management for B2B customer segments require sophisticated methods. Typically, operators will rely on a huge variety of disparate systems to cope with the various considerations that come along with CRM for B2B customers, considerations such as:

- **B2B deal sizes.** Handling small business with SMEs of five to ten subscribers up to large enterprise with more than 20,000 subscribers.
- **Pricing jungle.** Migrating customers with multi-year legacy pricing structures. If operators are lucky, they still have in-house know-how about all that has transpired with long-time customers. In some situations, operator sales agents need to dig into various systems to gain knowledge of what has been sold to their customer over time.
- **Exponential complexity.** Giving good advice to a single-line residential customer can be a challenging task in itself, when the customer for example has five price plans and eight options, leading to more than one thousand combinations. This complexity grows exponentially for a business customer with 100 subscribers in two price plans and only one shared bundle to be assigned to some of the subscribers. In such an example, the number of combinations is immense.
- **Governance of information.** Determining what information should be provided to the end customer, and what the customer can use it for: for example, optimizing in their own or a competitor's portfolio. Should the operator unitarily choose which statistics to provide to a customer? Telecom Expense Management (TEM) providers are focused on this question.
- **Workflow for approval.** When margins are squeezed to the maximum, approval of offers by management must be completed efficiently.

Defining a Strategy for B2B Pricing Management

Before defining key IT and process capabilities, the operator needs to define a strategy created from a combination of the following targets:

- *Increase efficiency of sales processes by providing transparency and meaningful guidelines:* Enable sales representatives to have a clear picture of their own actions as well as the customers' actions. Providing KPIs for customer value and customers' risks after each action will encourage value-orientated behaviour at every opportunity.
- *Avoid selling on price by providing superior service:* Enable customers to become more efficient and successful in their own businesses by providing innovative and high-quality products and services.
- *Assure customer relationships by providing accurate and timely information to the end customer:* New providers appear with fascinating new products and services, and competition becomes tense. A long-term customer relationship is based on full trust, which evolves on the basis of excellent service, accurate information about customer usages and costs, and high-quality products. Such a relationship is invaluable – and the key to profitable growth.

Focus on execution, and use purposeful KPIs to demonstrate delivery of value.

B2B Pricing Management Success

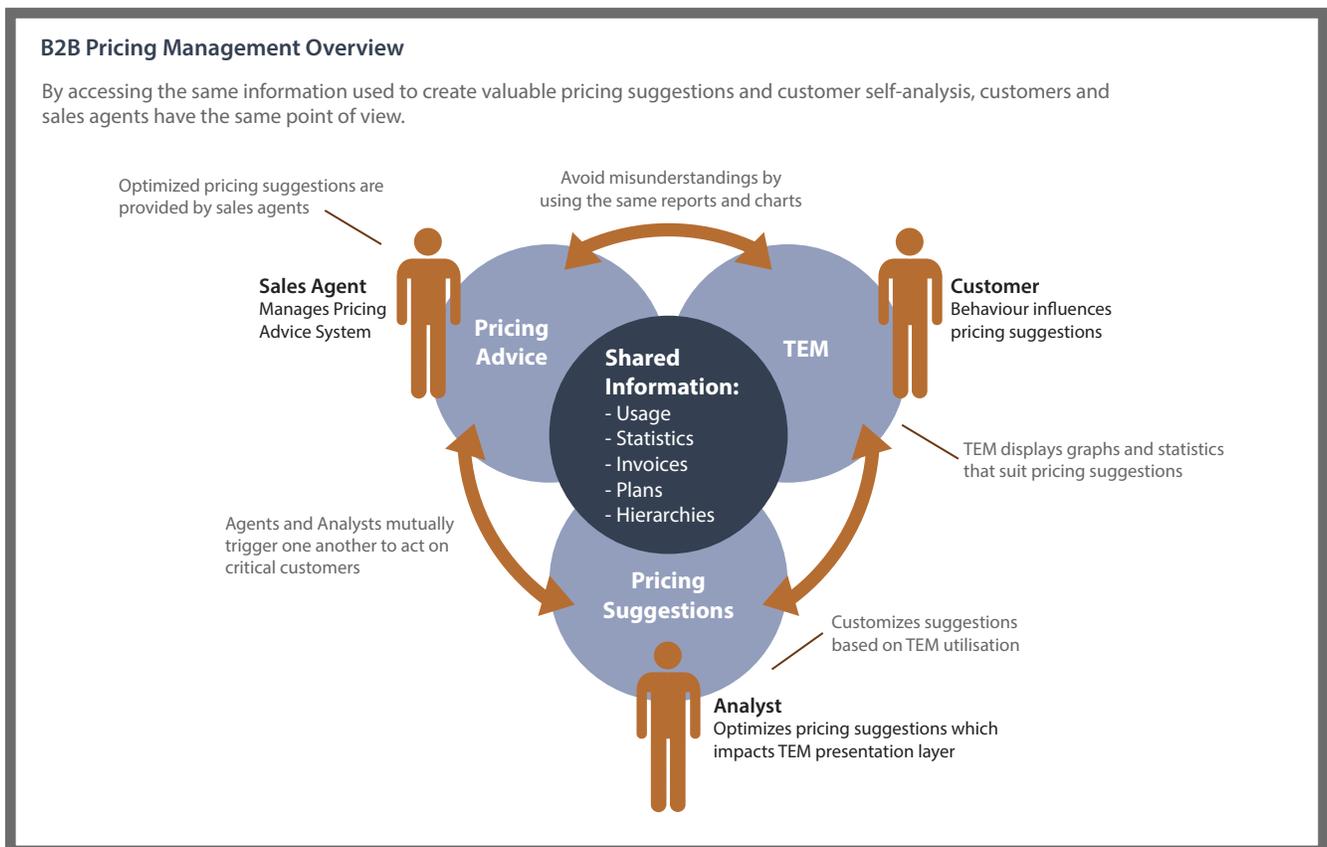
There is no way around this point: These strategies require a solid foundation of IT systems and well-organized business processes that effectively:

- Keep sales representatives sufficiently informed about the customers' behaviour and interactions with other touchpoints.
- Ensure any kind of service propositions will be based on high transparency to increase trust and credibility with the customer.
- Provide guidelines on how to proactively address customer needs.
- Inform product management to provide a pricing portfolio that is sufficiently diverse to match the needs of all customer groups.
- Enable rapid product definition to ensure products and customer segments can be analysed and their future value predicted accurately.
- Activate change management and innovation to prepare the operator for significant (even radical) modifications to customer approach. B2B sales representatives are often suspicious of new processes, which can impact the speed of transition.

High-Level Solution

This solution focuses on enabling all relevant parties – sales agents, analysts, product managers, and customers – to interact based on highly integrated systems that leverage the same source of data.

- 1. Customers:** With a robust self-care application, customers can see well beyond simple invoicing data. They can analyse current costs and have a detailed view of service usage patterns, as well as conduct sensitivity analysis of a subscriber's individual behaviour. Such systems are referred to as TEM (Telecom Expense Management) systems. It is critical to align TEM systems with the other components below.
- 2. Sales Representatives:** Sales representatives can see all TEM usage information and gauge potential customer interest. They are even triggered by the customer's utilization of TEM. Most importantly they can use the pricing advice system ("Tariff Advisor"), to propose offers to customers that:
 - (a) are triggered by TEM usage
 - (b) promote new products for which the customer may have an affinity
 - (c) fulfil revenue and margin requirements
 - (d) reduce risk to churn based on predictive analytics results
- 3. Product Managers and Customer Base Analysts:** They use all available information within the pricing analytics solution to:
 - (a) optimize individual pricing suggestions (for use in "Tariff Advisor")
 - (b) optimize the product portfolio to comply with service needs
 - (c) consider impact of competitive pressure
 - (d) provide detailed revenue analysis and forecasts.



The key advantages of such integrated solutions are:

- **Individual treatment of customers through triggering:** Any action from sales representatives and customers can easily be leveraged to trigger new individual proposals; for example, suggesting other services when customers analyse their individual usages in TEM, or vice versa: the TEM system can display essential details in different ways to fit individual service offerings.
- **Quality and efficiency:** All those who access the system require the same data foundation, so there is no need for duplicate efforts.

It is a clear competitive advantage to offer the B2B customer this level of systems and data integration and the tremendous insight into user dynamics and cross-organizational efficiency it provides.

Solution Details

1. The Tariff Advisor

The process of creating attractive price quotes for business customers differs significantly from the process used for residential customer quotes. It is important that the Tariff Advisor workflow provide the sales representative with the specific information they need to propose the right quote to the business customer.



The information presented to the sales agent should be tailored to the advisory process, offering, for example, usage reports, and service and billing history, which are essential to understand the customer's current situation. The analysis step should predict future behaviour based on trend reports and alternative pricing scenarios. The proposal step should allow the agent to select cross-sell or loyalty offers, as well as offers that comply with a higher need for cost security of a customer. Finally, the fulfilment step should enable the representative to easily and securely process an order in the subsequent systems.

Some key guidelines for good pricing propositions are:

- Pricing propositions must meet price requirements (for both the operator and the business customer) on a subscriber level and still simultaneously consider discounts, pools, and other items on all levels, such as the customer representative, the customer department, and related holding level.
- Today, service-level expectations differ for each subscriber within the same customer account. Being able to address the needs of the individual subscriber is key.
- Competitive analytics should be included, even for large accounts. Even when complete price transparency is not possible, comparison against standard offers can help in creating better offers.

In summary, a good Tariff Advisor software solution should contain these key features:

- Capability to offer and manage pre-computed propositions as well as “on-the-fly” calculations
- Precise analytics of all subscribers with respect to revenue, margin, and customer experience
- Ability to run customer-by-customer analysis of competitive offers
- Ability to create bundle offers on all hierarchical levels (customer, department, holding, etc.)
- Intuitive user interface providing details on the propositions as well as underlying behavioural data
- Ability to discount online even complex requests for benefits on all customer levels (e.g. usage pools, target discounts, convergence discounts).
- Propositions logic that goes beyond pricing and considers potential changes in customer experience.

2. Customer Self-care and Telecoms Expense Management (TEM)

Customer Self-care for B2B-fleets has evolved from simple, informative systems to complex administration tools that incorporate:

- Administration of new subscribers
- Management of different hierarchy levels, user profiles, and groups within the fleet
- Analysis of usage behaviour
- Fulfilment of accounting duties
- Optimization of costs, e.g.
 - managing usage pools
 - changing of tariffs and options
 - preparation of purchase negotiations
- Analysis of usage behaviour per user, department, etc.

A good TEM system must provide capabilities that enable assessment of current contractual situations and costs. Furthermore it must provide the ability to optimise service use, even if at the short-term disadvantage of the operator. Note that originally, TEM systems were a third-party offering, providing businesses an independent advisory on how to best manage their mobile fleets. Operators began providing TEM functionality based on market demand. Today TEM is seen as a valuable asset in building long-term customer satisfaction. However, it is critical that TEM is integrated with other systems. Use of TEM is most successful when operators provide data in synch with other components of B2B pricing management.

Key features include:

- **Activity audit:** See which users really need the service they subscribe to
- **Bill importing:** Be able to push costs down throughout the hierarchical levels of an organisation
- **Bill verification:** Perform plausibility checks on invoices
- **Chargeback tracking:** See which credits have been granted
- **Contract negotiation:** Enable the customer and the sales agent to optimize value for money
- **Usage reporting:** Track highest activities and expose root causes for extraordinary costs

3. Analytics for Product and Customer Base Management

Two major areas keep Analysts and Customer Base Managers busy in terms of pricing:

1. How can new prices attract market share, and how will these prices impact churn, revenue, and margin?
2. What should existing customers be offered based on their current pricing portfolio? How can discounts, new service offerings, and bundled offers be structured to achieve a maximum positive impact on revenue, margin, and customer loyalty?

Many operators allow individualized price portfolios in business segments (for large corporations down to companies with a few-hundred subscribers). However, a nicely balanced portfolio of standard offers will allow the operator to have a good basis for differentiation against simple (and high) “over-the-top discount” strategies.

Both activities rely on having as much transparency into competitive offers as possible. Therefore, the pricing simulation system must be able to accurately and quickly handle:

1. Quick-fixes to the operator’s own offers portfolios. Assure that small to medium changes for specific customer segments can be analysed quickly. Time-to-market for such changes must be fast.
2. Strategic changes on B2B portfolio. Assure that re-launches of standard B2B portfolio considers all impacts on customer base, competitive positioning, and future business processes. competitors’ offers portfolios, also with discount elements
3. Complex discount structures on the portfolio. Assure that discounts can be structured and evaluated for all situations in the sales process
4. Competitors’ offers portfolios, also with discount elements. Assure that on both a strategic and tactical level, the operator can leverage every opportunity to compare own its offers against those that customers can receive from the competition. This is more challenging to do for a business market than a residential market, but still a worthwhile exercise.
5. Scenarios of usage behaviour change. Compute changes in KPIs based on assumed usage changes.
6. Cost and margin scenarios. Make sure that revenue goes in-line with costs.

Business Benefits

The business benefits of bundling the pricing activities into one integrated B2B pricing management system are:

- Lower cost by utilizing and powering a unique data layer.
- Higher quality as a result of combined quality assurance from sales, customers, and analysts.
- Leveraged quality of customer interaction due to shorter reaction times and decision paths.
- Faster reaction to customer needs by using the same core technology that automates sales rules and manages selling workflow. With inputs from TEM and Sales Representatives, the system can suggest next steps, up-selling opportunities, and best practices in near real-time.

- Higher conversion rates led by a guided 'self-sales' process. Based on analysts' and sales representatives' input, the TEM system provides individually-customized content to the customer

When B2B pricing management and TEM systems are integrated, it becomes possible to guide the customer to evaluate their needs, not solely on cost, but on service and utilization as well. This more complete view helps the suggested offer to 'sell itself'.

Summary

All activities around B2B customers focus on creating, maintaining, and protecting value. It is not all about price; it is the perception of value from different perspectives, including the customer's users and their individual perception of value. TEM solutions are now providing the customer unprecedented transparency; it is now more important than ever for operators to consider their value against that of their competition.

For operators to stay ahead, they need to ensure they can consider all aspects of customer pricing (and value) management simultaneously. Deep integration of Tariff Advisor, TEM, and pricing analytics, coupled with tightly integrated business processes, is the foundation for success.

Getting Started

Assess the status quo of how all three components are being used together within the current infrastructure, and determine which system has the best foundation. Is it TEM (which, given its position in the solution chain, is often a stand-alone 'island' solution), Tariff Advisor, or pricing analytics?

In our experience Tariff Advisor and pricing analytics are often not tightly integrated, making this a great starting point.

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