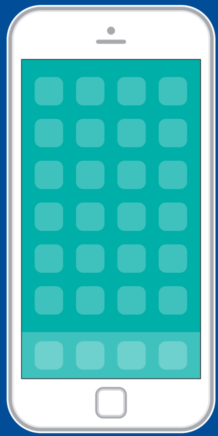
KPMG

Moving beyond omnichannel in telecommunications



Are you competing for the future in telecom? Consider this.

If your organization is like the majority of the Telco market, your current omnichannel efforts may not be generating the returns you need. The main reason is that many organizations fail to differentiate between multi-channel strategies and what is truly required to capture business value. Based on commissioned research, KPMG International believes that companies need to move beyond omnichannel to a **Connected Customer Enterprise** in order to thrive in the marketplace and realize true value.

Evolving to a Connected Customer Enterprise

Omni is a top or high priority for 63% of US Telco organizations... but only 27% or fewer successfully execute (rated excellent) on any single Omni objective

A **2016** study by KPMG International and Forrester Consulting reveals that a large number of Telcos feel confident in their Omni strategy: **three out of five** say their customer experience exceeds expectations.

Sixty percent of Telcos say their customer experience exceeds expectations.

Base: 30 US professionals involved with omni strategy decisions at telecom organizations)

Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG International, August 2016

Why a Connected Customer Enterprise?

Omnichannel is important for customer engagement, however it is not enough to be competitive in today's environment. Over half of US CEOs say they are not keeping pace with meeting customer expectations, according to our 2016 KPMG Global CEO Outlook Study.

Customer demands have elevated around more than just channel interactions, extending across **brand, products and services, people**, and **interactions — the Four Key Pillars of Experience Expectations**. In other words, Telcos can create unique and differentiated experiences by aligning their people, operations, systems, and processes around the customer with the goal of providing personalized customer experiences, relevant products developed based on customer needs and preferences, and seamless, connected experiences across all digital and traditional customer interactions.

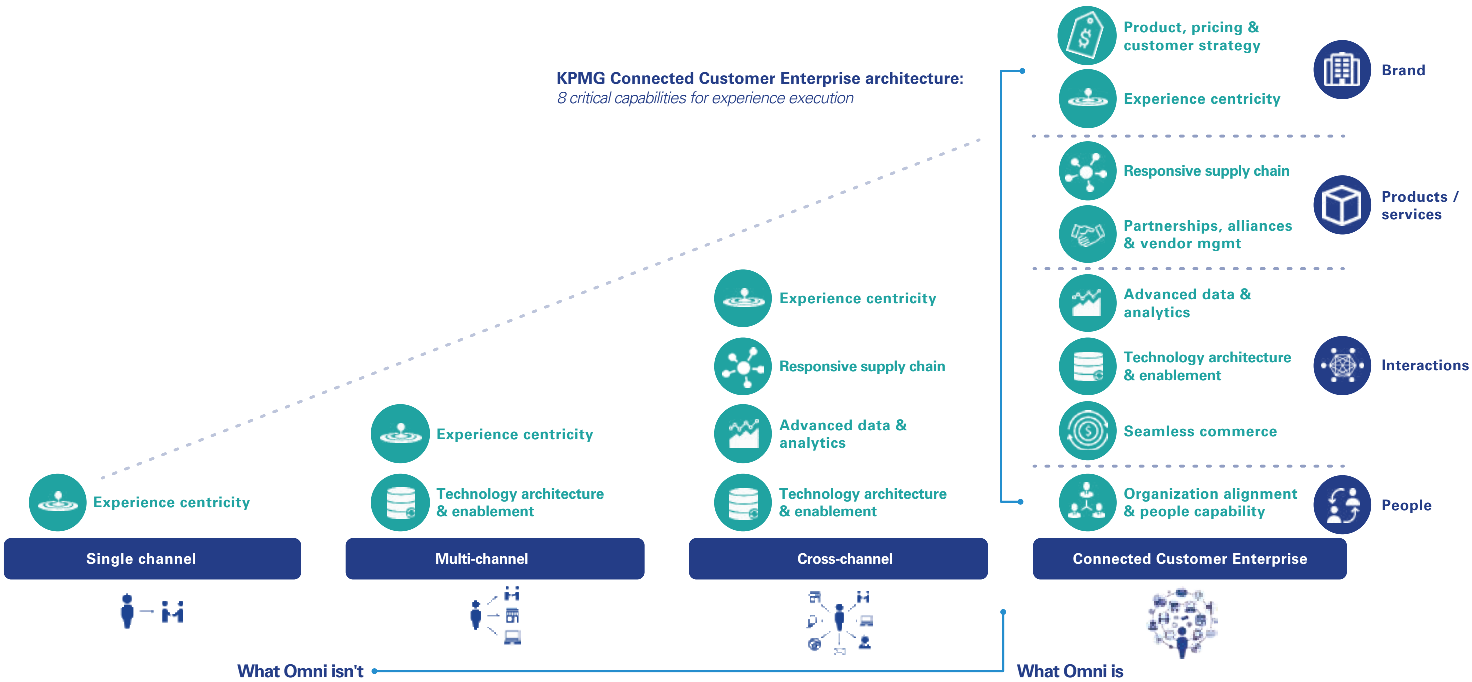
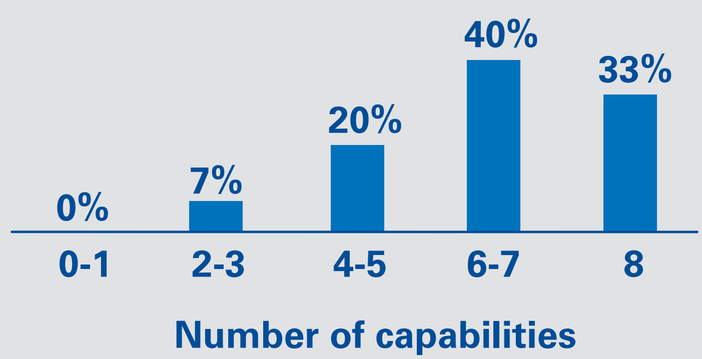


Figure 1: The Connected Customer Enterprise Evolution: Evolving technology and consumer behavior over time have forced brands to change the way they operate to deliver the desired customer experience

Source: KPMG International, 2016

> *"It's not a channel revolution, it's an evolution."*
>
> ***Director of Sales, Telecom Firm***

70% of US Telcos rate their Omni capabilities as the most or among the most mature, but only **33%** are truly mature, investing across all 8 capabilities.



Base: 30 US professionals involved with omni strategy decisions at Telecom organizations

Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG International, August 2016

So, what is a Connected Customer Enterprise?

A **Connected Customer Enterprise** is able to understand the value customers expect and deliver that value by effectively and efficiently executing the intended experience, profitably. Building a Connected Customer Enterprise requires a holistic set of organizational capabilities from customer-facing interactions through to back-office operations. A recent study commissioned by KPMG International and conducted by Forrester Consulting reveals that mature, high performing Telcos are investing in an architecture of **eight fundamental and integrated capabilities** to unlock new value for customers, employees and shareholders.

The race for growth is on

Investing across front-office, middle-office, and back-office capabilities is pivotal to capturing the financial opportunities across the entire enterprise value chain. The Forrester study reveals that Telcos are currently making significant investments over the next 12 months – and some will continue making significant increases in investments – across the **eight capabilities** including integrated commerce, product strategy, technology architecture, and customer experience strategies that organizations need to operate with **experience-centricity**.

Figure 2: Investment in Connected Customer Enterprise capabilities spans the entire organization from customer-facing interactions through to back-office operations.

4 key pillars of experience expectation	8 Critical capabilities	Significant degree of investment next 12 mos.	Significant investment increase next 24-36 mos.	Front Office	Middle Office	Back Office
Brand	Product strategy	3	4	+		+
	Customer experience strategy	5	2	+	+	+
Products/ Services	Supply chain/distribution strategy	6	5		+	+
	Partner ecosystem strategy	2	4	+	+	+
Interactions	Data & advanced analytics strategy	4	5	+	+	+
	Technology architecture strategy	1	1	+	+	+
	Integrated commerce strategy	3	2	+	+	
People	Organization alignment & workforce enablement strategy	5	3	+	+	+
		(capability ranking)*				

Capability ranking* 1 = highest investment 6 = lowest investment
Base: 30 US professionals involved with Omni strategy decisions at telecom organizations
Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG International, August 2016 — US data

"Today, Omni is not just about marketing – it is across the entire enterprise value chain. While we know that addressing this is a top priority, many organizations have not yet set or executed on their Connected Customer Enterprise strategies. There is tremendous financial impact to getting this right – gains in revenue, efficiency, retention and lifetime value."

– ***Julio Hernandez, Principal,*** *KPMG in the US, Customer Advisory*

Reflect and look ahead

Top 5 insights:

1. Omni is a **key strategic priority** for over 6 out of 10 Telcos in the US and many are making significant levels of investment (16 percent of sales or more) in their Omni strategy over the next 2-3 years.

2. Telcos should invest in **an architecture of eight fundamental capabilities** across the enterprise value chain, from **front-office through middle and back-office,** in order to capture value and strong return on investment.

3. Telcos who invest across all eight capabilities are investing heavily in **customer-centricity**. Customer experience strategy built on a strong foundation of technology and data and analytics capabilities is core to achieving **experience-centricity.**

4. Telcos across the globe are using both financial and customer-focused metrics to measure ROI.

5. **The destination is well worth the journey**. Telcos are seeing success across customer experience as well as execution on one or more Omni objectives.

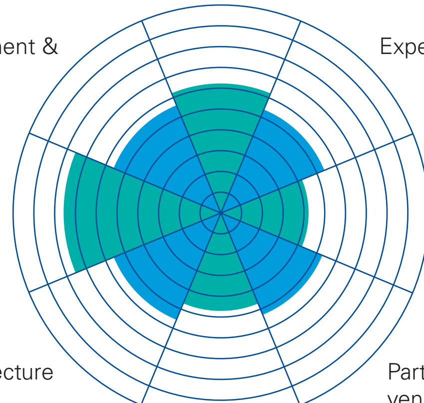
Base: 30 US professionals involved with omni strategy decisions at telecom organizations

Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG International, August 2016

What next

The path forward is to first understand where your organization is today through a **broad-ranging maturity assessment** that covers all eight capability areas, from front-office through middle and back-office, of your enterprise architecture. This can help identify relative competencies versus leading practice, which in turn can help to inform the business case and roadmap for investing in all relevant Connected Customer Enterprise capability areas across the enterprise value chain with a **keen focus on unlocking ultimate business value**.

KPMG Connected Customer Enterprise maturity assessment



Contact us

Duncan Avis
Offering Lead, KPMG Connected Customer Enterprise, Customer Advisory
KPMG in the US
E: davis@kpmg.com

Richard Hanley
Principal, Telco Advisory Industry Leader
KPMG in the US
E: rhanley@kpmg.com

Philip S Wong
Principal, Advisory Strategy Leader
KPMG in the US
E: philipswong@kpmg.com

Designed by Evalueserve. Publication name: Moving beyond omnichannel in telecommunications. Publication number: 133887F-G. Publication date: April 2017