



Telecom Services Excellence in Customer Care — Who Cares? The Orange Business Services Strategy to Manage by Customer Loyalty Index

Insight #219685 - Aug 2009
by Mark Winther

[Table of Contents](#) | [Abstract](#) | [Document](#)

IDC Opinion

The enterprise market for telecom and IT services is intensively competitive. Revenue growth for global service providers depends on product innovation, service availability, and customer support. Innovation is a challenge, especially now, given the convergence in communication and management of information. Service availability, coverage, and cost-effectiveness remain central themes for all global service providers. In addition:

- Customer support is left as an increasingly important differentiating factor among service providers and a critical selection criterion for large enterprises. Orange Business Services (OBS), which adopted a strategy of management by customer loyalty objectives in 2006, is a leader in customer experience.
- Having achieved its 2006 goals, the company recently set a new objective to achieve stepwise improvement in customer loyalty measurements by 2012. This puts OBS in close alignment with customer requirements and selection criteria.

In This Insight

This IDC Insight reviews the steps Orange Business Services has taken to elevate its customer service operations, transform and industrialize its processes, and expand its customer-centric philosophy throughout corporate programs. This has propelled it to a leadership position among its peer competitors in the measurement of customer loyalty. Orange Business Services, voted WCA's "Best Global Operator" in 2006, 2007, and 2008, is a leading global service provider that has adopted customer satisfaction as a core business strategy.

Situation Overview

Orange Business Services is a leading global service provider, supporting MNC customers worldwide. It has 29,500 employees and in 2008, it had \$11.4 billion in revenue. Orange Business Services has placed top emphasis on outstanding customer experience (OCE). Barbara Dalibard, president and CEO of Orange Business Services, does not give a speech without mentioning customer experience. Under her guidance, the company has adopted a strategy of management by customer loyalty objectives.

The overall objective of the outstanding customer experience program is to provide quality services that exceed any and all competitors. To promote and support this objective, customer

centricity and sensitivity permeate the organization and are consistently at the heart of daily organization life. Customer centricity goes deep within the organization. It is part of the compensation plan — meeting loyalty targets represents up to 20% of the bonus for the entire worker population. OBS employees are trained to follow a simple guideline — "always imagine the customer is in the room"; at every meeting, leave an empty chair for the customer. The point is to imagine the customer is present in every discussion, no matter how internally focused the discussion is.

In early 2006, OBS launched the outstanding customer experience program. The program focused on a transformational change management approach driven by cross-functional teams focused on achieving improved customer satisfaction. The initial set of projects focused on a number of key areas including but not limited to:

- **Customer support:** Improving communication and third-party vendor management
- **Service delivery:** Improving on-time delivery and third-party vendor management
- **Pricing:** Shorter and more consistent time to quote
- **Billing:** Reducing adjustments
- **Web vision:** Service performance and features

This approach is transformational with the objective of a high-quality customer experience. The 2006 goals were to remove customer dissatisfaction and exceed the competition in customer loyalty scores. By 2009, significant customer loyalty improvements have been achieved. The customer loyalty index (CLI) — a measure of customers' overall satisfaction and loyalty — consistently exceeded the targets, including the most recent 1H09 results.

The company is now accelerating its customer loyalty program. A rigorous loyalty target has been set for 2012. To achieve this, support teams and functions are being integrated with customer-specific concerns through a detailed and consistently applied "closed loop" process. This accelerates resolutions and better aligns customer expectations with support teams. Customer-specific feedback is reviewed in detail after each survey, with each customer identifying key areas requiring focus and improvement. From this review, the customer objectives are continually refined and team focus is adjusted to ensure the short- and long-term customer experience objectives will be met.

There is also a customer management model (CMM) program that supports the extended customer teams' (ECTs') effectiveness across all aspects of the customer's team. The CMM approach involves the customer directly in defining governance, leadership, and resource management using a customer blueprint. This document and customer-focused teaming approach ensure that "customer-focused teams become the heart of the company." All team members work together toward common customer objectives in a coordinated and focused manner — wherever they operate within the company. The effectiveness of this approach is already being realized with accounts that are already managed using the customer management model approach, achieving a CLI well above the global customer average. For this reason, the CMM approach is being rolled out to all key customers. The CMM program will, as all other programs, continue to be refined and expanded to meet growing customer needs.

Who Cares About Customer Care?

Management by customer loyalty objectives delivers value for both customers and investors.

The benefits for customers are improvements in technical performance of services, incident management, billing accuracy, and so forth. OBS' outstanding customer experience goal is not just to rapidly fix problems when ad hoc trouble tickets are submitted. Through a root cause analysis, it focuses on structural aspects to understand and identify areas of underperformance. The process is to identify problems and fix structural issues so the problem no longer occurs. This is closely aligned with customer demand to move away from ad hoc exception handling to more industrialized processes.

Every year, more granular data is available from customer experience analysis. This allows OBS to refine the definitions of its performance targets and to target them against specific customer communities. In the past, performance was measured by processes such as delivering, ordering, billing, and customer support. Increasingly, OBS is adding performance measure tied to specific solutions — network, consulting, professional services, VoIP, and so forth. Most customer loyalty measurement reporting today comes from the corporate IT shops that administer the OBS contracts. Emerging OBS solutions such as mobility and collaboration have direct end-user impact. Successful service management will need better touch points to the end-user community as key drivers of loyalty.

Another answer to the question who cares about customer care is investors. There is direct linkage between satisfaction and financial performance. Greater loyalty and higher customer satisfaction generate sales opportunity and operational savings. Among high-loyalty accounts, OBS has found revenue growth is 13% faster and order value is 10 times greater as compared with less-loyal accounts. More broadly, OBS has found that each time its CLI score goes up, there is a corresponding increase in bookings six to nine months later.

Like all carriers, OBS does customer satisfaction and loyalty surveys. It has been quite successful in improving its customer experience, and evidence is in the Telemark benchmarks of customer satisfaction. OBS has been awarded best global operator four years (2006, 2007, 2008, and 2009) in a row by Telemark. This is a customer-based analysis of care. It compares global telecom operators — AT&T, Cable & Wireless, Global Crossing, NTT Communications, Pacnet, PCCW, Telefónica, T-Systems, and Verizon.

A poorly kept secret is that, in comparison with other industries, the telecom industry has been not very effective at customer satisfaction. One reason is complexity. In any global customer deployment, end-to-end service quality depends on the management of dozens of third-party providers. A global service provider, like OBS, relies on some 500 telcos worldwide to deliver access. The number 1 impact area in customer loyalty is third-party management. Access sourcing and management are central elements for service quality and consistency in performance (availability and reliability) and customer support (incident and outage notification/resolution). This is a challenge in telecom customer care. For this reason, OBS recognizes and has embraced that the hallmark of customer care excellence is continually "raising the bar." This is the reason OBS is now placing such high importance on improving its customer satisfaction and management and is benchmarking itself against leaders in the IT industry, including IBM and HP.

Orange Business Services Customer Service Operations

To ensure improved delivery of the customer satisfaction program, OBS has developed and deployed a global network of customer service operation teams. The customer service operations account for 30% of the OBS workforce, or 7,400 people. This is an enormous percentage of staff dedicated to customer care, and it does include the France operation, with 2,700 staff in 8 service centers supporting French business customers.

Support for global customers is provided by 4,700 staff based in 4 major service centers (MSCs), 5 regional service centers, and 12 local country help desks. The MSCs handle global problems and queries. Local problems are referred to local help desks. The MSCs are located in Cairo, Egypt; Gurgaon, India; Rio de Janeiro, Brazil; and Mauritius. Each provides global support for MNC customers. Cairo is the largest, with nearly 1,800 people, and the skill sets are impressive — over 80% of staff are engineers. Gurgaon has 1,500 staff, and Rio has 250 staff. MSC personnel are multidisciplinary and support security services, messaging services, VoIP services, and network services on an integrated basis.

In 2007, OBS productized the service management framework under the brand name of "service select." This is a set of customer care services aligned to the ITIL best practices standards. Customers can choose from a catalog of service management solutions. This creates a flexible and modular approach that adapts to the customer environment, depending

on business criteria, geographical reach, site importance, in-house expertise, and so forth. Service select offers three levels of service:

- **Basic.** This is off-the-shelf management bundled with the product. Customers access the service management functions via a Web portal. It is reactive, and customers rely on self-service for incident management, status reporting, and escalation. This specifies service-level objectives but no penalties. Change management is handled by an account manager.
- **Extended.** This is proactive support, with defined deliverables, comprehensive reporting, a designated customer service manager, and SLAs with consequences. Customers have telephone access to level 2 specialists as well as the Web portal. OBS is responsible for incident resolution and proactive monitoring. Change management and reporting are handled by the customer service manager.
- **Customized.** This is a tailored service for complex environments. It may incorporate customer infrastructure as well as OBS-provided services and third-party equipment. This usually includes a dedicated team (customer service manager, service specialists, etc.), a customized Web portal, and a dedicated help desk. Examples of customers with dedicated service centers include AkzoNoble, Lenovo, and Siemens.

The customer service organization is not alone in its obsession with customer loyalty. The OBS emphasis on extended customer teaming through the CMM program enables the creation of a tight linkage between customer care personnel in the service centers, account managers in the field, and the customer. The customer service managers become as important and "top of mind" to customers as the account managers.

Another example of effective teaming applied by OBS to achieve very effective results is the use of the corporate R&D labs. France Telecom has 17 research and development labs in nine countries with 3,600 researchers and engineers. In addition to being an important source of innovation, the labs are used for co-innovation activities with business customers. There are two principle types of innovation partnerships:

- A customer has a requirement for a specific need: OBS is selected to develop the solution, and the customer pays for it.
- OBS and a customer see a mutual development need and work together in a shared cost/revenue approach.

Customers involved in joint innovation projects with OBS include AXA, Cargill, Marsh & McLennan, STMicroelectronics, Universal Music Group, and United Technologies.

ITIL Certification Is Important

The IT Infrastructure Library (ITIL) is a process-based framework of best practices. The ITIL of best practice procedures provides a way to standardize or industrialize service management. It is important because it is the most widely adopted standard for IT service management in the world. It is critical because it is a key selection criterion for large enterprises. The amount of energy a company spends to achieve certification of ITIL processes is a good guide to its customer satisfaction commitment.

OBS has taken ITIL competence to heart. Certifications obtained or renewed or in progress include:

- ISO 20000 certification in IT services and associated network services was announced in January 2009. This audited, standards-based, process framework is applied to the global process and governance model for ICT services for all international customers supported from the Cairo MSC and for all French key accounts. This will be extended to the Asia region by the end of 2009.
- ISO 27001 is a certification and auditable standard for management system in

information security. In January 2009, the Cairo MSC was certified with applicability to all international customers managed by Cairo. In process is certification of the other three MSCs, datacenters, and IT services operations.

- ISO 9001 is a specification for network performance and quality improvement management system. In January 2009, certification was renewed for France business operations and was extended to all international large projects outside France. In process is certification in four MSCs and for mobile integration in France.
- ISO 15408 certification covers the security management system, or the security of the tools and processes used to supervise and administer the network. In December 2008, OBS announced that the international IP VPN was awarded ISO 15408 certification. This was certified by the DCSSI (the French Central Information Systems Security Division), a part of the SGDN (French Defense General Secretary).

Inside OBS, over 400 people are ITIL certified in OBS. ISO/IEC 20000 and ITIL Web-based training is available for all OBS employees. Externally, OBS provides ITIL consulting to clients. The company has 250 ITIL-certified consultants available to assist customers in their own adoption of ITIL practices. This group provides ITIL maturity assessment, gaps identified, strengths highlighted, design validation, and so forth, all aimed at improving the customer's own internal service management processes.

In summary, OBS has used ITIL standard for management process to revamp the entire organization and drive a continuous operational improvement.

Beyond ITIL certifications, OBS has embedded customer loyalty goals in a wide variety of corporate programs that use Six Sigma and Lean standards to improve productivity and efficiency. The company has completed 130 Six Sigma projects in the past five years, covering customer service management, supply chain, customer support, quote to bill, data integrity, and so forth. An example of a very successful customer-centric improvement based on a Six Sigma program is the quote-to-bill system. This project reengineered the network services delivery model during 2008. This resulted in lead time to connect (i.e., the time lag between quoting the cost of a service and actually billing for the service) dropping from 110 days to 90 days. Moreover, meeting the initial target delivery date improved from less than 40% of installations to more than 60% between January and December 2008. Stabilizing the committed lead times provides customers with better predictability and a simpler planning process.

Future Outlook

Decisions for business network and IT services have been made on product offers and prices. But products are commodities, and every service provider has a similar product portfolio. Some are more advanced, and some are at different stages of the technology cycle; however, increasingly, a key differentiator between service providers is in the customer experience. For this reason, OBS sees customer experience as key; customer experience, revenue growth, and profitability are its three key drivers. Customer service is moving up on the list of selection criteria. Many service providers have the ability to fix problems, and some have the ability to identify the root causes, but very few have the ability to invest and eliminate the problems and therefore drive up customer satisfaction and loyalty in the way that OBS is undertaking. Going forward, OBS sees real-time customer satisfaction scores coming from extended end-user communities and action to improve customer satisfaction and loyalty by acting on this feedback will be key to success in the business network and IT services markets.

[Table of Contents](#) | [Abstract](#) | [Document](#)

analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights.

Copyright 2009 IDC. Reproduction is forbidden unless authorized. All rights reserved.