

Sales- and Service value levers: Costs can be reduced by avoiding incidents and push automatization, while the customer lifetime value can be boosted through sales performance



Costs

How can we **reduce** our **costs to acquire and serve**, while **keeping** our **customers satisfied**?



Customer value

What can we do to **drive value selling**, **incentivize cross- and upsell** and **increase sales efficiency**?



Costs = Costs-to-serve and -acquire × Customer touchpoints



Reducing costs-to-serve and costs-to-acquire

- Lowering costs-to-serve and -acquire through digitalization
- Steering of sales- and service workforce and demand



Decreasing the service incidents

- Routing to customer self-service
- Increasing the first call resolution

Customer lifetime value = ARPU × Tenure



Increasing ARPU levels

- Transition from volume- to value selling
- Customer insight based cross- and upselling pushes



Extending customer tenure

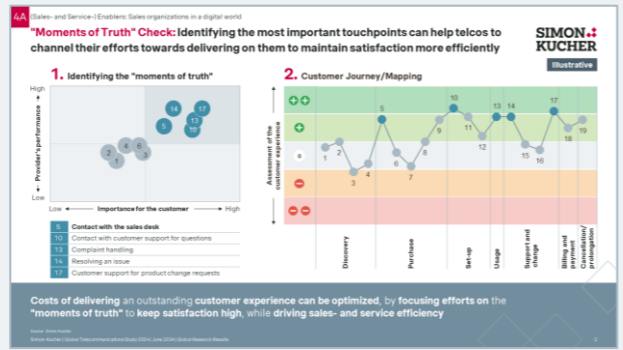
- Incentivizing customer value development
- Lowering SRCs¹ through proactive retention

Source: Simon-Kucher; 1) SRC = Subscriber Retention costs

Sales- and Service value frameworks: To support telcos with lowering sales- and service costs, while keeping customer satisfaction high to drive CLTV¹, there are three frameworks



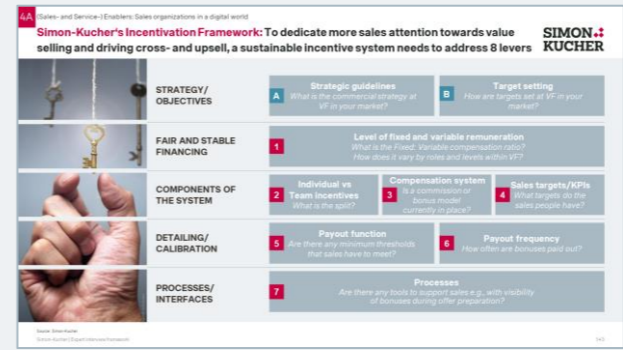
Conceptual



"Moments of truth" check

Mapping the customer journey to optimize selectively

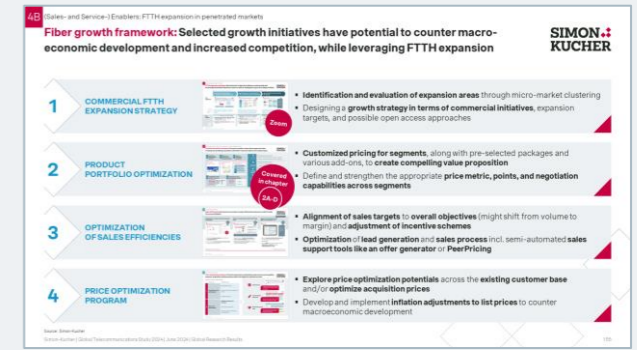
Focuses on the key customer experiences ("moments of truth") that are the main satisfaction drivers



Incentivation framework

Revising existing incentivation structures

Consists of eight different levers to incentivize value-building sales behavior



Fiber growth framework

Define main levers to push fiber growth acceleration

Addresses four different levels, how fiber growth can be secured, depending on main challenges

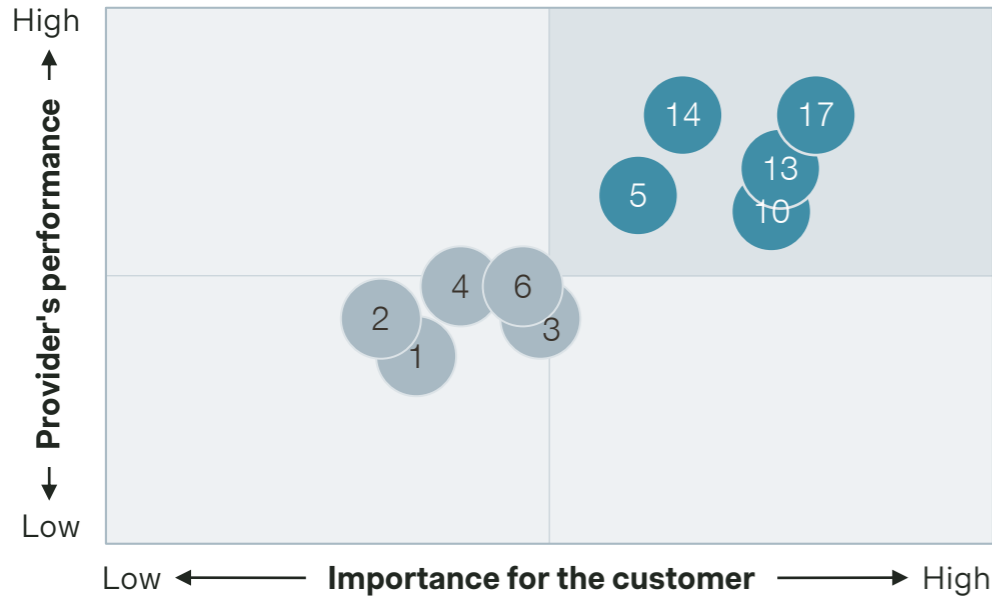
Source: Simon-Kucher; 1) CLTV = Customer Lifetime Value

"Moments of Truth" Check: Identifying the most important touchpoints can help telcos to channel their efforts towards delivering on them to maintain satisfaction more efficiently



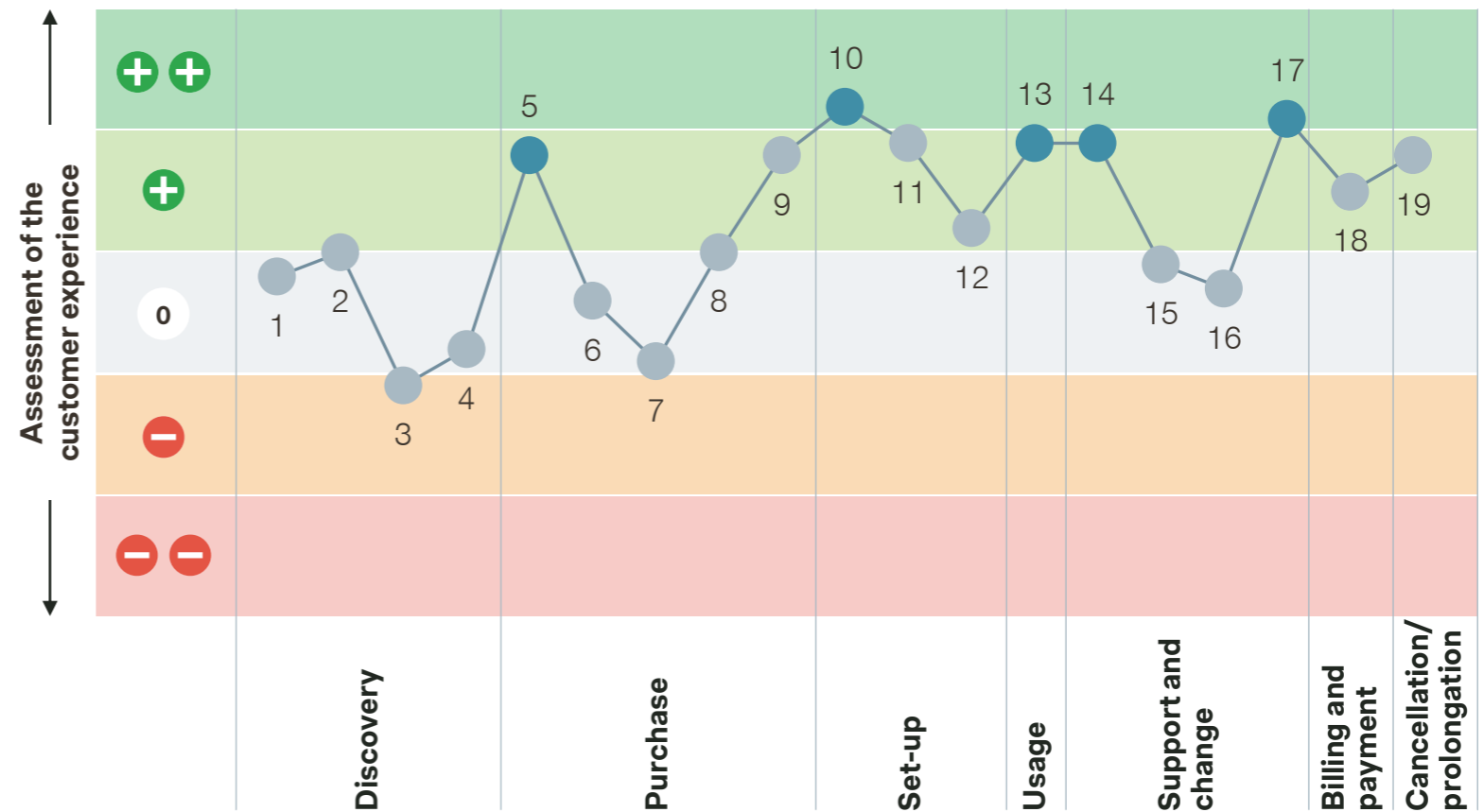
Illustrative

1. Identifying the "moments of truth"



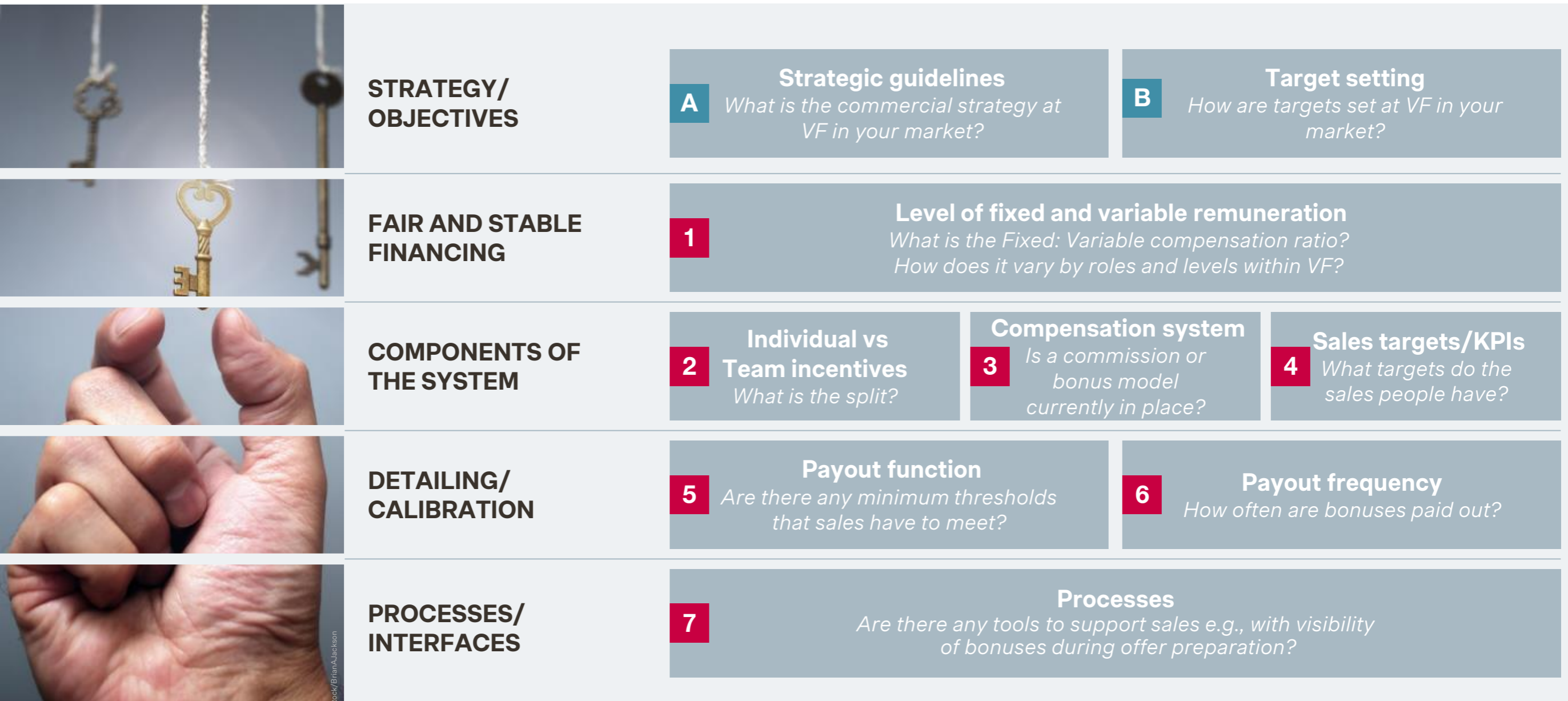
5	Contact with the sales desk
10	Contact with customer support for questions
13	Complaint handling
14	Resolving an issue
17	Customer support for product change requests

2. Customer Journey/Mapping



Costs of delivering an outstanding customer experience can be optimized, by focusing efforts on the "moments of truth" to keep satisfaction high, while driving sales- and service efficiency

Simon-Kucher's Incentivation Framework: To dedicate more sales attention towards value selling and driving cross- and upsell, a sustainable incentive system needs to address 8 levers



Fiber growth framework: Selected growth initiatives have potential to counter macro-economic development and increased competition, while leveraging FTTH expansion

1

COMMERCIAL FTTH EXPANSION STRATEGY



- **Identification and evaluation of expansion areas** through micro-market clustering
- Designing a **growth strategy in terms of commercial initiatives**, expansion targets, and possible open access approaches

2

PRODUCT PORTFOLIO OPTIMIZATION



- **Customized pricing for segments**, along with pre-selected packages and various add-ons, to **create compelling value proposition**
- Define and strengthen the appropriate **price metric, points, and negotiation capabilities across segments**

3

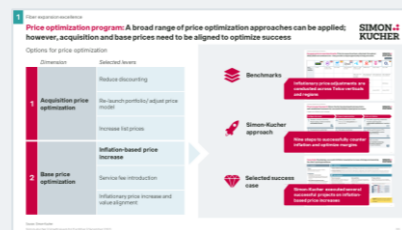
OPTIMIZATION OF SALES EFFICIENCIES



- **Alignment of sales targets to overall objectives** (might shift from volume to margin) and **adjustment of incentive schemes**
- **Optimization of lead generation and sales process** incl. semi-automated **sales support tools** like an offer generator or **PeerPricing**

4

PRICE OPTIMIZATION PROGRAM



- **Explore price optimization potentials** across the **existing customer base** and/or **optimize acquisition prices**
- Develop and implement **inflation adjustments to list prices** to counter macroeconomic development