Engaging B2B Customers to Offer a Differentiated Experience

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STC - Saudi Telecommunications Company
# Company Overview

## Solid Infrastructure Positioning

| ~1M FTTH passed | 85% 4G KSA coverage | 99% Mobile coverage (2G, 3G, 4G) | 13% IT Market Share (Rank#1) |

## Strong Financial Standing

| USD 13 Bn Revenues | 38% EBITDA | A- S&P credit ranking | 21K Employees |

## Deep ICT Expertise

| 5 Data centers in KSA (Tier 2, Tier 3, Tier 4) | 5+ Industry verticals (Tailored solutions) |

## International Footprint

| 9 Countries |

## Innovation Catalyst

| InspireU Digital innovation ideas sourcing |
| STC Ventures Digital innovation VC investments |
| Incubators In 3 leading technical universities |

## Network of Subsidiaries

| 10+ Subsidiaries |

| Solutions | Arbsat |
| BRAVO | Arab Sub. Cable |
| Sapphire | SaleCo. |
| Intigral | Aqalat |
| Call Center Co. | SMMC |
## STC’s B2B Business Unit Journey

### Inception
2005 – 2007

- Venturing into B2B
- Served B2B with basic telecom through consumer units
- Expanded through opportunistic acquisitions

### Setup
2008 – 2014

- Telecom Growth & Market Share Grab
- Carved out an Enterprise unit
- Built B2B centric team, telecom products, and sales channels
- Dedicated separate operations for B2B

### Scale-up
2014 to Date

- Synergizing and Expanding into IT
- Unified B2B strategy and go-to-market, and rationalized IT capability building
- Pursued a platform and digital enabler play, lobbied with government, and invested in selected verticals

### Revenue Evolution

<table>
<thead>
<tr>
<th>Year</th>
<th>Others</th>
<th>STC B2B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>2014</td>
<td>300%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Market Share

- **Internet Market Share 2007**
  - Internet Market Share 2007: 20%
- **Revenue Growth 2006-2008**
  - Revenue Growth 2006-2008: 3x

### YoY B2B Revenues Growth

- **STC**
  - YoY B2B Revenues Growth: 25%
  - Market: 13%

### IT Services Market Share in 2015

<table>
<thead>
<tr>
<th>STC</th>
<th>13% (#1)</th>
<th>2nd Ranked</th>
</tr>
</thead>
<tbody>
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<td>STC</td>
<td>13% (#1)</td>
<td>2nd Ranked</td>
</tr>
</tbody>
</table>
# B2B Customers

## Segments, Drivers and Expectations

<table>
<thead>
<tr>
<th></th>
<th>Price Sensitivity</th>
<th>Sales Approach</th>
<th>Service Quality</th>
<th>Product Complexity</th>
<th>Service Assurance</th>
<th>Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMEs</td>
<td>High</td>
<td>Consultative</td>
<td>High</td>
<td>Customized</td>
<td>Managed</td>
<td>• Price sensitive&lt;br&gt;• Affordable/ off-the-shelf ICT solutions&lt;br&gt;• “Mass market” requiring a channels mix</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>Transactional</td>
<td>Sufficient</td>
<td>Off-the-Shelf</td>
<td>1st Level</td>
<td></td>
</tr>
<tr>
<td>Large Enterprises</td>
<td>High</td>
<td>Consultative</td>
<td>High</td>
<td>Customized</td>
<td>Managed</td>
<td>• Sensitive on QoS of critical apps&lt;br&gt;• Managed services for some services&lt;br&gt;• Special bundles of services&lt;br&gt;• Dedicated channels for high value accounts – Account Managers</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>Transactional</td>
<td>Sufficient</td>
<td>Off-the-Shelf</td>
<td>1st Level</td>
<td></td>
</tr>
<tr>
<td>Key Accounts</td>
<td>High</td>
<td>Consultative</td>
<td>High</td>
<td>Customized</td>
<td>Managed</td>
<td>• Quality-driven segment&lt;br&gt;• Strict SLA requirements&lt;br&gt;• Vertical solutions with customization&lt;br&gt;• Managed services to outsource IT&lt;br&gt;• Dedicated channels – Account Managers</td>
</tr>
<tr>
<td></td>
<td>Low</td>
<td>Transactional</td>
<td>Sufficient</td>
<td>Off-the-Shelf</td>
<td>1st Level</td>
<td></td>
</tr>
</tbody>
</table>

### Key Takeaways

- **Customize treatment** to different segments and customers
- **Never under-value** customers; SMEs and Large Enterprises might grow to be the next Key Accounts

### Customer Value

<table>
<thead>
<tr>
<th></th>
<th>Accounts</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>99%</td>
<td>57%</td>
</tr>
</tbody>
</table>

### Product Facts

- **Categories**: Data Circuits, Landline (e.g. broadband), Mobile and ICT Solutions
- **Number of products**: > 50 services
- **Number of solutions**: uncountable
Guiding Principles

1. **Engage key customers closely**
   Engage Key Customers, maintain an updated central account of their priorities and challenges, and tailor treatment accordingly.

2. **Co-create products and solutions**
   Develop solutions to address specific requirements of high value customers and partner with them on a joint go-to-market approach.

3. **Involve customers in agile development**
   Tailor the features and design of customer channels to the preference of the different segments through involving customers directly in iterative development and lean UX design.

4. **Gauge experience accurately**
   Leverage different subjective sources and operational metrics in automating indicators to accurately represent customer perception of products and services.

5. **Act on feedback effectively**
   Collect of customer feedback, act on it and leverage it to accurately reward good behaviour through a fully objective and automated performance management system.
**Engage Key Customers Closely**

**Key Accounts Engagement**

**Senior Engagement**
- Issues and priorities
- Experience
- Preferences (big data, social networks, etc.)

~300 High Profile Visits / Year

**Customized Solutions**
- Customized technology solutions to address specific customer needs

**“Know Your Customer” Repository**
- Issues and priorities
- Experience
- Preferences (big data, social networks, etc.)

**Personalized Programs**
- Innovative and relevant loyalty programs
- Rewards tailored to key customers’ preferences

**Key Takeaway**
- ✓ Plan senior annual meetings to key customers
- ✓ Maintain rich and updated information on priorities and preferences of key decision makers
- ✓ Go the extra-mile by addressing challenges of key customers through specific solutions
- ✓ Innovate and customize loyalty programs
Co-create Products and Solutions

Collaborating on Digitization

<table>
<thead>
<tr>
<th>Users</th>
<th>Individuals</th>
<th>Businesses</th>
<th>Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verticals / Applications</td>
<td>e-Health</td>
<td>Digital Payments</td>
<td>e-Education</td>
</tr>
<tr>
<td>(STC Services/Ongoing Initiatives)</td>
<td>EMI¹</td>
<td>e-Wallet</td>
<td>Connected Schools</td>
</tr>
<tr>
<td></td>
<td>HIS²</td>
<td>National Payment Platform</td>
<td>Learning Management System</td>
</tr>
<tr>
<td></td>
<td>PHC³</td>
<td>HIE⁴ (SeHE)</td>
<td></td>
</tr>
<tr>
<td>Horizontals / Infrastructure</td>
<td>Security Services</td>
<td>Big Data</td>
<td>Internet-of-Things</td>
</tr>
<tr>
<td>(STC Enablers)</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

1) Enterprise Medical Imaging 2) Health Information System 3) Primary Healthcare Center 4) Health Information Exchange 5) Includes mission critical network
Involve Customers in Agile Development

Co-development with Customers

Engage all customer groups...

- Administrators
- Employees
- SMEs
- Large Enterprises
- Key Accounts

... in agile Development of...

1. Strategize
   Leverage industry insights

2. Design
   Apply lean UX approach

3. Test
   Involve customers in design tests and iterations

4. Prototype
   Integrate design into a development-ready prototype

... services

- Digital Channels
- Cloud Market Place

Key Takeaway

✓ Define and understand user groups

✓ Engage all user groups in development and lean UX design

✓ Simplify, include only the right features for each user group

✓ Digitize the journey from an end to end perspective to increase adoption

- Informative
- Convenient
- Empowering
- Consistent

- Discovery
- Navigation
- Provisioning
- Testing
Customer Experience Measurement

Representative measurement...

Customer Experience Index

- Unified
- Segmented
- Traceable
- Service Specific

... enables proactive operations

Tracking and Preempting Degradation

- Automated tracking of operation KPIs
- Understanding of degradation reasons
- Correlation of customer experience to operational issues

Key Takeaway

✓ Produce a unified and transparent index to measure performance holistically

✓ Incorporate and correlate subject and objective input

✓ Produce segment, channel and service analyses

✓ Automate collection and reporting

✓ Align all stakeholders on insights and required improvements

Subjective Input
- Transactional feedback
- Market survey analysis

Objective Input
- Commercial, Operations and Technology KPIs

Source: 2017 TM Forum
Instill Customer Experience

Key Takeaway

✓ Ensure 100% automated assessment of employees from feedback collection to KPI calculation

✓ Cascade KPIs upwards up to highest level in organization

✓ Extend access to results through centralized platforms/dashboards

✓ Close the loop on received feedback and re-assess performance
### Closing Remarks

Our Journey Has Paid Off in Achievements and…

<table>
<thead>
<tr>
<th>% Increase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>+11%</td>
<td>Digital customer experience</td>
</tr>
<tr>
<td>+23%</td>
<td>Digital adoption</td>
</tr>
<tr>
<td>900+</td>
<td>Employees with individualized CEX KPIs (generated automatically) in performance scorecards</td>
</tr>
<tr>
<td>+4%</td>
<td>Customer satisfaction of interactions across channels</td>
</tr>
<tr>
<td>+5%</td>
<td>Retail experience</td>
</tr>
</tbody>
</table>

… Key Lessons Learned

- Understand deeply the B2B customer specifics
- Maintain a centralized and updated repository of key customer challenges and priorities
- Close the loop on customer challenges; go beyond conventional solutions with key customers
- Do not improvise solutions; “co-create”
- Develop channels and services to suit preferences and needs of the different user-groups
- Correlate subjective feedback and objective metrics to holistically assess performance
- Develop transparent means to instill a CEX culture (reward good behavior)
- Ensure transparent, proactive and automated reporting

Note: Achievements listed pertain to 2016 period