



With a baseline established, application traffic under control, and subscribers managed according to user group, broadband network operators can further use intelligent IP service optimization to fine-tune operations and improve revenue streams.

A network optimized to deliver on user expectations for service availability and performance increases customer loyalty. Such high-quality service is often the primary criterion that customers use in deciding whether to stay with a given provider or seek out a new one.

By way of example, more than 70 percent of customer respondents to a CRMGuru.com survey reported that poor service caused them to take their business elsewhere far more often than price. This finding ran counter to the perceptions of the business managers in the companies actually providing the services and products (see figure). CRMGuru.com is a Web-based media company specializing in customer relationship management (CRM) education.



Source: CRMGuru.com “Why Customers Leave” survey, 2004.

Reprinted from “The Loyalty Connection: Secrets to Customer Retention and Increased Profits,” by Bob Thompson; used with permission from Bob Thompson CEO, CustomerThink Corporation; Founder CRMGuru.com.

Short-Range Steps

There are six primary short-range steps that help achieve the service optimization that will improve loyalty and reduce customer churn. These draw upon the skills used in setting policies and grouping subscribers, on which you can now overlay analysis of what you know to deliver optimal service.

Step 1: Continuously improve performance and support—Use what you know to improve what you do. Continuous monitoring of network performance and the ability to set threshold alarms will allow you to identify patterns and trends that vary throughout the day and the week. These patterns and trends can be compared to your original baseline so you can adjust traffic flows to optimize service at those special times. For example, you might receive an alarm that indicates the number of

live connections for a particular group of subscribers has exceeded a specified maximum. After reviewing the monitoring graphs for that group, you might see that it seems to be happening daily in the early evening hours. The real-time and long-term graphs can give you the information you need to understand more clearly if there is a problem or if the quality of service (QoS) policy needs to be changed. Events such as this can be managed or eliminated by updating or setting corrective policies, thus improving network performance and reducing customer support calls.

Step 2: Refine your service offerings —Chapter 5 discussed some ideas for new service offerings made possible by using a service optimization system. The creation and refinement of your service offerings must be ongoing processes in order to keep your subscribers satisfied. Offering different and flexible service bundling is a way to keep you competitive. For example, a tier-one U.S.-based carrier reportedly increased its average revenue per user (ARPU) by 4.6% recently when it increased its percentage of double-play (high-speed Internet and voice) subscribers from 54% to 66% of its total customer base.

Successful service offerings target subscriber lifestyles and allow customers to choose what services they want. Analysis of your subscribers' latest usage patterns can present new opportunities for increased revenue. As you identify patterns and usage trends by monitoring traffic, you can refine your service packages to meet the actual needs of your subscribers. By creating the kinds of service offerings that specifically address the ways your customer base utilizes your network, you not only add to the customer loyalty factor, but you also open up new avenues for increasing revenue streams.

Step 3: Target your marketing — Give the people what they want. Service optimization systems are like having a built-in market research team ready to tell you what will sell best among your customer base. Analyzing usage by customer group or by individual subscriber also helps ensure fairness, in that it is especially valuable for finding individual subscribers who are deviating from their SLAs. It also allows the operator to identify and solicit customers who are good candidates for upgrading to premium services, such as gaming packages, P2P priority packages, business premium plans, and usage-based billing. Again, this is not a once-only

practice: subscriber behavior changes over time, so when traffic flow alterations occur, you should be thinking about reevaluating the kinds of services and packages you are offering.

Step 4: Examine the history and the behavior of customers who leave your business — Once you know why customers are leaving you, you can take preventive measures. Using the history report functions of service optimization systems, you can analyze “how” former customers used your network before they left and thereby gain insight into “why” they left. Some customer attrition is inevitable when, for example, subscribers move to new locations. But customers leave providers for a variety of reasons. By reviewing a customer’s usage and support history, you can identify what those reasons might be. Among them might be the following:

- Using more network resources than their SLA allotted, which might have led to a degradation in service
- Services not tailored to meet the user’s requirements
- Poor customer service

Step 5: Identify potential over-use before frustration sets in — Put network QoS and customer quality of experience (QoE) first. Catch problems before they catch your customer by identifying high usage patterns that warrant a service upgrade and offering the upgrade to the customer in a timely manner. As mentioned earlier, customers most often leave providers because they want better service. Usually, that service level is available in a package upgrade that the subscriber might be unaware is available. Using system reports to identify such subscribers, you can offer them service upgrades that will meet their usage needs.

Step 6: Keep an eye on the “little guy” — Don’t disregard the “little” subscriber. While low-usage subscribers are not a large part of the revenue stream, there are some Internet users who are going to remain at that level. If you can identify these subscribers, you can offer them a “basic” package that is so appealing cost-wise that no other provider in your area can match it. Keeping such customers, despite their associated low revenue margin, is better than losing them.

Chapter Summary

Two related benefits of service optimization are customer loyalty and reduced churn. Short-range network tuning using service optimization helps you achieve both by viewing analytic reports that show what your customers want and need, determine services to which they are likely to upgrade, and help you know why subscribers are leaving so you can take preventive measures.