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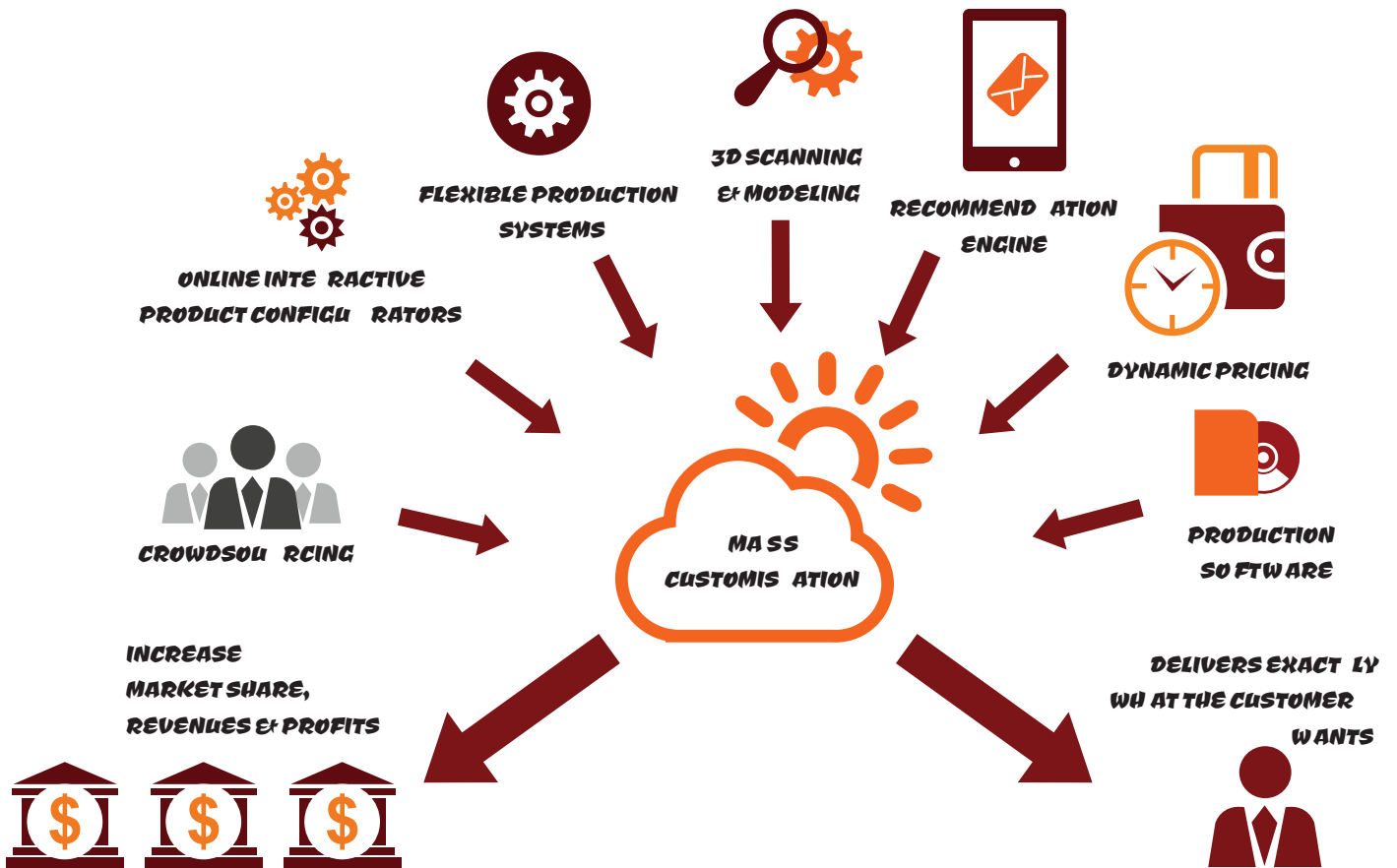# Me-to-Me:
Mass Customisation Comes of Age

Introduction

This white paper explores the emerging concept of Me-to-Me: Enabling customers to select exactly the services and products they want, when they want them and at a price they are willing to pay. It explains why now is the time for digital, financial and communication service providers to deliver mass customisation to enterprises, SMEs and, ultimately, consumers, while maximizing the value of each and every transaction for both parties.

FLEXIBLE PRODUCTION SYSTEMS

3D SCANNING & MODELING

RECOMMEND ATION ENGINE

ONLINE INTE RACTIVE PRODUCT CONFIGU RATORS

DYNAMIC PRICING

CROWDSOU RCING

PRODUCTION SO FTW ARE

MA SS CUSTOMIS ATION

INCREASE MARKET SHARE, REVENUES & PROFITS

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Mass customisation – now is the time

Across the economy, companies have been trying for decades to achieve mass customisation – the cost-effective provision of products and services that are tailored to the exact needs of customers. For companies facing commoditisation and brutal price competition, the logic is compelling – if customers can buy a product or service that precisely meets their needs, they are likely to pay more, buy again and recommend the supplier to other potential customers. And by enabling customers to choose the exact configuration they want, the supplier gains valuable insights into how markets and customers' requirements are changing. As a result, customisation could become a key determinant of market share in an increasingly digital economy.

In the communications and financial services sectors, greater customization is fast becoming a competitive necessity. In both markets, incumbents are facing increasing competition from new players offering consumers and businesses highly tailored and flexible offerings. Amazon Web Services, for example, is providing highly-configurable cloud services, while Netflix enables consumers to watch exactly what they want when they want. At the same time, both telecoms and banking regulators are increasingly pushing for greater consumer choice and transparency. In many cases, they want individual services to be unbundled, so that consumers can buy precisely what they want. Some policy makers are calling for customers to be able to subscribe to individual TV channels, for example.

Closing the service and capability gap

In manufacturing, particularly the automotive and computing sectors, a limited form of mass customisation has already been implemented with some success. Dell, for example, became the leading PC maker in the world by enabling customers to specify how much memory they wanted, how big a hard-drive they required, the speed of their PC's processor and which software they wanted pre-installed. Similarly, car buyers have long been able to specify the colour of their vehicle, the upholstery and which extras they want. But this kind of product configuration is just scratching the surface of what is now feasible thanks to recent technological advances. "We believe the time for widespread, profitable mass customisation may finally have come, the result of emerging or improved technologies that can help address economic barriers to responding to consumers' exact needs in a more precise way," noted McKinsey in a February 2014 paper(1).

In that paper, McKinsey identified several technological and societal advances (see infographic) that are fundamentally changing the expectations of consumers and making the implementation of mass customization viable in many different sectors of the economy.

As digital technologies enable companies and customers to exchange insights and information in

real-time, mass customisation is set to become far more sophisticated in terms of both the proposition and the associated price. What's more, mass customisation is moving beyond manufacturing: Advanced information and communications technology (ICT) is now making feasible to provide personalised propositions in the services sector. Sophisticated online product configurators, such as that used by Amazon Web Services, can enable customers to design (and continually refine) a service proposition that precisely meets their needs.

Meeting rising expectations

The proliferation of digital services and advances in connectivity are changing customers' expectations. Both consumers and businesses are looking for more self-service tools and automation that will enable them to buy at their own pace and give them more direct control over the service they receive from service providers.

In the communications sector, in particular, greater use of software in the networks is set to exacerbate the move to mass customization. The advent of software defined networking, for example, could enable enterprises to take much greater control over how they use telecoms networks to implement internal processes and serve their customers. Similarly, the rise of the Internet of Things will enable a raft of new service propositions for both consumers and businesses, giving

them precise control over the things they own. For example, some householders may want their heating to switch on when their car comes within five miles of their home, while others may want their alarm clock to wake them up early if there are delays on their regular train line.

With the right ICT systems and processes in place, both financial and communications service providers can create highly-tailored propositions aimed at individual customers. By harnessing advanced analytical software that can rapidly combine data on a specific customer with data on similar customers, a service provider can make customised offers. To take a straightforward example: A bank's IT systems might show that an events organiser suffers a slowdown in business every summer, but cash flow always improves dramatically in October. The bank could then offer the events company a customized loan to cover outgoings in July, August and September at a discounted rate.

(1) How technology can drive the next wave of mass customization

Self-service that puts the customer in control

Although making tailored offers is a key step towards a me-to-me proposition, it isn't sufficient. Customers will want the flexibility to adjust these propositions to their exact needs. A design agency may decide that, in its busiest quarter, it will need a fast uplink between 5pm and 9pm and is prepared to pay more for the longer timeslot. Advanced and intuitive product configurators (either in the form of apps or web apps), together with flexible back-end systems, can make it straightforward for customers to tailor a service exactly to their needs and their budget.

Moreover, service providers can now give customers all the information they need to optimise the service proposition. For example, a design agency should be able to see how much data it uploads and downloads each day, how much that data costs and how much traffic is generated by each application – all in clear charts and graphs.

Highly informed customers will be better placed to select the services they actually need and are, therefore, less likely to be dissatisfied and disloyal. Here's another straightforward example: A mobile operator could give a small business a clear view of what it is spending on roaming services in which countries and at which times of the year. It could then offer the business a tailored roaming package that only applies in specific countries and at specific times of the year. Again, the customer should be able to adjust these parameters and see how these changes would impact the price of the roaming package (determined by data analytics software that gauges the customer's propensity to buy and the cost to the service provider of delivering that service). Theupshot? The customer would only be paying for what they need, rather than for an annual global or regional roaming tariff plan
.
In the financial services sector, a customer should be able to tailor a bank account to their needs, dynamically changing the parameters as required. A small business, for example, that loses a major client should be able to use a self-service tool to change the parameters on an overdraft facility, perhaps extending the duration and the lending cap, and consequently increasing the interest rate.

More broadly, service providers could also dynamically adjust their pricing according to supply and demand, just as airlines and hotels do. If a communications service provider's systems are seeing strong demand for roaming services in a country hosting the World Cup or the Olympics, for example, they could increase their prices to ensure they'll be able to cover the wholesale costs of connecting that traffic.

Getting down to business

Service providers are likely to implement mass customisation first in the business market. That's because both enterprises and SMEs increasingly demand precisely-tailored solutions: For businesses operating in fast-digitising and increasingly-global and competitive markets, timely access to information and communications technology and financial capital plays an increasingly pivotal role in deciding whether a company will survive and thrive.

An enterprise's precise requirements will be dictated by the strategy it uses to differentiate itself. For example, a retailer that decides to dispense with branches will need extremely reliable and secure connectivity it can use to interact with its customers. Although enterprises have long demanded customization, they now want it with shorter lead times and more flexibility: Extensive face-to-face negotiations are gradually giving way to online configurators and dynamic pricing.

To succeed in the business market, a service provider now needs to be nimble and responsive to developments in each of the vertical sectors it is targeting. As markets change, the services and solutions a business customer requires will also change.

Barriers abound

Delivering a Me-to-Me proposition isn't easy. If it were, it would have happened a long time ago. One of the biggest barriers is short-termism. Long-standing communications and financial service providers may find that both their senior managers and front-line staff struggle to adopt the mindset required to deliver personalised propositions. These sectors are sometimes associated with a lack of choice and transparency. In the telecoms sector, for example, bill shocks related to mobile roaming charges have created stress and uncertainty for customers, while in the financial services sector, bank accounts have traditionally been rigid and standardised. Even though social media is increasingly putting service providers and their pricing under a continual spotlight, some telcos and banks continue to levy hidden charges, rather than be up front with customers about the value they are providing.

Inadequate and outdated ICT is also an issue. Many service providers are hobbled by legacy back-end systems that prevent them from gaining a single view of each customer. In some cases, customer service representatives in call centres are juggling multiple systems and screens to answer customer queries, resulting in a disjointed and protracted customer interaction.

At the same time, there is a danger that growing competition from new players and pressure from regulators will actually have a detrimental effect, pushing service providers to concentrate on cutting costs, rather than refining their propositions. Some service providers may worry that customization is simply too expensive to implement and will have a negative impact on revenue, as customers no longer buy services they don't need. This view is short-sighted: If existing service providers don't offer customers exactly what they are looking for, customers will gravitate to new players that do.

Conversely, service providers should avoid offering customers too much choice, creating a la carte menus with dozens of options. Instead, they should cut through the complexity by narrowing the menu down to the three to five options tailored to that specific customer. Another potential pitfall is succumbing to the temptation to bombard customers with offers and information. Even if such missives are highly-targeted, customers will quickly tire of excessive interaction. Timing is critical.

Mass customization needs to be implemented carefully and incrementally. Rather than attempting to overhaul their entire IT architecture at great expense, service providers should simplify their core infrastructure as much as possible and then build a layer of flexible systems on top. For example, middleware can be used to locate relevant customer data and transfer it to where it is needed. Ideally, this middleware will also provide staff with a graphical user interface that integrates customer data from the different systems. To avoid making major mistakes, service providers should experiment and iterate. A telco, for example, could start by communicating better with customers by providing smartphone apps containing real-time usage information. As customers become accustomed to using the app, the telco could then use this channel to make proactive recommendations to the customer based on their usage information.

Establishing small pilots gives service providers the freedom to move quickly and test new concepts without impacting the core business. At the same time, service providers need to become easier to partner with – they should create flexible, automated platforms that enable small companies to address specific customers' needs and add value to the core service. Ideally, a service provider should have a stable core IT platform that can be accessed via application programming interfaces (APIs). Third-party developers can use these APIs to create propositions of value to the service providers' customers.

# Xelerate– Enabling Mass Customisation

SunTec's Xelerate suite is designed to help service providers overcome many of the barriers outlined in the previous section. An advanced revenue management and business assurance product suite, Xelerate is a next-generation evolution of SunTec's award-winning product suite, which has been deployed by customers in 58 countries. Of the seven technological and societal advances identified by McKinsey (see infographic), Xelerate supports all of those applicable to communications and financial services companies: flexible production, online interactive product configurators, dynamic pricing and recommendation engines.

Xelerate enables a service provider to conceptualise, test and deploy new services or products rapidly and safely. Available as a pay-as-you-go cloud service, the software also supports real-time collection, mediation, rating, settlement and billing. As it can combine and analyze large volumes of customer and product performance data, Xelerate can enable service providers to create tailored offerings in real-time – a key pillar of a mass customisation strategy. The solution can also give a service provider a live view of the profitability of each product or service line with each customer, enabling it to dynamically change pricing and make offers in a way that maximizes sales and profits. In other words, the service provider can tailor the price of a product or service to be appealing to a specific customer in a specific context, while maintaining a real-time view of profit margins. The

service provider also has the flexibility to apply incentives to encourage customers to adopt specific products and services during off-peak periods.

Moreover, Xelerate enables the service provider to respond rapidly to a customer's changing requirements and budgets. For small customers, service providers can use Xelerate to

make proactive offers in response to context and real-time events. For medium sized customers, Xelerate enables the service provider to make tailored offers based on an out-of-the-box template. And for large (global) corporate customers, Xelerate enables the service provider to make fully tailored offers in real time. In each case, the process can be fully automated.
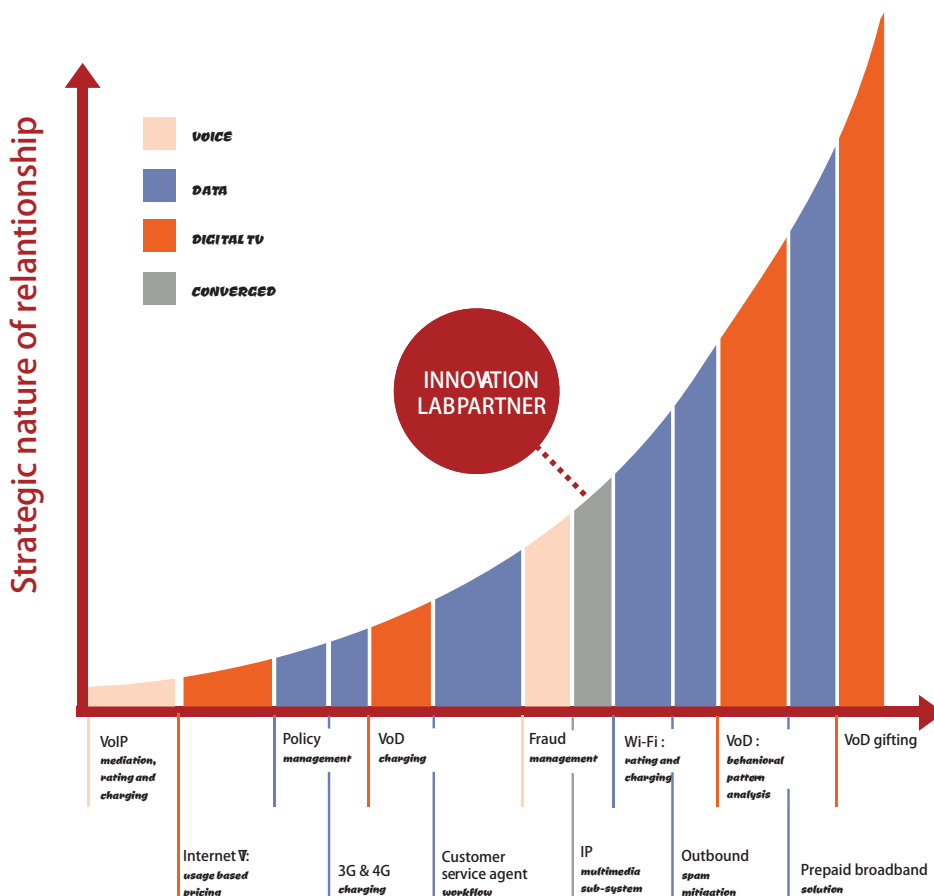
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About SunTec

At SunTec Business Solutions, we help our clients increase the lifetime value of their customer relationships through effective revenue management and real-time customer experience orchestration. With a legacy of deployment in over 60 countries, SunTec is a trusted partner to some of the world's leading banks and digital and communication service providers. Headquartered in India, we have our offices in the USA, UK, Germany, UAE and Singapore.

With a team of highly skilled individuals and our innovative product development models, we help our clients remain at the forefront of cutting edge technology. A stable, mature and flexible product suite, Xelerate continues to develop with the market. With insights from our industry experts, a robust future-ready roadmap and seamless integration with any ecosystem, it is one of the most effective products to leverage.

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You can also call us on:

US – Tel: +1 724 749 5699 | UK – Tel: +44 20 7220 3030 | Germany - Tel: +49 (0) 69 50 50 60 | UAE – Tel: +971 655 760 30 | Singapore – Tel: +65 6829 2139 | India – Tel: +91 471 2539 600

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India's top private bank delivers personalized pricing

A leading African financial services player, wanted its customers to see it as a "one stop shop" for all their banking needs and so increase customer lifetime values. But the bank's product silos meant information was fragmented across different IT systems.

Facing an increasingly competitive market, India's largest private sector bank, with a network of 3,382 branches, is taking steps to become more customer-centric. It has deployed the Xelerate platform on top of its existing legacy systems, enabling it to quickly develop new products, product bundles and services.

The bank can now offer customers personalized pricing based on parameters from multiple sources, rather than individual tactical solutions. By delivering customer-centric product offerings, the bank is building a sustainable competitive advantage in its markets, which include retail banking, SMEs, wholesale banking, project finance, international banking, rural & inclusive banking and treasury services.

The bank, which has a presence in 19 countries, now has:

- A complete 360-degree view of all its customers.
- The ability to examine and analyse the total value of a customer.
- Automated pricing and billing processes that have reduced the billing cycle by 75%, enhancing the customer experience.
- Significantly lower deployment costs and shorter time-to-market for new products.
- The ability to offer innovative product bundles based on the customer's usage, thereby increasing customer satisfaction, and bringing in more revenue for the bank.
- Automated business processes to help plug revenue loss and correct fees and charging for customers.

Conclusion

Me-to-Me Benefits Businesses and Customers

In summary, the latest IT systems are making mass customisation commercially viable in the services industry. Returning to the seminal paper by McKinsey, SunTec's Xelerate solution enables service providers to provide customers with online interactive product configurators, supported by dynamic pricing, recommendation engines and flexible production systems. Moreover, Xelerate makes these capabilities cost-effective, enabling a service provider to be both agile and profitable, maximizing the value of every transaction for both the business and for its customers.

Service providers that embrace mass customization early are likely to gain a competitive edge, particularly in the business market. As more and more SMEs use Amazon Web Services and other pay-as-you-use services, they are demanding more flexibility from other suppliers. They no longer want rigid contracts. Instead, they want a Me-to-Me experience that gives them the scope to continually adjust a proposition and the associated price to meet their exact needs. In other words, a service provider needs to put the customer in control and build a relationship based on transparency, trust and loyalty.

It isn't just customers that benefit from a Me-to-Me proposition. As customers optimise the service proposition and the price, they will generate valuable data that a service provider can then use to guide its investment in its networks, IT systems and talent. In future, data and value will continually flow backwards and forwards between suppliers and customers. Implemented well, Me-to-Me will be a win-win, enabling both service providers and their customers to prosper.

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For more information, please visit us at www.suntecgroup.com

If you wish to explore further on how SunTec can help you achieve mass customization, please drop us a mail at contactus@suntecgroup.com and we will get in touch with you

You can also call us on:

US – Tel: +1 724 749 5699 | UK – Tel: +44 20 7220 3030 | Germany - Tel: +49 (0) 69 50 50 60 | UAE – Tel: +971 655 760 30 | Singapore – Tel: +65 6829 2139 | India – Tel: +91 471 2539 600

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