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BUILDING SOHO AND SME REVENUES THROUGH RICHER COMMUNICATIONS

Questions and Answers

Building SOHO and SME revenues through richer communications: Questions and Answers

*This document outlines the questions and answers received from the STL Partners & Ericsson webinar, **Building SOHO and SME revenues through richer communications**, which was hosted on Thursday 28th May 2020. You can watch the recording of the session, and also access the slides, using the link here.*

If you have any questions not addressed in the webinar or this Q&A document, or want to hear more about our latest research, please contact:

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Q1) What is the best channel to address SOHOs and SMEs? Direct sales, door to door, online portal, distributors?

STL Partners: I think the channel(s) you choose will be dependent on 3 factors:

1. How your target customers buy existing or similar products and services now – to some extent you need to leverage existing channels that already exist and "follow the money"
2. The economics of your product/service and your available channels: direct sales may simply not be economic for lower value services. You may have existing consumer channels that could be extended for SOHOs and small businesses (e.g. retail shops)
3. How digitally advanced your market is: online channels are obviously highly attractive economically and offer a great experience but may not be available to you in your market.

So, there is no easy answer to this – you need to evaluate what you want to offer, to what type of companies, how they currently buy, the economics and experience of alternate channels and pick the right portfolio. Not simple but a systematic approach and exploration of your and other markets mean this is doable!

Ericsson: SOHO's & small business are to be targeted with normal consumer channels (on-line, kiosks, etc) for economies of scales and increase automation and decrease OPEX cost. There is also an opportunity to target small businesses through the respective industry association when that exist. For Medium and Large business, depending on the services the on-boarding can be through distributors, operators' account team but the upgrades, up-sells can be through self-care & on-line channels.

Q2) How do you improve cross-functional communication for an enterprise customer as part of incremental value offer?

STL Partners: I think the principles here are clear and become more important as your customer gets smaller: you must make things simple and easy and convenient and flexible. That is true for larger corporations and even more so for smaller ones and SOHOs. Nobody wants the hassle of complex programming and configuration processes: they want simple, easily configurable solutions that work for them – things they can tailor intuitively. They also want a business model that is flexible, where they pay larger or smaller amounts as their demand rises and falls.

Salesforce has been a good example of this. It started out being aimed at the mid-market but has now penetrated larger and smaller enterprises by adopting these principles: telecoms operators need to do the same as communications becomes less about 'voice' and more about 'voice+text+media' across multiple channels. That is true whether you aim to help enterprises with customer communications or internal cross-functional communications.

Ericsson: The enterprise customer is to be segmented into SOHO, Micro, Small, Medium and Large businesses. Cross Functional is mainly between technical and commercial (product, marketing and customer support). The smaller the business, the easier to sync between different functions and the larger they become, the more ICT support they will value. Thus, it will be important to collect and log input from their customers in a common place (e.g. CRM system). As an example, customer support can collect their customers' input e.g. from received screen shots, video stream, recordings into the common place for storage place, and then trigger actions on these inputs within other functions of their company.

Q3) Do you think that the mass market in a country like India will have to wait to optimise the use of 5G technology due to delayed roll out?

STL Partners: The economics for operators in India is challenging. Jio has shocked the market with its 4G entry and Airtel and Vodafone have suffered appreciably as a result. The COVID situation is likely to compound this economic pressure on operators in the short-term at least. As a result, 5G roll-out is unlikely to be as rapid as some markets although intense competition will keep driving the operators forward as they seek to differentiate; they cannot afford to stand still or they risk a competitor winning huge market share rapidly. The key thing is that many rich communications solutions do not rely on 5G – there is lots that can be done with 4G technology to support SOHO and SME customers.

Ericsson: No, from the normal enterprise communication services, VoLTE integrated services can be started (as VoLTE will be the main voice engine in NR 5G). The key is launching the integrated services that can be seamlessly compatible for 5G. The automated on-boarding, self-care, digital channels to sell, and eSIM enablement are some of the most needed services irrespective of 5G.

Q4) What was the data baseline for your figures? Are these internal stats or a third party who researched this? And which countries were surveyed for the data?

STL Partners: The data we used is from several different sources. The sources used were the Eurostat Annual SME report 2018/2019, and the Small & Medium Business Trends report 2019.

The SME Pulse report 2019 was the final source we used, which covered SMEs in 12 major countries. The 12 major countries surveyed are the United States, Canada, France, Germany, Italy, Spain, UK, Argentina, Mexico, Australia, India, and Japan.

Q5) Does the ECA solution integrate with CRM systems such as SF and Zendesk? We see that as an increasingly important need for SMEs.

Ericsson: ECA provides APIs to connect to different applications and partners. So, as the service is sold to operators, depending on the CRM system the operators support, ECA provides APIs to connect it.

Q6) What do you see as the main competition for the ECA product? Is there any positioning available of ECA vs a Competitor solution?

Ericsson: ECA is a cloud that provides different services, either turn-key or customised, to operators for their enterprise customers. Depending on the target segments and service, there may or may not be any competitor. The SOHO Communication service shown in the video is a low hanging fruit for operators to provide value to their SOHO and small business customers.

Q7) If a significant proportion of SOHO customers are currently on consumer packages with their telcos, is there really more revenue from switching them to tailor-made enterprise packages?

STL Partners: There is only more revenue if you provide more value! You cannot simply rebrand your consumer packages as enterprise ones and expect a revenue uplift. The key is to ensure that your SOHO packages offer increased value. Vikas and Abhey ran though the kind of thing that you can do for SOHO and small businesses to move them to higher-value plans by providing them with richer communications solutions that offer them the chance to save costs and increase their own revenues. This is what will enable you to lift your own revenues.

Ericsson: The SOHOs are on consumer packages as most operator packages for business users are too extensive with too many features and thus very expensive. These packages do also require contact with the operator for manual set-up, configuration etc. So, the SOHOs are not willing to pay so much, when they only need a sub-set of their existing offerings, preferably being able to order it on-line, and thus for a more competitive price. So, the key is to provide a package with a few vital business features with good customer experience (so that they are always able to answer any customer call), using your digital channels and self-care (for fast set-up and configuration for the SOHO and to reduce OPEX for the operator). And preferably provide them with a try & buy option. With this additional value, the SOHO customers will be motivated to provide more value to operators.

Q8) Are you concerned that the ECA product will still be too advanced for some SOHOs and SMEs who are not tech-savvy?

Ericsson: The whole idea of ECA based services is to provide the best customer experience in terms of both onboarding, configuring and using, so non-tech savvy users can use it through the normal (consumer) digital channels.

Q9) Moving data from legacy systems onto new products such as this must be daunting for some SMEs, are you planning on providing any support in this area? If not, I think many SMEs will be nervous about making a change.

Ericsson: Yes that will be part of the migration plan, and will depend on the legacy service and the best way to transform them to modern services.

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