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There is one important speaker missing on this Full Service Communication Providers
Conference: the USER-CUSTOMER. Because, this forum is not about ISP or Incumbents,
nor it is about IP Telephony, about Broadband, about Wireless or Cable, nor it is about
Customer Contact Centers, about Satellite Broadcast or about CRM applications. And last but
not least, this is not a Forum about B2B Markets or about B2C. It's a conference about the
Full Service Communication with this End-user Customer, my-, your-, our CUSTOMER.
In 1998, an article in the Harvard Business Review stated that "customer satisfaction rates in
the U.S. are at an all time low". It would certainly be depressing if all we have accomplished
since the 1982 publication of Peters and Waterman's, "In Search of Excellence" was the
addition of a customer service customer satisfaction statement in the mission statements of
our Fortune 500 companies. Five years ago we would have been pleased to state that customer
satisfaction was being discussed in the boardrooms and had a chance to become a part of a
business strategy. Now this is not enough. Delighting the customer must be a focal strategy.
Every business, every executive, and every manager must assess how their "domain "
contributes to customer value.

Incumbents, Telco's, Cellco's, ISP's, ASP's, Content-providers, even the Vendors of
Devices and Network equipment , we ALL have to change our view, and focus on the truly
needs of the clients. We have to: Shares in leading network equipment makers fell this month
again, as it became increasingly apparent the gloomier economic outlook would force
enterprise and telecom customers to defer capital spending projects. The decline in sector
shares followed a series of bearish analyst reports. The century of Looking Inside Out is over.
In 2002, the theme is all Customer satisfaction. The Year of the Customer.

INSIDE-OUT

Not so very long ago people dressed up in their finest suits to pay a simple visit to the bank.
They had no other option than to choose from a fixed set of products and services. No matter
what their wishes were, or which company they went to. And not so very long ago customers
actually accepted all of this. This approach, known as inside-out marketing, has characterized
economic behaviour since the Industrial Revolution. Companies manufactured goods and sold
their products to their customers. Incumbents provided connections and services to their
customers. As a result, companies dictated their customers' wishes and restricted their options.
Now times are changed, customers do not accept 'the business boom'. As a result, they stop
buying products and services. Marketeers are searching for improved methodologies to keep
their businesses growing, with new existing customers, and with excellent Customer Care.

Effective customer care requires a new mentality, a new corporate culture. This will lead to a
cultural change in your organization. The real shift in this new paradigm has to come from
within the organization. Your company, institute or government has to facilitate optimal
customer contact and the perfect allocation of services to meet the needs of your customers.
This includes change management, optimising your product mix and careful image-making of
your organization to ensure that the customer receives what is promised.

A strong customer focus is relatively easy to build and maintain. Furthermore, it's easy to
grasp: if the customer is on 'top' of your organization, everybody will understand what their
work is all about. And more importantly, your customer will see your organization as a

consistent identity with whom he can develop a fruitful relationship. A clear customer focus affects your whole organization - from your brand value to your products, from your people to your technology. Your company needs an overall design and implementation of your customer care organization to establish outside-in marketing approaches, including one-to-one contact centres, web-enabled customer care solutions, and integrated distribution channels.

OUTSIDE-IN

The 'now-a-days' view of the Customer is only Outside-In, mostly focussed on only the first two bullets, to be seen 'Top down' in the bullets below:

- Branding
- Product mix
- Value Chain & Branding Processes
- Customer Contact Strategy
- People
- Information Flow
- Applications
- Technical Infrastructure

Each human has needs, to be fed sooner or later. Normally, the needs and feeds cycle looks like a mobile perpetual, but in human life there are events that change the needs, and also the feeds. It is important to understand the wishes of the individual customer and to fulfil them the moment they arise. Every moment in the daily life of an individual can be a possible Customer Event. In order to seize these opportunities, we have to identify the changing needs of the individual customer and to respond effectively to these Customer Events. As a result, successful organizations change their perspective on service and customer care: they set a new standard for success, using every customer contact at all customer touch points to extend business.

The Customer Event Model enables organizations to recognize customer needs at any given stage in his or her life and to react effectively and profitably. In other words: a customer event is the reason for the customer to contact an organization to fulfil his individual needs. A customer event could be anything: a new job, travelling, moving into a new house, graduation, a marriage, etc.

Each customer-respecting organization has to identify and manage significant customer events and matches those events to your products and services. The casual CRM-applications should implement and incorporate the sequences of lifestyles in the lifecycle of each of your customers. If you're not able to do that, please ask for help your organization to define and implement solutions to deliver these products and services to the customer.

Since the outside-in approach is based on a response to the wishes of the customer:

- it extends the product mix to fulfil the customer's needs;
- it reduces production costs, storage, and unnecessary distribution costs;
- it makes your organization transparent to the customer.

In short, organizational activities should be focused on three simple elements: events, needs and feeds. This model will transform your business into a customer oriented organization and differentiate it from its competitors.

A recent Survey of ACTINIUM, a partner of Cap Gemini Ernst & Young in the Netherlands, shows that 87% of all private customers are satisfied with the recent quality of banking services. The study [1], researches how customer satisfaction can be affected by the launch of Internet banking and reduction in the number of banking services at bank branches, shows worries amongst older customers in particular that Internet banking will change the nature of banking services for good at the expense of personal contact. Five hundred private customers of banks across the Netherlands took part in the representative survey. All the same, two-thirds of them see a possible reduction in services at local branches as a bad deal. Many customers, (58%) are afraid of a loss of personal contact due to a reduction in traditional services coupled with Internet banking. As many as 79% of all customers attach great importance to personal contact with their bank.

The study shows that a reduction in personal contact can have serious consequences for customer loyalty. Half of all customers would seriously consider switching to a more customer-oriented competitor if their own bank's launch of Internet banking were accompanied by less attention to personal contact. The study also shows that of the customers aged over 50 (often the customers with the greatest financial means) 85% are still unable to do to their banking electronically, even if they wanted to. With customers aged up to 50 this is 50%. The main objections that private customers have against Internet banking are the lack of personal contact, their doubts about the safety of the Internet and the fact that they would no longer have personal advice at hand. The chief reasons for possibly switching to another bank are poor, customer-unfriendly service, the lack of personal contact, the limited accessibility of the branch office and extra costs of the Internet banking. The study shows that 69% of the customers surveyed do not think that more independence through fewer banking services and automation is by definition a bad deal. However, they emphasise the importance of Internet banking with a personal touch combined with customer-focused service at the local branches.

Based on this study, Cap Gemini Ernst & Young sees opportunities for those banks that are capable of linking personal contact with a gradual introduction of Internet banking in a customer-friendly and efficient manner. The study also shows that banks would be well advised to communicate intensively the advantages as well as the use and safety of Internet banking to the various target groups.

On this point, we have to take another perspective, and focus on the economical and technical topics for a Communication Service Provider. First the old and new technologies, that should be (re)introduced in the new economy to fulfil the needs of the End-using Customer. What are the requirements for a CSP-network to serve that Customer? What are in 2002 the requested Value Added Services, and how rapidly will they get decoupled from commoditised ones?

NETWORK REQUIREMENTS

The networks nowadays are anything but able to fulfil the customer's needs. Once the customer has managed to make a connection (setting up an account for the internet for example is not something everybody is capable of), he or she has to look really hard to find the services needed over a network which doesn't provide the performance required once you need it most. Customers are not interested in speed or bandwidth or quality of service… they only care about "Does it perform like I need NOW?" and – in managing forecast – "Will it operate tomorrow just as I expect now?". So from a network provider point of view it is urgent to start thinking about the true needs of the customer, which are not named as 'good

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[1] entitled "E-banking and the Quality of Services"; this study could be obtained by delivering your business card to a CGE&Y representative on this Conference, or by contacting CGE&Y.

network services' (although they are required to fulfil their needs). The network provider has to become aware of its position along the value chain, meaning they are 'only' enablers for customers to obtain whatever service they want in whatever way they want. This goes against the development where network providers and content providers merge in an attempt to lock in the customers or the rigidity with which network providers keep customers in their own network. You can forbid it, but customers will more and more do what they like to do. They buy a small router to use one broadband connection for more participates. They use a Calling Line Identifier, to keep out the acquisition-calls. They take more virtual mail-addresses to live their anonymous life in the jungle of CRM. They buy for 10 Euro a dual-SIM accessory to use their favourite mobile phone on two network operators, just as they like. If you have for example a subscription with one mobile operator, it is not possible to switch to another local operator even if this other operator provides a better connectivity in the area you are at that moment. And if you want to switch to another type of network, you are completely lost. Try for example to call someone over the Internet on his mobile phone.

Ideally network operators provide customers a one door shopping possibility where they guide them in an easy way to the service they need and help them obtain it. This helping contains more than just providing the technical possibilities for connectivity, security, search engines and things like that. It also means the network operator has to closely cooperate with the other members in the value chain. If, for example, a reliable, creditable user wants a particular service, he or she should be able to obtain it at once and not go through a subscription procedure of several days. In order to do so, the network operator should, besides operating as a - so to speak – 'trusted third party', know their customers really well in order to being able to provide the lifestyle services they really want.
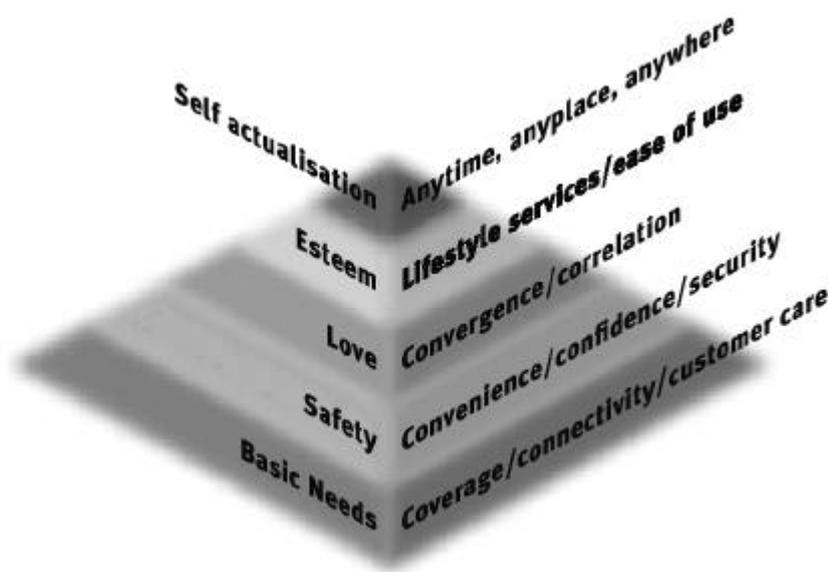
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This in fact is a trend you already can see at the moment: the most successful companies are those who concentrate on lifestyle services instead of products. They implement the theories of Mazlov – related to the environment of tele- and data communication – in their business.

VENDOR REQUIREMENTS

What counts for the network providers also impacts the vendors. A user doesn't want to be hampered by the type of device purchased. There are for example very little mobile phones that function both in the US as in Europe. And things won't improve in the near future: the GPRS networks are device specific, so anyone with a Nokia phone won't be able to use a network designed for Ericsson…

In order to live up to the expectations of customers (obtaining any service they want in any way they want at whatever moment they want), it is needed the vendors are going to make use of truly open standards, both for the networks itself and for the connectivity between devices and networks. Especially the connectivity between devices will be an important issue. Vendors try to propel their own operating systems and things like that by making consortiums that use their own standards. These standards are hardly compatible with the standards used by other consortiums, resulting in restricted choices and possibilities for the customer. On top of that, some vendors even forge network operators to ignore some new technologies, by threatening them not to serve them anymore.

All those proprietary equipment generates for years and years a lot of money, thanks to the ignorance and generosity of the consumers… But those wealthy times are gone. The now-a-days consumer is a real CUSTOMER. He and she want to have a full service communication. In our technie words: the customer expect a multi-media, multi-access, multi-standard, multi-operator connection, for any device he or she uses at any place and at any time.

So… conclusion: yes! we need new technology, but not technology pushed. Yes! we need new services, but only servicing the end-user. And yes! we need 'state of the art' networks, but not driven by proprietary interests. What WE need is old and new technology to fulfil the needs of those users, who only expect that the correct, adequate tools for their action and reaction is provided by full service communication. Old technologies have to be updated and could be introduced in the new economy in combination with New technologies as a part of the customers' needs fulfilment.

BUSINESS MODELS

Knowing, we have to focus on the end-user customer, what business models can we use? There are several issues we have to address: the billing of the used content to the customer, the ownership of the customer data, and the way we can use our knowledge of the customer to introduce new services.

Looking at billing, there is a user view and a technical view. From a technical point of view there is no difference between the transfer of a chitchat email and the transfer of a concert (all bits and bytes). But for the user there is quite a difference, like hell and heaven. The user only sees the value he or she obtains from a service and wants to pay according to that specific value. This value, by the way, can differ by user. So you have to offer different ways of billing: for example based on airtime for a live concert (if you quit half way the concert because it isn't what you expected of it, you don't want to be charged for full), based on characters for email, on a bit for an alert, and based on temporal subscription for accessibility (telephone). Within these types of billing you can offer additional services, like guaranteed real time delivery of a document (/email) sent. Most important in all of this is that the user can decide for him-/herself what type of billing is appropriate. So if he or she wants to subscribe to the concerts, this should also be possible.

Another aspect of billing is the number of organizations involved in the delivery of a service: the network provider, the content provider, possibly a portal etc. The user doesn't want to be billed by each of them separately. One-call-makes-it-all… So at first (historical) sight the network provider looks like a logical party to take care of this. This is not the case: first of all because network providers are not banks (especially in case of large transfers of money this counts) and on the other hand this will give them a too powerful position towards the other parties in the value chain, creating preferred sites for the users of a particular network operator, dependent on the type of agreement that network operator has with these other parties. Secondly because the evolution of the user terminals, mobile devices and handheld computers certainly is going in a direction that all fixed and wireless devices are operator and network independent. This is why and where traditional banks come in to act as a trusted third party. But… it is known that some global operators silently bought some essential bank facilities.

This power play situation is also important looking at the customer data. A common practice is to obtain customer data and use these to find out which products could be "cross-selled". In this way organizations try to lock in customers. This works very contra productive. Not only do organizations lack the big picture of the customer, but it also irritates the customer: it's the human way not to be kept on a leash, unless it gives them instant benefit. So sharing the customer data along the value chain in order to serve him/her better will lead to a bigger profit for everyone. The motto should be: **Be the customer's best friend in lifestyle, not a merchandiser, nor an invisible vendor or provider, so use the customer data in according with that customer**. If you do this correct, this could be your customer lifelong. Last but not least a hot issue: Will there be a 'killer application' for next generation networks? probably not. There will be killer (lifestyle) services however. To become them, those service providers must start by providing their customer(s) the basic levels of the needs pyramid (coverage, connectivity, customer care, et cetera.) and slowly work their way up. Probably erotics (contact, and for some even lifestyle) will be the first moneymaker for mobile services, soon followed by shame&blame (soap) and alerts (events in the lifecycle; concierge-function in the lifestyle). After this, services that enable the formation of "tribes" and emphasize life style issues are most likely to succeed. The use of location-based services can be very powerful in accomplishing this: it gives people the possibility to meet members of their own "tribe" wherever they are and whenever they want and to do the things they like most.

Final conclusions:From now on new technologies are only introduced in the new economy, when they have a related position in the needs pyramid of the end user, so they could be pulled or – as a needs fulfilment - silently accepted by the customer.

- The value added services will very soon get decoupled from commoditised ones, only because the customer does not accept the regular telecom and internet commodity anymore.
- These updated old technologies and new technologies will be financed by the customer in a new way of billing.

Cap Gemini Ernst & Young is ready for the needs of the new Customer in this new economy **and is also 'state of the art' able, capable and willing to serve you, and your customer**!

Speaking about serving the customer, this speaker-slot presents the Smart Devices, what lies ahead, and the impact in moving 'intelligence' from network to devices, and to portals too. But that's a presentation of my colleague Patrick Steemers, on the pre-conference MONday.

First, let take a look to a realistic customer case, the Footbal Case, in about 5 years from now:

Footbal/Soccer Case:
There is this Dutch guy, let us call him Jan, who loves to watch all kinds of sports, but is especially mad about football. As soon as the 22 sportsmen and their ball appear on the screen and he is in the neighbourhood of a television set, he is lost for the rest of the world. He is the kind of man that wants to know what is going on during the match and when it is not possible for him to watch it, he wants to listen to it, as a next best. His wife offered more than one time to tape the game, but that was not necessary, he didn't want to watch the game afterwards, when he already knew what the outcome of the game was. By the way, it happened more and more that because of work he was not able to watch the games. His job is transporting money for banks and stores and since the stores had prolonged their opening times he had to work up until late in the evening. Most of the times his favourite match had already started when he arrived home.
And now here is the new era, the NGN, which allows him to watch football games on his mobile handset, anytime and anyplace as long as the batteries have enough power. Jan is a realistic guy and he knows that watching the game while working will not work out in a

proper way. So, this time his choice is to get an alert in case of a goal. When he is alerted it is possible for him to watch a selected fragment of the game, in this case of course the fragment, which shows the goal, when it is convenient for him. Jan can view the fragment as often as he wishes. He knows that he has to pay €ct 0.3 per second for it, but that is not a problem for him, he has enough money in his truck.

Choice and Being in Control is Important

When this feature was offered to him, Jan had several choices. To begin with: it is possible to subscribe for €30 per month. In that case you are free to use NGN and watch as many football games as you like but you will face a lot of advertising as well. For €60 per month it is possible to watch as many games as you like without the ads. Without subscription it will cost the already mentioned €ct 0.3 per second, no ads of course. The mobile device will show how much money he has spend so far.

Furthermore there is the filter function. For Jan it is possible to let the system know what he likes the best in a specific situation: start showing the game from the first kick-off, get an alert in case there is a goal or other important matters like Ruud van Nistelrooij plays very unfair against Jan Vennegoor of Hesseling during Manchester United against PSV or the referee takes the wrong decision all the time. For Jan it is very important that he is in control of what he is watching (and paying). Jan did not subscribe. He prefers to stay selective using this feature and he fears that being subscribed will feed his addiction for watching football games too much. Luckily every football game costs the same; an important game pays the same price as a less important game. This is important for Jan as well because, by the way, who is going to decide what is an important game or not?

Other Sports

Jan can hardly wait for the time this feature will be available for other sports as well. He is dreaming of the time he will be able to watch the box sport anytime and anyplace he likes it, hidden for his wife, who hates that kind of sport. Or being able to watch Wimbledon, even when the games are at an inconvenient time. And most of all, he adores the idea of being alerted when the pack starts to climb a "col" of the first degree, a spectacular break away from the pack or the finish on the Champs Elysee during the Tour de France. Since the success NGN has with the football games it is to be expected Jan doesn't have to wait for very long.

Intelligent devices concernes:
- Mobile Developments
- A gigatude of Devices
- Issues Concerning those Mobile Devices
- Connectivity
- Size
- Autonomy
- Future developments

Figures of Dataquest:
1998 = 3.9 million units shipped
1999 = 5.7 million units (47%)
2003 = 21 million units (30%+ CAGR)
1998 = 8.2 million units installed
2003 = 32.5 million units installed
2x + by 2002 to 8M and surpass notebooks (7.5M)**More about the momentary generation of devices**
- Many dedicated devices, Hardware costs are still limiting the business opportunities
- Internet phones (Ericsson 380/ Nokia Communicator) are now the premium handsets

- Combined PDA's/Phones still in embryonic stage, major problem battery life
- Switch from ear oriented to face oriented phones, devices with cameras
- Devices are fashion items, they become fashion trends in India, Korea and Japan; Belcompany has installed mirrors in their shops: How does it look? Exchanging data without having one common standard will be the issue.

Customer's Connectivity is Key…   So, Take the Business Key to Connectivity!

Communication methods:
Mobile Network (GPRS/2004, UMTS/2010);
Bluetooth (small distance, limited nr. of devices)
Wireless LAN (needs additional infrastructure)
Satellite communication (expensive infrastructure, long distance and large numbers of users)
All will lead to a seamless way of carrying data/information with you anywhere, any time

What technologies are driving PDA development
- Embedded Software environment The Chip-set
- Storage-Capacity
- The Network
- The Displays
- The Battery-live

What troubles are holding PDA development
- Autonomy is still the problem, for real mobile functionality you need at least 2-4 hrs without battery, pref. 6-8 hrs
- Customer binding by peripherals, switching from in-car sets is more difficult than switching your bank account.
- Practical problem with cooling the equipment, size and processing power combined with broadband causes problems with overheated equipment
- Batteries are loosing weight

What technologies are driving power autonomy development
- Power management is issue to be addressed by both Hardware and Software;
- Hardware: Low power consuming IC's and more capacity on shrinking batteries
- Software related power-consumption: Way of connecting the network and the way the software is designed can have major influence on power consumption
- Difference between Ericsson & Nokia Phones
- Difference between Palm & Pocket PC
- Benefits from SW and IC's are easier to achieve than from the battery itself

The future & Summary

It is expected that Microsoft takes an important lead in the development of intelligent devices and portals. Microsoft moved out the traditional telecommunication world, but had now joint ventures with some leading operators to start new business. It is also expected that the break through of wireless PC handhelds is very near, because they are easy able to connect to either mobile networks and to networked wireless networks on airports, railway stations, franchised outlets, governmental buildings, residential, automotive and educational networks.   *<End>*