

## T-Mobile International reduces churn through a unified, customer-centric campaign management strategy.

### Overview

#### Business challenge

To achieve its objective of becoming the most highly regarded telecommunications service company, T-Mobile set out to align its offer and campaign management approaches across its European subsidiaries. However, a traditional, product-centric approach to campaign management was deeply entrenched in the company, and lacked both customer-centricity and the flexibility to adapt to quickly changing markets.

#### Solution

IBM Global Business Services worked with T-Mobile to develop an initial business case—with projected benefits—and roadmap for achieving the company's goal of having a single, event-based, customer-centric campaign management program for all of its subsidiaries. The GBS team focused on three main areas for change: organizational structure and processes, building customer insight, and identification of required tools (software applications, etc.) for change.

#### Benefits

- Reduced churn rate—churn rate of one country subsidiary expected to improve to 2.8% from 3.2%, closer to major competitors in that country
- Lower customer acquisition and retention costs through improved, targeted event-based campaigns

#### Industry

- Telecommunications

**T-Mobile is one of the largest mobile communications providers in the world. It belongs to the Deutsche Telekom Group.**

#### Challenge

To achieve its objective of becoming the most highly regarded telecommunications service company, T-Mobile set out to align its offer and campaign management approaches across its European subsidiaries. Overall, the company wanted to shift from a classical, product-centric approach to campaign management (running mainly campaigns with pre-selected target groups) to a more customer-centric approach (focusing on relevant events in the customer's lifetime and enabling real-time decision-making). However, T-Mobile faced two major obstacles to achieving its goals. First, the traditional, product-centric approach to campaign management was deeply entrenched in the company, and the approach lacked both sufficient customer-centricity and flexibility to adapt to quickly changing markets. Second, each of the company's European subsidiaries had literally implemented its own campaign management solution, thus preventing T-Mobile from realizing synergy effects across campaigns. T-Mobile sought a partner to help it develop a new, customer-centric business model for offer and campaign management across all of its European subsidiaries.

#### Solution

IBM Global Business Services worked with T-Mobile to design a new offer and campaign management strategy for the company's European subsidiaries. IBM developed an initial business case—with projected benefits—and roadmap for achieving the company's goal of having a single, customer-centric campaign management program for all of its subsidiaries. The GBS team focused on three main areas for change: organizational structure and processes, building customer insight, and identification of required tools (software applications, etc.) for change. At the core of the new strategy is a shift from a classical, pre-selection-based (mass orientation, product and sales focused) campaign management approach to one that is event based. While the pre-selection approach will still be needed, for example, to launch new products, the event-based strategy will mean that existing customers and prospects will be contacted if particular events, specific to their own situation occur. IBM evaluated approximately 50 potential events, and,



based on best practice and input from T-Mobile, identified the six most relevant in terms of their impact on ROI, customer loyalty and retention efforts. When implemented, the new offer and campaign management strategy will improve T-Mobile's ability to not only meet, but also anticipate, its customers' needs, resulting in a better overall customer experience with the company.

IBM recommended a phased approach to gradually introduce what will be a challenging and complex change, starting with enhancing existing campaign management capabilities by real-time decisioning, and progressively implementing the event-based campaigns. Since the maturity level of campaign management differs across the subsidiaries, implementation paths will vary. Nevertheless, a common blueprint architecture consisting of nine building blocks has been defined. While the local companies will be able to flexibly choose the components relevant to their needs, the definition of these building blocks still guarantees that scale effects can be realized for T-Mobile as a whole.

## Benefits

T-Mobile anticipates the following benefits:

- Creating a better customer experience and increasing customer loyalty by anticipating customer needs
- Reduced churn rate (number of customers who switch to a new vendor)—churn rate of one major subsidiary expected to improve to 2.8% from 3.2%, in line with major competitors in that country
- Lower customer acquisition and retention costs through improved, targeted event-based campaigns
- Ability to leverage best practices and improve knowledge sharing across subsidiaries
- Synergy effects from using a common toolset, and improved comparability across local subsidiaries by means of common KPI's (key performance indicators)
- Improved marketing effectiveness
- Increased revenue and customer value

*“The IBM-recommended offer and campaign management strategy will improve T-Mobile’s ability to not only meet, but also anticipate, our customers’ needs, resulting in a better overall customer experience with the company.”*

—Stefan Schäfer, VP Marketing, T-Mobile International

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