



Globe Telecom:

Gaining marketing agility with smart promotions

Overview

The Need

Globe Telecom needed to reach a new level of agility in the creation and management of promotional service offerings.

The Solution

In a joint engagement, IBM and Nokia Siemens Networks designed and built a SOA-based service creation and delivery platform that enables Globe to rapidly and cost-effectively create service offerings from reusable service components.

What Makes it Smarter

Globe is able to drive revenue improvement from hundreds of simultaneous targeted promotions, which are enabled by the integration of customer intelligence, behavior segmentation, profit simulation and promotion execution—all delivered through an integrated and automated solution.

The Result

“We can react very quickly to promotional opportunities when they arise.”

— Mario Domingo, Head of Product Design and Creation, Globe Telecom

Within the global market for mobile communication services, the Philippine market stands out for a number of reasons. One is its extremely rapid growth, having gone from single-digit penetration to 80 percent in less than a decade. Another is the fact that no country in the world generates more SMS text messages than the Philippines. What may top the list of notables, however, is the fact that nine of every 10 mobile users do so through prepaid plans. The popularity of prepaid reflects a variety of social and economic factors, including a high degree of price sensitivity among the average Filipino mobile customer.

For the country's mobile operators, the prepaid phenomenon has led to a unique competitive dynamic, with a window of opportunity for gaining (and losing) customers opening much more often than the fixed-term service contract model. Each time a consumer's prepaid account balance reaches zero, the customer has the choice of replenishing with its existing provider, signing with a new provider or letting service lapse altogether. That's the central reason that the rate of customer churn in the Philippines—and most other prepaid markets—is extremely high. Add this to the market's maturity and price sensitivity and you get a recipe for cutthroat competition.

Seizing opportunity through agility

In such an environment, success comes to the fast, nimble and intelligent—defined by the ability to target market opportunities with tactical campaigns, monitor their effectiveness and fine tune them in short order. That's exactly how Globe Telecom—the number two provider in the Philippines, with 27 million customers—is approaching the competitive challenge. Globe specifically recognized that the most effective way to attract and retain the value-conscious Philippine mobile customer was to spur action through time-limited marketing promotions—for example, reload HSDPA service with PHP30 and also get 24 hours unlimited SMS product. Call it opportunistic marketing in the extreme.





Business Benefits

- Expected one-year payback period
 - 600 percent increase in promotion effectiveness
 - More than 95 percent reduction in the time and cost of developing new promotions
 - Improved uptake of services through the smart delivery of promotional offers
 - Improved ability to offer “long-tail” promotions and services
 - Increased market share and revenue through improved customer experience and more effective promotional campaigns
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While Globe’s marketing staff had no shortage of creative promotional ideas—or the energy to carry them out—the company’s heavy reliance on its traditional vendors (particularly IN) to develop new services put a major drag on its agility. Under a typical scenario, it took roughly 10 months and most often several hundreds of thousands of dollars to develop and bring a new service to market. Moreover, the fact that each of Globe’s lines of business operated its own service creation silo made the creation of bundled, composite service promotions equally complex due to integration requirements.

Mario Domingo, Globe’s Head of Product Design and Creation, recognized the opportunity to transform service creation from a liability into a source of major competitive advantage by making it faster, less expensive and—by extension—far less of a risky proposition. Domingo’s vision was to create a service delivery platform that would use open, SOA-based connections across its infrastructure that would vastly simplify the assembly and provisioning of new services. Domingo and his team saw IBM—by virtue of its track record, technology and resource breadth—as best positioned to help Globe realize the vision.

The Inside Story: Getting There

The Challenge ... Within telecom providers, the move to a service delivery platform almost always arouses a protective instinct on the network operations side of the company—a reluctance to allow any initiative that could threaten the performance and stability of core network systems. Globe was no exception. Attempts in previous years to advance its flexible service delivery vision had run into strong skepticism about the risks of any model that altered the long-standing reliance on traditional telecom equipment vendors—skepticism that resonated among senior management.

The Breakthrough ... The breakthrough came in the form of an innovative project proposal that combined IBM’s SOA-enabled Service Provider Delivery Environment (SPDE) framework and service delivery expertise with the core telephony expertise of Nokia Siemens Networks (NSN). The SPDE Framework enabled Globe and NSN to integrate process optimization with business analytics. In addition to complementing its technology and expertise, IBM’s teaming with NSN gave Globe’s network operations and senior management the comfort and assurance they needed that the integrity of core network systems would remain intact.



Keeping It Small ... Equally important to buy-in was a business case under which the solution would be deployed in small, manageable increments and business value would be realized almost from the start. In part, this approach acknowledged the bigger risks of disruption that “big bang” deployments posed. More essentially, however, it reflected Domingo’s belief that the best way to build support was on a foundation of solid, irrefutable results. To further strengthen support, Domingo and his team engaged IBM to run information workshops outlining the benefits and implications of the new strategy throughout the company.

Lessons Learned ... Looking back at the engagement as a whole, Domingo sees the openness with which Globe was willing to work with IBM and NSN is a key reason for its success. “Our trust in the deployment team enabled us to treat them as de facto members of our internal staff. Our work together with the IBM and NSN team was as much a partnership from the sales process all the way through to delivery. Because we’ve collaborated so closely with IBM and NSN, we’ve essentially ended up with an extended knowledge pool in terms of what we should be deploying, how we should go about it and what are the best practices. This collaboration was critical.”

Smarter Telecommunications **Gaining tactical agility with smarter promotions**



Instrumented

Information delivered from the customer handset enables Globe to measure the success of promotional activity and ongoing behavior.



Interconnected

Using SOA to abstract connections between the network and IT systems enables Globe to dramatically simplify service creation.



Intelligent

Leveraging information gathered from handsets, Globe is able to identify the optimal service promotion for each customer—and the best time to deliver it.



Solution Components

Framework

- Service Provider Delivery Environment (SPDE)

Software

- IBM WebSphere®
- IBM Tivoli®
- IBM Rational®

Servers

- IBM BladeCenter®

Services

- IBM Sales and Distribution
 - IBM Software Group
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“Our ability to develop new service promotions quickly has given our marketing people the means to be more aggressive—and has made our programs more effective.”

— Mario Domingo

Within just three months of signing the contract, IBM and NSN had developed and commercially launched the first marketing promotion that leveraged the new solution. Targeted to Globe's channel partners, it was to yield a 600 percent increase in sales. The use case is that “magic” point—the open window—when a customer walks into a retailer to replenish a depleted balance. At that point, the retailer is the strongest potential influence over which mobile provider the customer chooses.

The best way for providers to tap into that potential is to provide cash incentives—an approach Globe has long practiced. The problem was that the traditional (manual) method of recording new subscribers at the point-of-sale and sending it upstream for processing took a long time, requiring retailers to wait as much as six months for payment. Not the strongest incentive for advocacy.

Using the new service platform—known as the Toolbox—Globe developed a smart incentive promotion that records new customers instantly at the point of sale by capturing information within an activation text message sent by the customer. The message not only captures the identity of the retailer, but also automatically provisions the promotional service package for the customer. Most importantly for the retailer, receipt of incentive payments from Globe is nearly immediate, which is probably the biggest reason that the new retailer promotion model yielded a greater than 600 percent increase in sales, as compared with 15 percent under the older promotion model.

The efficiency of the Toolbox solution derives from its ability to create libraries of reusable service assets, which can then be assembled into composite service offerings. In creating new services, Globe's developers use IBM Rational® Application Developer for WebSphere® and Rational Software Architect to help simplify the design, development and deployment of new promotions and services, while IBM Rational Performance Tester, Rational Functional Tester and Rational Service Tester for SOA Quality help staff to identify the presence and cause of system performance bottlenecks, automate functional and regression testing and improve the quality of Web service-based SOA applications.



Timely delivery yields results

Another way Globe is using the Toolbox to seize customer opportunities is through the intelligent sensing needs, and the ability to respond to it in a targeted, timely and compelling way. The key to opportunistic marketing is awareness. Using the Toolbox solution, Globe's marketers can configure triggers that automatically detect when, for example, a customer's promotional use of three hours worth of high-speed data service is minutes from expiring. At that point, Globe can deliver a personalized, time-sensitive marketing promotion—the right offer, at the right time—thereby substantially improving uptake rates, and minimizing the customer's chance of letting his/her balance reach zero, and ultimately improving market share.

Globe's adoption of flexible service delivery is a powerful example of how “long-tail” promotions—those that are generally short lived, highly targeted, and able to be created cheaply and rapidly—are emerging as the primary engine of long-term revenue growth and profitability for telcos. The 10 months and several hundred thousand dollars it used to require to create a new service is now down to an average of thousands and less than a week from conception to execution—a level of efficiency that enables Globe to offer several promotions per week. Says Domingo: “We can react very quickly to promotional opportunities when they arise. Just as important, we can detect in near real time whether the mechanics of our promotion are working—and if they're not, we can change them almost instantly.” On the strength of the low cost and flexibility enabled by the Toolbox solution, Globe expects to achieve full payback on its investment in less than a year.

Aiming for number one

Domingo sees Globe's new service creation platform as figuring prominently in the company's strategy of delivering a superior customer experience and smart retailer incentive programs to become the number one provider in the Philippines. “Our ability to create and execute smart service promotions with speed and agility gives us a strong opportunity to take leadership in the marketplace,” says Domingo. “IBM's help in refining and achieving this vision has been crucial to our success.”

For more information

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