

Brands & Consumer Communities – Deutsche Telekom ICSS's MyCommsuite

Web 2.0 is no longer the future: nowadays, it is an important trend. Not only have the megatrends of our branch, like the personal and social networking of users enabled by today's internet, modified the usage habits of end users, but also the business of the telecommunications industry is undergoing a change towards being able to provide innovative services and solutions. Taking advantage of the opportunities arising due to the Web 2.0 developments requires a fundamental adaptation of new strategies and business models

FROM WEB 2.0 TO BRANDS/COMMUNITIES

An important trend within the communication sector is Web 2.0. Web 2.0 covers a range of technologies and thus opportunities for users, as well as brands (both commercial and non-profit) and communities. Web 2.0 technologies are interactive and require users to generate new information and content or edit the work of other participants. The most widely used forms are blogs, wikis, podcasts, information tagging, prediction markets, and social networks. The development and spread of digital technology also permits the fast development of communities (especially within a consumption context). These are new types of communities that use the new technologies, for example, to communicate easily and efficiently about things like common interests. The result is a form of networking and social interaction: the development extends from the formerly common one-sided top-down communication companies to an interactive exchange or dialogue with fast and direct access to information and experiences, which is playing an increasingly large role in the daily life of the community of users and like-minded people. At the same time, the marketing paradigm is changing: brands are thus increasingly taking advantage of the Web 2.0 development.

Social media and the change in the marketing paradigm are factors for success for the brand community – provided that companies manage to develop and use social medial competence to align their marketing accordingly. Only in this way can brand communities be established and become successful. These brands place their user community or members in focus.

BRAND COMMUNITIES CHANGE THE MARKET AND USER BEHAVIOUR

Brand communities are clearly becoming more and more important. Such communities use Web portals to extend their relationships with loyal customers. A unified communication suite for all daily communication needs and with exclusive information about the brand helps drive customers to the brand's site. Brands are at the centre of a communication network, in which all members are linked.

A dialogue thus arises between the brand and the customer. In the process, we can see that brands are increasingly gaining importance for the user – the ties between brand and consumer are strengthened. New marketing and product development processes and brand management with more iterative character are being created.

Examples of community-related activities, for example, include an international automotive club (for site watching, required registration, newsletter distribution, and other functions). In the process, interesting



new revenue opportunities have arisen. Members using social network services generate revenues. A revenue-return model allows an organisation to retain some of that revenue through member subscriptions, telephony (tolls, mobiles, and SMS), and advertising. There are exclusive communities with financially powerful customers that are of interest. In the case of affinity groups, the financial power is smaller and thus more difficult, but revenues can still be generated through refinancing, eg, through advertising, banners, sponsoring, and so on. Advertising is fundamentally being restructured nowadays and switched more and more in online media.

WHAT DOES THIS MEAN FOR WHOLESALE?

What do consumer behaviour (communities) and brands (companies) have to do with the wholesale business? To use an old quote: wholesale is everything that can be resold. The international wholesale business is in the grip of an important change: a traffic shift from traditional to IP-based networks is in progress. At the same time, traffic is migrating away from carriers, price erosion in wholesale voice market has become more than clear, and the traditional business is being subjected to a low-margin situation. This means that wholesalers are facing the challenge of moving up the value chain, becoming exposed to new customer segments and new revenue potentials, and having to ensure new long-term revenue streams. Opportunities result from new technology: necessary tools traditionally unavailable are now within reach due to new IP networks being able to cope with Web 2.0 functionalities. These new IP networks and functionalities let



organisations offer a whole new suite of hosted services. Of course, this requires an effort: providers have to develop IT know-how, educate its employees in sales, and look for new target groups in new markets. Once this is achieved, however, the revenue potential is rewarding, as the potential combines income from telecommunications, IT and advertising services. Addressable customer segments for wholesale operators can be found under ISPs and virtual network operators – MVNOs/VNOs. Wholesalers such as ICSS can act as an enabler, helping to support their end-user communities by building platforms using IMS or similar solutions or technology. Therefore ICSS will provide an enabling platform to let communities, brands, and service providers offer Web 2.0 services without their needing to invest in a telecommunications infrastructure.

EXPERT OPINION: EFFECTS ON WHOLESALE – DO WHOLESALERS HAVE TO REACT TO THESE DEVELOPMENTS?

ICSS has a few innovation projects in progress, some of which on a short-term basis, which means that they have been launched or will be launched shortly, while others will be launched in the medium term. ICSS's portfolio is changing from commodity to new wholesale services. Birgit Kempe from ICSS Customer Value Management interviewed her colleague Dr. Ulrich Hammerschmidt, who is in the Innovation Projects team of ICSS, on these trends:

Ulrich, do wholesale companies like Deutsche Telekom have to react to those market changes driven by Web 2.0?

UH: Absolutely. If our core market changes, we have to change with it, or we will end up with a portfolio that nobody needs anymore.

What are the opportunities for wholesalers that are evolving through Web 2.0 and customer and end-user demands?

UH: The huge opportunity for us is to move our wholesale business up the value chain again. Due to our structure and overhead cost, commodity products are not sustainable. Web 2.0 services allow us to generate higher margins and utilise the know-how that exists in DTAG.

How high are the expenses for wholesalers that take part in this Web 2.0-based business?

UH: You need an organisation that has the resources, the long-term vision, and the determination to be innovative. The financial investment is actually easier to make than the paradigm shift within the organisation.

Which prerequisites are necessary? How can a solution be technically implemented? Can you describe this for us?

UH: That depends on the specific solution and business model. If the business model is a pure resale, no technical investment is required. It is all about sales. If the business model is the production of a service (as in the case of the unified communication solution "MyCommsuite"), you naturally need to build up the infrastructure. This may be done within DTAG or by a third party. In every case, however, you need to commit to some expenditure for the infrastructure development.

Which new customer groups and segments can be addressed?

UH: The market is moving away from service providers. We see many new players in the market that take away market share from them.

Companies like Tchibo or Virgin Mobile, for example, come from a totally different background that has nothing to do with telecommunications. So the boundaries between service providers and corporate customers are blurring. If ICSS wants to maintain or even increase its revenues, we need to look at these new market segments. Otherwise we may be left one day with a high market share of a non-existent market.

How can/must these new customer segments be addressed? Do they need a new way of addressing customers? What does that mean for a B2B wholesale sales representative?

UH: Be open. Look beyond the traditional customer groups and be prepared to approach new groups like brands or NGOs. A marketing background will certainly help you understand the needs of brands. This is not just about comparing termination rates anymore.

Is a complete rethinking required for participation?

UH: We will still need colleagues to look after our legacy business, but those who intend to address new customer segments certainly have to learn a lot about these new customers' needs. The reward for ICSS, however, will be substantial. Look at the volume of the market for unified communication. It is enormous. If ICSS can have just a fraction of it, it is facing a bright future.

ICSS'S STRATEGY AND SOLUTION:

The acceptance of Web 2.0 technologies in business is growing. The "Brands" approach will see ICSS working to enable traditional non-telecommunications entities to provide telecommunications services: by launching MyCommsuite, ICSS demonstrates its leading position in innovation to the market. ICSS is setting up a fully managed platform that provides an integrated, multimedia telecommunications service portfolio as a white label package.

CHOOSE AND PICK





To be responsive, wholesale providers need to develop their business in the direction of collaboration and enabling. ICSS is working to offer an easy and full featured product, a tool that will enable unified communications. This new Web 2.0 interface will unify all forms of internet communications. Unified communications means that a user will be able to use the following applications in one place, with easy access, and all in one: telephone, e-mail, calendar, social networking, instant messaging, news, and personal media. ICSS's solution will be a suite of Web-based unified communications tools including IP telephony for local, national and international calls, email and instant messaging, video calling, RSS news feeds, online storage for documents, music, video and photos, and the aggregation of social networking.

ICSS's MyCommsuite is a Web-based solution that offers communities and brands a set of solutions without the need to operate an infrastructure. In addition to the offer being a white label solution, it can be completely rebranded to look like your own brand with your own logo, which is what brand communities need so that the community does not see an unfamiliar brand. Each organisation or company has the ability to rebrand the platform for their own use and to their own corporate livery and guidelines.

UNIFIED COMMUNICATION



MyCommsuite is a software-based unified communications solution. It is modular with optional modules, which means that you can choose which features you want for your customers. The new solution is designed to be used as "software as a service" (SaaS) for the virtualization of residential and business subscribers.

Based on open standards, MyCommsuite provides an integrated platform for store-and-forward (email, calendar, shared folders) and real-time (VoIP, video, instant messaging) communications over IPv4 and IPv6 networks.

WHO BENEFITS?

The brand organisation benefits in terms of providing its members with a channel in a more frequent and direct way, which is a competitive point-of-difference to secure loyalty. Its brand will be provided to the customer front and centre and retain revenues in the end. The effect on brands organisations are high customer loyalty and retention, revenue generation, the addition of new channels for customers, and customer acquisition.

CUSTOMISE AND BRAND



The end users or members will gain better services, cheaper telephony, access to like-minded individuals with whom they can exchange, and the ability to involve themselves more deeply with a brand they like. The effect is a brand loyalty, cost reduction, and the formation of a social network based on affinity. ■

BIOGRAPHY OF DR. ULRICH HAMMERSCHMIDT:



Ulrich Hammerschmidt currently works for Deutsche Telekom in Vienna. He is responsible for innovation and business development in the international carrier wholesale market. Deutsche Telekom's goal in these areas is to shift the focus away from commodity business toward value-added services and more complex solutions – sourced either from inside Deutsche Telekom or from third parties. Web 2.0 services and content are particularly at the focus of this current transformation process. Ulrich holds a doctorate in law and a master's degree in communications. In the past, he has worked for various international brand industries in marketing and sales positions. Before joining Deutsche Telekom, he was with Telekom Austria, where he developed and led the International Carrier Management. ■

INTERNATIONAL CARRIER SALES & SOLUTIONS (ICSS)

ICSS – one partner for all your needs:

- > Global voice trader of first choice
- > Transition leader to the all-IP world
- > Outstanding voice outsourcing solutions
- > Competent provider for the content and media segment
- > Global voice trader of first choice
- > Transition leader to the all-IP world
- > Outstanding voice outsourcing solutions
- > Competent provider for the content and media segment
- > Best-in-class roaming and messaging solutions
- > Highly-experienced wholesale VPN player
- > Industry-leading customer care

Contact:

Birgit Kempe

Customer Value Management

Deutsche Telekom International Carrier Sales & Solutions (ICSS)

E: birgit.kempe@telekom.de www.deutschetelekom.com/icss