Pricing telco plans proactively
Forecast, simulate, and craft price plans based on big data and intelligent insights
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Today’s telecommunications companies face no shortage of challenges. Over-the-top players are gaining market share and customer attention.

The pressure to diversify remains high, to avoid “dumb pipe” risks—with opportunities extending to IoT, content, and B2B services. In traditional services, regulation, commoditization, and market saturation continue at pace. And the approach of the next capital expenditure cycle brings an intense focus on optimizing customer experience, harvesting the necessary resources, and preparing for what comes next. Meanwhile, investors might be anticipating stable returns, even if average revenue per user is declining.
Telecommunications companies today also have no shortage of data on their customers. Any given telco likely has a rich and detailed cache of information on its customers’ demographics, personal relationships, preferences, voice usage, data usage, service order history, payment history, overages, and more.

The data is there—and there’s a lot of it. So how can you use all that data—as well as data on market developments and other factors—to effectively see into the future? How can you use it to tailor tomorrow’s price plans—plans that can help you retain customers and maximize profitability in an increasingly competitive environment?

Having foresight into potential customer acquisition or pricing can prove extremely valuable, supporting healthy network operations and customer service levels across your operations. Add the latest machine learning and data science capabilities to the mix, and you can complement operational data—using new insights for financial planning, for more proactive strategies, and more getting ahead of issues before they become full-blown problems. For example, you can more accurately project the number of customers going to value-added plans, or how rolling out new services can have an impact on your overall revenue and costs. Predictive analytics can help you quantify that impact rapidly and efficiently.
Intelligent telco services pricing

By integrating the SAP Customer Profitability Analytics (SAP CPA) solution with artificial intelligence and other intelligent technologies—including SAP® Leonardo capabilities for machine learning, big data, data intelligence, and analytics—organizations can make price plan planning more proactive. With Deloitte’s help deploying an integrated intelligent solution for pricing analytics, you can more accurately simulate and understand pricing scenarios—allowing you to forecast years into the future, get ahead of trends, and price customer plans more effectively.
Intelligent telco services pricing

Meet PrecisionView™—powered by SAP Leonardo

Deloitte’s PrecisionView offering provides a fully integrated platform and a customized plug-and-play solution enabled by the following components:

- Econometric and market-driver-based predictive models, to generate forecasts
- Financial planning on top of predictive forecasts
- Visual analytics and CFO dashboards
- An integrated platform with SAP S/4HANA® and SAP® predictive capabilities
- Data integrity, quality, and structure
- Financial analysis

PrecisionView leverages advanced analytics and visualization tools to generate a predictive forecast and feed it into interactive dashboards, based on user profiles, to drive real-time performance insights and improve forecast accuracy. The solution combines internal organization data with external macroeconomic, market intelligence data—to provide correlation on how external variables can affect the top and bottom lines.

The solution uses historical operational data to train predictive models (regression, ARIMAX, and triple exponential smoothing, for example), supporting maximum predictive efficiency. It also allows financial planners to adjust drivers and generate different scenarios to analyze how drivers can influence overall results. This approach helps businesses understand drivers for their financial KPIs, such as total revenue, gross margin, and customer retention ratio—and the correlation. Financial planners can then choose the best prediction version and use it for planning and management reporting.
Potential benefits

Develop new pricing plans and products that can help you respond to ongoing disruption and capture more market share.

Boost customer retention with plans that align more closely with customer expectations, needs, and desires.

Increase profitability, leveraging next-generation analytics to take the guesswork out of pricing—so you can “right-price” your offerings with greater accuracy and confidence.

Generate new insights that can help you improve strategic decision-making for your entire organization and manage your business more proactively.

Enable a new comprehensive FP&A approach, providing forecast credibility with integrated process and modeling capabilities.

Include external market parameters in predictive analysis, which can impact top and bottom lines.

Reduce revenue leakage—which, for many telecommunications companies, can be close to 4 percent, though industry estimates vary.
Intelligent pricing for telcos

Telco customers today have plenty of options when it comes to choosing a service provider. Increase your prices beyond a certain point, and customers might walk. Keep prices too low, and you could miss opportunities to capture maximum value. As new players and new business models emerge, pricing right becomes an imperative.

With Deloitte’s assistance plus SAP technologies, telecommunications companies can enable proactive, data-driven forecasting and simulation capabilities to help them create more strategic price plans for customers—to help maximize profitability and retain customers.
What if…

Leveraging SAP Customer Profitability Analytics (SAP CPA) and intelligent SAP data, analytics, and machine learning technologies, Deloitte can help you deploy an integrated solution that allows you to turn data into insights. The ultimate vision? Real-time digital capabilities that can help you identify and understand market trends, customer behaviors, your business costs, and more—to see potentially years down the road and then respond confidently with innovative price plans and products.

With intelligent telco services pricing, you can:

- Spot changing use patterns for voice, text, data, and other services
- Identify growth trends for a specific segment—such as families or a particular age group
- Run hypothetical scenarios based on historical data and market data—to see the potential impact of price plan changes
- Answer questions such as:
  - What impact will a price change have on profitability?
  - What is the impact of a regulatory-enforced roaming price reduction?
  - How will 5G affect my business?
  - What is the impact of increased data usage?
  - When does the customer reach the point of migrating to a different data plan?
  - How profitable are overage charges versus alternate data plans?
  - What is the impact of combining multiple services into one plan?
  - Which customer segments are likely to incur overages?
  - What are the key drivers of overages?
  - What pricing and usage trends are emerging in the market?
SAP CPA extended with Deloitte’s PrecisionView

Powered by SAP Leonardo
Predictive Analytics

SAP CPA can be extended with Deloitte's PrecisionView solution to forecast customer revenue, customer retention ratios, and plan profitability—and to adjust budgets and plans accordingly.

Implementing the SAP CPA solution in conjunction with PrecisionView can help support operational efficiencies delivered by SAP CPA, drive highly efficient financial planning and consolidation, and enhance financial statements.
## Deloitte’s implementation recommendations

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<thead>
<tr>
<th>Solution</th>
<th>Type</th>
<th>Description</th>
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<tbody>
<tr>
<td>SAP Customer Profitability Analytics</td>
<td>Standalone</td>
<td>• Understanding for customer groups/tariffs with most significant increase of data usage &amp; resulting profitability impact&lt;br&gt;• Predict on-top option sales and tariff movements based on number of customers reaching tariff data limits&lt;br&gt;• Financial impact evaluation comparing on-top revenues with marginal cost increase</td>
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<tr>
<td>PrecisionView</td>
<td>Standalone</td>
<td>• Valuable insight and visibility into business drivers and relationships to the financial statements&lt;br&gt;• Industry leading forecast accuracy and efficiency improvement&lt;br&gt;• Exponential data sources and macroeconomic indicators to industry-specific drivers&lt;br&gt;• On-demand forecast generation&lt;br&gt;• More educated and differentiated perspectives on the forecasting process&lt;br&gt;• Well-established and maintained credibility and communication with stakeholders (e.g., investment analyst community)&lt;br&gt;• Streamlined financial planning process backed by predictive science power to increase confidence in planned numbers</td>
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<tr>
<td>SAP CPA extended with PrecisionView</td>
<td>“Best of Both Worlds”</td>
<td>• SAP Customer Profitability Analytics as an input to PrecisionView for effective customer retention insights, leading to enhanced financial planning and foresight&lt;br&gt;• P&amp;L impact assessment&lt;br&gt;• Synergies allowing impact analysis: “What is the impact of cost rate or price changes on the overall P&amp;L and customer group/tariff (data plan) profitability?”&lt;br&gt;• Enhanced transparency on impact of changes and better risk awareness&lt;br&gt;• Understanding for driver sensitivity on how key business drivers impact top/bottom line results in future years, providing opportunity to proactively change plans&lt;br&gt;• Early warning mechanism to initiate countermeasures</td>
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These solutions can be rolled out in a phased fashion—for example, by targeting a specific country/line of business to begin with, and then refining the algorithms based on initial findings.
How we can help

Deloitte, a recognized leader in SAP technology enablement and business transformation, can help you rapidly design, deploy, and run an integrated intelligent telco services pricing solution—in as little as six months, potentially. Our industry-specific experience and 30-year history with SAP means we bring a powerful set of insights and capabilities for addressing strategic pricing needs in a rapidly changing market.

Deloitte’s global corps of business and technology professionals includes more than 23,000 specialists—a dedicated team that can work side by side with your organization to identify opportunities for new value.

We can help you:

- Understand the value of your data
- Integrate SAP technologies with existing systems and additional data sources
- Determine which questions and pricing scenarios are important for your business
- Intelligently automate processes to enable new efficiencies
- Drive results that matter
- Continue to leverage the best of what SAP has to offer, with Deloitte’s deep telco industry experience, FP&A function, and predictive analytics

The Deloitte team brings award-winning capabilities and a “design thinking” approach to help deliver integrated, scalable, and flexible solutions tailored to client needs. Deloitte solutions plus SAP tools are designed to improve forecast accuracy and deliver insights to our clients, assisting in strategic decision-making.
Let’s talk

If getting more value out of your pricing practices is a priority for your organization, we should talk. We can provide a demo of our intelligent telco services pricing solution, share additional insights, or discuss a specific challenge your organization is facing. Contact us to get the conversation started.

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