

Pelephone



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Efraim Deutch, Vice President of Information Systems, Pelephone



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Israel's Pelephone is at the cutting edge of the cellular telephone business. The company was the first to offer mobile service in Israel, and it remains the only operator to offer a nationwide digital CDMA service. It is a part owner of Israel's largest mobile Internet service provider, and it was the first company in Israel — and one of the first in the world — to offer diverse location-based services. In January 2002, Pelephone acquired a third-generation cellular phone license.

In addition to this impressive track record in innovative customer services, Pelephone is a pioneer in internal business performance management. As the company knows only too well, the more successful you become and the more subscribers you have, the harder it is to keep individual subscribers in mind. The consequence is that the ability to tailor services to individual customers' needs and preferences begins to deteriorate.

When Pelephone's subscriber base grew to over one million, the company's existing system for tracking and responding to customer usage stopped being able to analyze data at previous levels of detail in any given timeframe. And speed of response in the contemporary cellular business can mean commercial life or death for companies.

As part of a general overhaul of its IT infrastructure, and after an extended period of intense testing of different solutions, Pelephone decided to deploy a customer analytics solution from Cognos, an IBM company. The solution, IBM Cognos TM1, gave Pelephone scalable and powerful tools for analyzing in real time the massive amounts of data generated by cellular usage on a million-plus user network.

Thanks to IBM Cognos TM1, Pelephone is able to continuously and proactively offer its customers the

Industry:

- Mobile telephony

Geography:

- Israel

Information needs:

- Detailed reporting on individual customer usage
- Faster, more frequent reporting
- Scalability
- Ability to perform complex calculations on demand

Solutions:

- IBM Cognos TM1

Benefits:

- Can analyze customer usage data in detail in real time
- Makes it possible to tailor services to individual customer needs
- Assists in financial planning, budgeting, and forecasting
- Is scalable

most competitive rates and services available in one of the most competitive markets in the world. The results are impressive indeed: despite much more intensive competition in the Israeli mobile market, Pelephone boasts around two million subscribers — and growing.

Challenges faced

As companies such as Pelephone demonstrate, mobile telephony has been one of the major business success stories of the past decade. From being something of a novelty as recently as the early 1990s, cellular phones have grown into a billion-user market worldwide. In an increasing number of countries, mobile-phone penetration is now greater than fixed-line telephone penetration.

If cellular is now a major global industry, it is also a very volatile one. Competition, which is both a cause and an effect of explosive growth in the marketplace, is running at an all-time high. Customers can and do readily switch suppliers to get better deals or because they perceive their current supplier isn't doing a good job. Average revenue per user (ARPU) is coming under pressure and declining in many markets.

At the same time, forecasting is becoming much more difficult in an industry characterized by phone-replacement cycles driven by contract length and fashion-led consumer demand. More than ever, this is forcing mobile operators to concentrate on provision of value, service differentiation, and the expansion of their profitable customer base. In this context, being able to analyze customer usage and rapidly respond to or anticipate trends in the marketplace is a key capability for service providers.

Strategy followed

At first glance, Customer Relationship Management (CRM) systems seem to have the potential to deliver the analytical capability mobile phone providers need. Taking their lead from Enterprise Resource Planning (ERP) systems of the 1980s and early 1990s, CRM systems were initially designed to lower costs and improve employee productivity. More recently, attempts have been made to leverage CRM capability to improve and automate acquiring and retaining customers.

While hooking up a CRM system to a customer analytics system may work better in this regard than conventional CRM alone, the hybrid arrangement has serious limitations. For example, having to pass data between the two systems degrades response speed, and there is a strong likelihood that the data models in the two systems are different. In addition, the implementation and integration of two disparate systems can be very expensive and is inherently inefficient.

The OnLine Analytical Processing (OLAP) tools in IBM Cognos TM1 overcame these limitations at a stroke. The Cognos solution has a powerful 64-bit architecture and features the ability to integrate different applications with powerful analytics capabilities on one platform. The solution also keeps data for analysis readily available in memory. This

architecture yields unparalleled performance, with applications seamlessly exchanging information and performing complex calculations on demand.

Benefits realized

IBM Cognos TM1 gives Pelephone a single, multi-dimensional view of each customer. The system is able to handle massive data sets for millions of concurrent users in real time. As a result, Pelephone can very quickly get vital answers to questions about business and subscriber performance, ARPU, profitability, product usage, and so on. Today, answers to performance-related questions can be provided in great detail on a daily basis.

With tools that allow it to analyze its business performance and customer-usage patterns in great detail and in a timely fashion, Pelephone is now able to optimize rate programs, proactively prevent attrition, increase customer satisfaction, check product profitability, analyze customer profitability, dissect ARPUs, do highly detailed account segmentation, and perform active financial planning, budgeting, and forecasting.

"The power of the IBM Cognos TM1 platform and the ability to design and implement such a large multidimensional analysis and planning application enabled us to consolidate and perform very detailed analysis on our large and growing customer base," states Efraim Deutch, Pelephone's Vice President of Information Systems. "This capability is very important in a market that is as competitive as the contemporary mobile sector. Now we can do the analysis on the fly, instantaneously, and in real time. No other company has such capabilities."

About Cognos, an IBM company

Cognos, an IBM company, is the world leader in business intelligence and performance management solutions. It provides world-class enterprise planning and BI software and services to help companies plan, understand and manage financial and operational performance. Cognos was acquired by IBM in February 2008*. For more information, visit <http://www.ibm.com/software/data/> and <http://www.cognos.com>.

**As a result of the acquisition, product names have now changed to reference IBM at the beginning of the software or service.*