IBM

Telecom Italia's best call: IBM business intelligence

Italians like to stay in touch. Colourful public telephones juxtapose ancient landmarks. Cell phones accessorise communicators of all ages. Pagers deliver signals day and night, and Internet connections now are as plentiful as Renaissance art.

To keep pace with this continually evolving telecommunications environment, Telecom Italia needed to

understand its customers' behaviours. Today, thanks to a new IBM business intelligence solution, the company's marketing, sales and customer service departments have the actionable information needed to address age-old industry problems such customer loyalty and competition. The bottom line? The decision to implement the new technology is proving to be a good call.

Insight and communication

Since deregulation, an incredible number of competitors — providers of telephone service as well as suppliers of Internet capabilities — vie for Italian customers' attention. Despite the fact that the Telecom Italia data warehouse has been live only for a matter of months, the company's project team already has begun to use insight generated from the system to combat the ever-increasing field of competition.

Telecom Italia's team plans to continue to gain valuable knowledge to help in sales, customer care, marketing, special promotions and electronic-commerce areas. What's more, the company will analyse data to gain the insight necessary to increase customer retention, encourage cross-selling, curb customer attrition, and build customer loyalty. Telecom's team will study traffic, service types, changes in service, effectiveness of promotions and a host of other factors which impact overall customer satisfaction and value.

"Having an in-depth understanding of how our customers use the products and services we offer will help us build very targeted customer loyalty programs," says Stefano Trisolini, director of data management/data warehousing. He continues, "We'll be able to find out about what types of competitor offers entice our good customers to defect and then put plans in place to counter these promotions. It's impossible to place a value on this capability — in today's competitive market, it's essential to have a weapon like this one."

Trisolini doesn't expect results over night. Ultimately, he feels that having actionable information will enable Telecom to measure such things as how much additional revenue specific promotions net the company or which products and customers are more profitable than others. "We intend to learn a lot about how to run effective discount campaigns and how to bundle products while retaining customer profitability," explains Trisolini. He adds, "Gaining such a competitive advantage is only possible through the use of data warehouses."

The solution also will help Telecom Italia's team determine specifics about customer service, for example, key facts such as the number of times one customer calls for assistance on the same problem. By determining patterns, changes may be put in place to stop recurring problems.

The data warehouse contains a variety of data about Telecom Italia: products and services, possible configurations of products and services, contracts and usage of 25 million customers. This information helps Trisolini and his team segment customers according to behaviour. Analyzing customer segments provides valuable actionable information about when, how, why, how much, where and how often customers interact with their products and services of choice. "By knowing more about how customers behave, we can determine what they want," Trisolini contends. "Armed with insight, we can offer them the right products and services at the most appropriate point in our business relationship." He adds, "By providing data mining capabilities to analysis experts and to a broader base of business users, we are enabling more people in our organisation to be customer-centric."

A call to IBM for BI

Why did Telecom Italia choose IBM for its business intelligence solution? Trisolini notes several reasons. "From a global perspective, our experience tells us that the IBM business intelligence solution is the best available on the market today — from both management

and operational standpoints," He explains. "The choice is largely based on global cost and the value that IBM delivers for that figure."

An IBM feasibility study helped convince Telecom Italia of the reliability and scope of key components of the solution: the IBM S/390 platform and the IBM DB2 Universal Database. The study also reinforced IBM's commitment to working as one integrated team. The study presented a cost/benefit approach to evaluating the proposed solution. How would the system impact all the areas it would touch – marketing, sales, customer care, and so on? Would it accommodate the business rules and requirements for all of these areas? In the end, Telecom overwhelmingly chose IBM's proposal.

Telecom Italia's technology team has a very high competency with DB2 and the S/390 platform, as well as a history of good IBM support for both products. "Not only is it key for us to evaluate the cost of technology itself, but also it is imperative for us to make sensible choices regarding operations," clarifies Trisolini. "It was important for us to capitalise on our already-existing skills in DB2 and S/390."

Trisolini continues, "During all stages of development – from analysis to deployment, DB2 has shown more robustness than competitor databases. Technically, DB2 is an excellent very large database (VLDB) – it is the best known within the database management system (DBMS) marketplace." He continues, assessing another solution component, "The S/390

Stefano Trisolini, director of data management/data warehousing, Telecom Italia

is scalable and secure – both of which are essential when handling masses of confidential customer information. The platform affords the possibility of upgrading via parallel sysplex."

Telephony and teamwork
"Working with IBM, we were able to meet our original deadlines and follow the chronology we set forth in the beginning," says Trisolini. "Everything ran smoothly – the feasibility study, analysis and design, building and deployment. Nothing was compromised, and IBM was present during all stages."

Constructing the warehouse took six months. Today, the Enterprise Data Warehouse collects data from four data centres, however, Telecom Italia is developing further warehouse content to support customer profiling. It is expected that the warehouse eventually will hold between five and ten terabytes of data. There may be as many as 10,000 people from Telecom Italia and its subsidiary companies who ultimately rely on the warehouse for information.

Business Intelligence Solutions

Telecom numbers among the leaders

The Telecom Italia Group is the world's fourth largest telecom in terms of turnover. The group's core businesses include Telecom Italia (operating parent company, offering fixed telephony products), Telecom Italia Mobile (mobility telephony services), Telespazio (satellite telecommunications), Stet International's (international finance company), and Telemedia International or TMI (multi-national provider of added value Internet services). A host of other Telecom Italia Group companies delivers such services as cable, satellite pay-per-view digital television, IT services, networking and installation, frontier technologies and transmission networks.

A network of future plans

During the next year, the main focus for the Telecom Italia team is Customer Relationship Management (CRM). Sales and marketing teams will work to better understand details about the behaviors of the Telecom customer base. This year also will mark the start of a CRM project with IBM Intelligent Miner for Data, a key data mining tool within the solution.

"The plan is to continually develop and refine our capabilities in customer profiling, data mining and general business intelligence," notes Trisolini. He concludes, "We are very focused on the benefits business intelligence technology brings us and on becoming more in tune with our customers."

In Italy's communicative society, that may very well be one of the best calls anyone could ever make.

Want to know more?

For more information regarding IBM business intelligence solutions, contact your IBM client representative or visit our Web site at http://www.ibm.com/bi

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GC26-0742-00