

Conferencing Case Study

Executive Summary:

A consultant from Coventree Consulting managed the concept, development, implementation and launch of a complete suite of private label audio and web conferencing services, during a three-month contract with a growing US carrier. Two years later, the carrier is generating over 1 million audio conferencing service minutes per month from customers and an estimated monthly revenue of US\$250,000, with excellent gross margins. By using the services internally the company has also saved over \$20,000 per month in conference calling costs, and boosted productivity from employees. This has given it a significant advantage in the competitive communications industry.

Coventree Consulting
Practical Marketing, Real Results

The Market

Due to the deregulation of the US telecommunications industry and plentiful access to venture capital funding, many new integrated communication carriers were formed in the mid to late 1990's. These carriers needed to quickly reach competitive parity with more established carriers, in order to avoid competing solely on price. One carrier believed that it need to provide a conference calling service for existing and new business customers. Strategically, this was seen to provide:

- ▶ A high revenue opportunity
- ▶ A customer growth and retention tool
- ▶ Completion of the carriers fixed voice portfolio
- ▶ A way to drive usage on other services such as Long Distance and Calling Card

The US market for conference calling services was forecast to be approximately \$1bn annually, with estimated CAGR of 11% over the period 1998 to 2005. It exhibited relatively modest price erosion compared to other long distance services. By marketing a nationwide conference calling service, the client could create new revenue streams and move towards establishing itself as the sole telecommunications presence among existing customers. However, compared to other areas of the communications industry, the potential market was relatively small, and perceived to be growing more slowly than IP and web-based services. Therefore, while conferencing services were attractive, the client did not know if it could justify the costs of setting up an internal service.

The Client and the Challenge

The client recognized that building a robust product portfolio was important to meeting the demands of its business customers, and could enable the organization to gain significant competitive advantages. The client decided that it needed to provide a conference calling service, to offer additional value added services for its customers, and to avoid using a competitor for its internal and external conference calls. However, there were no available marketing personnel to complete the work. A consultant was needed to assess the opportunity, recommend a solution and potentially implement the service.

The Solution

Working with the client, our consultant completed extensive market research to identify the product set required to support commercial customers. She recommended that the client outsource the solution to reduce time to market while minimizing development resources and costs. A private label solution would provide the appearance of an in-house service, but would reduce the capital costs of buying conferencing bridges, and also decrease ongoing staffing costs. The client could then test the demand for the services and develop, or acquire, an in-house solution at a later date if required. The client accepted this recommendation.

The consultant then developed a comprehensive marketing requirement specification, which included:

- ▶ An overview of the market.
- ▶ Product requirements, from both a customer and systems/ support perspective.
- ▶ Suggested pricing and billing functionality, including launch promotions.
- ▶ Marketing, Sales and Customer service strategy.
- ▶ An Implementation Plan.
- ▶ A Revenue and Profitability Forecast.

This led to the development of an RFI, which was distributed to a select number of conferencing vendors identified during the research phase of the project. The consultant managed the RFI process and evaluated responses in conjunction with other stakeholders at the client. The consultant shortlisted three vendors and made a recommendation on the preferred vendor, based on a number of criteria, including:

- ▶ Product portfolio – features and functionality.
- ▶ Infrastructure, including network and hardware availability.
- ▶ Experience with resellers.
- ▶ Processes, procedures and systems to support an outsourced solution.
- ▶ Contractual requirements.
- ▶ Pricing.

The client accepted the recommendation.

Implementation

The consultant worked with the client and the vendor to deploy the solution. This included managing a cross-functional team from both companies to ensure that development work was completed to enable their people, networks and systems to work together seamlessly. It also involved developing processes for customer provisioning and verification, defining customer service and trouble management flows and developing billing processes. Prior to launch, the consultant developed internal sales and customer service training, which provided information on the product, positioning, pricing, target customer applications and competitive strengths. She then worked on the content for a collection of marketing support materials including:

- ▶ Customer User Guide for Reservation based and Reservationless conferencing.
- ▶ Customer User Guide for Web-based data conferencing.
- ▶ Web site design to promote the service and allow for online reservations to support audio and web-based conferencing.
- ▶ Customer brochures for all services.
- ▶ Presentation materials.
- ▶ A mailing to be inserted in the client's invoices to customers.
- ▶ Promotional materials, including a "pre-paid" conferencing card to encourage usage, and a coupon that could be redeemed for a free test call.
- ▶ A press release to announce the service availability.

Launch

The service was launched within 12 weeks of our consultant being assigned to the project. During the launch, the consultant assisted in training the entire sales and customer service teams within the client, approximately 400 people. The service was promoted to customers via mailings, the client's web site, and through the direct sales force. All of the client's existing customers were pre-provisioned in the conferencing vendor's reservation system – thus streamlining the service activation process. In addition, the client migrated to the service for its internal use and successfully completed a number of large Investor Relations calls, in addition to regular internal calls.

The service has continued to grow consistently every month, and is now a significant source of revenue for the client, with substantial margins.