HOW COMMUNICATION SERVICE PROVIDERS CAN USE DATA TO DRIVE M&A SUCCESS

Sagacity

The topic of data is an increasing focus across telecoms and more specifically for Mergers & Acquisitions where two (or more) organisations bring together their customer bases.

Technology integration is the second most commonly cited challenge when it comes to M&A deals - how can it be tackled in order to drive success?

Mergers and Acquisitions (M&As) are becoming more common as communication service providers (CSPs) compete to expand their market share, open new revenue streams and diversify their products.

The recent merger between Virgin and O2 is just one example in a long line of telco mergers – in fact, four of the 10 biggest transactional mergers of all time involved telcos. These deals are of huge financial value, with the Virgin/O2 deal being valued at £31 billion and creating a customer base of more than 40 million people. Yet merging the data of these huge customer bases is a hurdle that often stands in the way of allowing CSPs to fully realise a return on their investment.

Technology integration is the second most commonly-cited challenge when it comes to M&A deals. With so many moving parts during a merger, IT is often overlooked. But without properly integrating their data, CSPs face the cost and inefficiency of running two (and sometimes more) systems alongside each other. Connecting the dots across customer records is crucial to drive value from a merger, unlock opportunities for upselling, and create a more consistent customer experience.

The problem with broken records

With millions of customer records and hundreds of different tariffs and services, gaining visibility into one CSP is hard enough. Often, these organisations rely on legacy systems with data scattered across multiple locations and IT disconnected from business functions. This makes it difficult to apply consistent processes or obtain a single customer view. When a customer tries to make an enquiry, they are sent down a disjointed path of websites, or they are put on hold, whilst the CSP itself loses money and time trying to track down the appropriate data.

The M&A process exacerbates this already existing problem, by bringing in more records, service channels and siloes. On top of this, being unable to connect the dots across customer records

prevents the newly formed company from identifying upsell or cross-sell opportunities, such as new bundles or tariffs. This leads to a slower return on investment, costing more money that may even trickle down to increasing bills for customers.

From a back-end perspective, the systems and standards of data collection vary widely from company to company, so small differences can cause chaos when trying to integrate two databases. Something as simple as one company organising their customers 'last name – first name', whilst the other does it 'first name – last name' can result in people being sent the wrong bills, or worse no bills at all. Standardising data and then eliminating siloes is therefore essential to delivering a consistent customer experience, preventing revenue loss, and identifying new sales opportunities.

Strategy and expertise lead to success

In order to ensure a sustainable M&A, there needs to be a clear data strategy that ensures both customer satisfaction and business growth. Data must be cleansed early in the process in order to ensure a smooth integration and allow the analytics layer to be applied correctly. From here, the company can prove the value of the merger to customers by offering new services, and providing faster, more consistent customer service. In the long run, a better data strategy will allow the new company to hold their competitive advantage, gain a larger market share, and reap a return on investment.

About Sagacity

We pride ourselves on delivering high quality products and services that minimise risk and maximise rewards for our clients. From customer data solutions to revenue assurance and consulting, we successfully address complex business challenges across multiple industry sectors producing significant change and extensive financial improvements.

We are dedicated to delivering the highest quality business solutions for our clients and partners alike and are proud to work with some of the best-known and challenger brands.

Get in touch to find out how we can help your business address its current challenges.

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