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European telcos miss out on revenue due to poor customer marketing

Research reveals more than 56% of operators miss out on sales due to continued use of basic marketing methods

London (21 June, 2006) --- The low take-up of sophisticated, integrated marketing techniques remains a big hurdle in European telco operators' fight to grow profitable revenues and reduce churn, according to recent research from Capgemini and SSA Global.

Customer churn within the telco industry continues to grow, reaching 20-30% across Europe. Although 80% of telcos have rolled out Inbound Customer Marketing (ICM) systems at call centres, only 21% and 25% have employed similar methods via Web and retail channels respectively.

An integrated, best-of-breed approach to ICM has been proven to be highly effective, with a leading mobile operator achieving sales conversion rates of 50% for its inbound marketing campaigns.

The research found that 38% of telcos are using 'home grown' inbound marketing systems, therefore not ensuring the best possible performance that can be achieved using a single best-of-breed application—the most efficient way of ensuring a consistent and effective approach across multiple channels. An additional 13% of those surveyed currently use no systems to cross or up-sell to customers across inbound customer touchpoints.

“The sophisticated marketing methods available today can target some of the biggest business challenges telcos face, such as low ARPU, high customer churn, and long time-to-market for new offers, yet operators are still missing a trick here,” says Chris Jeffery, Global CRM Lead for Capgemini's Telecom, Media & Entertainment practice. “ICM systems mean customers can be targeted at the right time, with a personalized message, ensuring a higher chance of success. A medium sized operator could generate additional annual revenues of tens of millions of Euros.”

“Consumers are on the receiving end of a barrage of advertising and marketing communications, with the average person receiving up to 5,000 such encounters a day,” says Kevin O'Regan, Senior Director of Global CRM Alliances at SSA Global. “It's vital that operators make the most of any contact they have with their customers and where

possible, convert that contact into a useful experience for the customer, and a profitable one for the telco.”

Notes to editors:

Capgemini’s TME Strategy Lab analyzed the results from a survey undertaken with 20 European telcos in December 2005 to understand the status of ICM adoption and use of sophisticated tools within the telecoms sector.

About Inbound Customer Marketing (ICM): Inbound customer marketing is the practice of cross or up-selling to customers when the customer initiates the contact, such as phoning the call center or retail store, visiting the website, or roaming abroad. It is becoming a vitally important element of telco sales as privacy laws are being introduced across Europe.

About the Capgemini Group

Capgemini, one of the world’s foremost providers of Consulting, Technology and Outsourcing services, reported 2005 global revenues 6,954 million euros and employs approximately 61,000 people worldwide. More information about individual service lines, offices and research is available at www.capgemini.com

About SSA Global

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