Telecom services, bundles and channels

A survey on the preferences of the Dutch SME market

Research Memorandum
January 2009

Nolan Norton Institute

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1. Preface

The Dutch telecom market changed significantly over the past years. The crash in the early 2000's seems to be forgotten and in the past couple of years a series of major mergers and acquisitions among Telecom operators has taken place. Convergence of the telecom and IT industry is one of the reasons for this consolidation to happen. The coming together of telecom and IT services also made new competitors enter the telecom industry. In addition, government regulation and fast technological innovations made this relatively competitive industry hard to survive. All parties in the industry need to re-evaluate their market positions. New business models and propositions for telecom operators are to be considered.

Nolan, Norton & Co. initiated this research in order to investigate the effects of the industry convergence for Small and Medium-sized Enterprises (SMEs) in the Netherlands. The approach for this market segment is largely undefined by telecom operators, while there are major opportunities. SMEs are responsible for 58% of total business turnover in the Netherlands and telecom and IT services are increasingly important for them. In contrast, the go-to-market model of telecom operators for the business-to-consumer market is highly mature, with integrated bundles, including television, internet and telephone. This approach is potentially appropriate for some SMEs as well, but research is needed to sort this out. Particularly as larger SMEs are more similar to large companies, for which telecom and IT services are merging into a completely new concept.

This Research Memorandum gives insights in the telecom preferences of the Dutch SME market and focuses on service, bundling and channel preferences. As an addition to the often qualitative research in this domain, a quantitative research approach is chosen to let the numbers speak.

Ger A. Damen
Managing Partner Nolan, Norton & Co.

2. Management summary

The telecom industry is changing because of the convergence of products and services. Telecom operators now face competition from what used to be IT service providers or even content providers. The product offering from telecom operators increasingly includes IT products and services. Even firms like Google and Microsoft now enter the competitive arena of telecom operators. As a reaction to this convergence, telecom operators successfully target customers in the business-to-consumer market with 'bundles' of products and services. Also the corporate market is generally well targeted, using a dedicated account approach. The go-to-market model for Small and Medium-sized Enterprises (SMEs) is largely undefined however.

Three aspects of the go-to-market model for SMEs are addressed in this research:

1 Products and services;
2 Bundling;
3 Sales channels.

The following can be concluded in summary:

Products and services

For all 27 telecom services identified in the Dutch market, reliability is the most important service or product characteristic. It is more important than price or any other characteristic. Furthermore SMEs have a low level of interest in new (more innovative) telecom services. The limited level of interest in new services suggests that new services are primarily bought as 'replacement' for old services, but more research on this topic will certainly be required.

Bundling

There are a lot of opportunities for the bundling of telecom services in the SME telecom market. 46% of the research population shows a preference towards more bundling of services, whereas only 17% prefers more individual products. The important reasons for bundling are uniform for the SME market. Key reasons are: 'Price', 'Service and support' and 'Business risk'. Regarding 'Business risk' it can be concluded that SMEs generally prefer one reliable partner, instead of spreading risk over multiple providers.

Sales channels

Our research points out that SMEs are 'stuck' to their traditional sales channels, even though they get different products and services via different channels, such as telecom dealers or local IT suppliers. SMEs are generally satisfied with their current sales channels and prefer the channel they are familiar with, not being bothered by the fact that they get related products and services via different channels. The account manager of the Telecom operator is the 'sales channel' which appears most effective for the bundling of services, but is obviously too expensive for targeting the low revenue SME customers.

So, all in all, the SME market shows a huge heterogeneity in sales channels, seems to be stuck to the traditional sales channels, is satisfied with these channels and shows a low interest in new innovative products. On the other hand, SMEs do prefer a bundled telecom proposition, as long as the bundled services are reliable and the bundle offers a clear price, service and support advantage.

This brings us to the overall conclusion that it will be hard for telecom operators to integrate and offer a bundle of telecom services via a single and proprietary sales channel. For most of the operators, the challenge will therefore be to offer high-reliability services in bundled packages via the various existing sales channels. Often these channels will be controlled by partners in the supply chain, such as local telecom dealers and IT suppliers. Managing partner channels therefore is a critical success factor for telecom operators to be successful in the SME market.

3. Introduction: a survey on telecom services for small and medium-sized enterprises

3.1 Background: a diverse SME market and immature telecom propositions

In the business to business (B2B) market, IT and telecom services are increasingly converging. There is a shift in the focus of the incumbent telecom providers towards the growing market for IT services. In addition, traditional IT integrators are moving down the value chain, by offering more communication services. This implies a stronger entanglement of the IT and communications markets. This closer entanglement is generally referred to as the 'convergence' of the telecom industry. Typically, the range of this converged market covers traditional telephony, internet and television (for consumers), but also more IT like services such as hosting and online applications.

The telecom industry reacts to this convergence with the bundling of products and services. The convergence of IT and telecom services allows for more cost effective service fulfillment. Also, the logic of bundling makes the cost of developing new, converged products and services easier to justify. But this happened before in the telecom industry. This is the same industry that spent tens of billions of dollars building new fiber-optic networks in the late 1990s, in anticipation of an increase in traffic that never materialized. The result was a spectacular crash[1], so a careful approach to bundling is required.

The bundling concept is maturing in major segments of the telecom market. Already since the late 1990s, operators compete in the business-to-consumer market with integrated products and services. The so called 'Triple Play' proposition focuses on the combined offer of telephone, internet and television (voice, data and video). In addition, large enterprises are targeted by competitors with an integral telecom solution, managed by dedicated account managers or teams.

However, the approach for the Small and Medium-sized Enterprise (SME) market is largely undefined. The SME market in the Netherlands counts over 700.000 enterprises, which account for 59% of total employment and revenues exceed € 700 billion a year, making the SME market a serious growth opportunity. Most telecom operators are, however, struggling to target SMEs. The market segment shows a huge heterogeneity among its companies and it is impossible to target them in one unified way. A dedicated account manager is generally too expensive for a telecom operator to target an individual SME. The telecom proposition and sales channels for SMEs are therefore different from the large enterprises. Large enterprises have a direct relationship with a telecom operator for an integral telecom proposition. SMEs are however expected to buy their telecom services more separately through an IT supplier and/or a telecom dealer. These IT supplier and telecom dealer bring together telecom services, but offer little or no integration.

3.2 Research questions

Appreciating the characteristics and challenges of the converged market as indicated above, three key themes can be distinguished: (1) the need for bundling of products and services, (2) the scope of the converged telecom market in terms of its products and services and (3) the possible sales channels, considering the market characteristics. As the focus of this Research Memorandum is the effect of convergence for the Dutch SME market, this leads to the following research questions:

1 **Bundling.** Do SMEs prefer a converged telecom proposition, or do they prefer a more separate (e.g. single product) proposition?
2 **Products and services.** Independent from bundling preferences, what product and service characteristics are preferred/required by the SME market?
3 **Sales channels.** What channels are preferred for the supply of telecom services and bundles?

[1] *See The Economist, 2006*

3.3 Research scope

With over 700.000 enterprises, the Dutch SME market is too large for this single research project. Therefore the scope of this Research Memorandum is limited to a number of subcategories. Location, size and sector of the SMEs are the factors chosen to segment the market. This research focuses on SMEs in the Randstad area, with a size between 10 and 250 Full Time Equivalents (FTE) and active in two different sectors: wholesale/retail and professional services.

3.4 Structure of this Research Memorandum

This chapter is the introduction to the Research Memorandum. Chapter 4 will discuss the telecom industry in more depth, especially the convergence process and the three key themes will be addressed: bundling, products and services and sales channels. Chapter 5 will briefly describe the research design. Findings are presented in chapter 6 and conclusion are presented chapter 7.

4. Understanding the converged telecom industry

4.1 The shift towards the converged telecom industry and value chains

The convergence of the industry is in fact the process of integration of previously separate products and services. This convergence can be explained with both horizontal and vertical movements in the value chain. Figure 1 shows the convergence process of the telecom industry with two examples. Horizontal movements can be the offering of new services, for example the offering of a new fiber network by telecom operators (see '1' in figure 1). Vertical movements can be mergers and acquisitions, for example an acquisition of an IT service provider by a telecom operator (see '2' in figure 1).

These movements led to the convergence of the telecom industry and value chains. Wirtz (2001) stated that the converged telecom industry means that formerly industry-specific value chains will be unbundled, and the core activities of each individual chain can be extracted and reconfigured to a new value chain. The reconfiguration refers to firms breaking up their value chains and reunites the individual value adding stages. Hagel III and Singer (1999) point out that the most important aim of reconfiguration is not only to transfer services and products for which potential demand exists, but to combine them with complementary value added elements of other providers. Li and Whalley (2002) add that all the players in the industry need to re-evaluate their market positions in this converged telecom industry and research is needed to map out the telecom value chains and possible strategies and business models for telecom operators.

4.2 The different products and services

In figure 1 the hardware suppliers, telecom operators, IT service providers and telecom dealers are mentioned as competitors. However, the focus of this research will not be on hardware suppliers and not on the full scope of products from the IT service providers. The entanglement of products and services from telecom operators, IT service providers, telecom dealers for their SME customers is described in figure 2 with the dotted line.

The convergence process is the coming together of traditional telecom and IT products and services. These different products and services are collected in four different categories: 'Voice and video', 'Access and connectivity', 'Hosting'

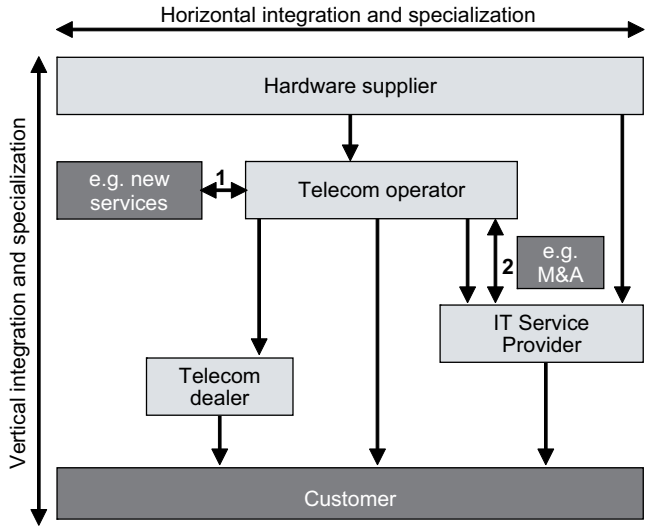

Figure 1: Horizontal and vertical value chain movements towards the converged telecom industry

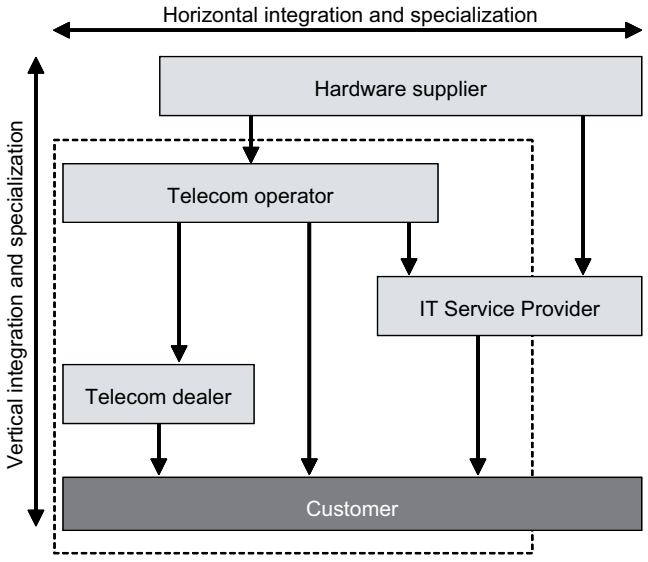

Figure 2: The focus of this Research Memorandum

and ‘Software services’. ‘Voice and video’ and ‘Access and connectivity’ are traditional offered by the telecom operators and dealers, and the ‘Hosting’ and ‘Software services’ are traditional offered by IT service providers. The voice and video category consists of all the products and services related with the transmission of voice and video. The traditional telecom products, such as fixed line telephony and mobile telephony and the more innovative products, such as Voice over IP and online SMS services are in this category. The access and connectivity category is related to internet and data connections. DSL and cable internet connections and VPN connections are part of this category. The hosting category consists of the remote hosting products such as online backup and online disk space. These services can be accessed remotely and are hosted in a data center. The software services category consists of products and services that are software related (written in a programming language). Most of the software products can be bought as an offline, stand alone software product as well. The product offering from the telecom operators in this category are (online) software products such as online email and agenda and an online customer relationship management service.

The actual (2008) product offering of the telecom operators is placed inside these four categories. In order to determine the product offering for SMEs, the websites from the major telecom operators in the Netherlands is analyzed. This analysis provided 27 different products and services and these are placed in the corresponding categories in figure 3. The terminology used to explain these products is based on the terminology used by the websites of the telecom operators themselves.

4.3 Telecom sales channels for SMEs

The different sales channels follow from the value chain discussion: the ‘arrows’ in figure 1 leading to the customer. A telecom operator can sell its products and services directly or indirectly. Direct selling can be through a direct channel, such as the internet, call center or retail chain. Another pos-

Voice and video
• Fixed line telephony • Mobile telephony • Company and service numbers • Voice over IP • Online SMS service • Narrow casting • Videoconference • IP camera/alarm security

Access and connectivity
• DSL or cable internet connection • Fiber internet connection • Office VPN • Remote VPN • Managed LAN • Data services for mobile telephony • Data services for laptop • Pin over IP

Hosting
• Managed desktop • Online disk space • Online back-up • Portal services • Streaming media

Software Services
• Internet security software • Online email and agenda • Online workspace • Online administration and accounting • Online presentation software • Online Customer Relation Management

Figure 3: Products and services categories overview

sibility is the use of an account manager/team of the telecom operator. An account manager can be either a remote account manager (phone contact) or a more dedicated account manager, allowing for face to face contact.

Another sales channel is the indirect 3rd party channel. A 3rd party is not directly involved in product or service creation, but a reseller of the products and services provided by the telecom operator. In the telecom industry this can either be a telecom dealer, specializing in telecom products, or an IT supplier, with a focus on more general IT products and services. An IT supplier can be a large IT service provider or a SME itself. The IT supplier that is a SME itself often knows the region and the regional businesses (and their owners). In many cases, they already deal directly with the SME that may have interest in telecom services, giving them a head start for the sales of new products and services. An overview of the different channels is shown in figure 4.

4.4 The advantages of bundling of products and services

The result for the customer of the converged telecom industry is the bundling of products and services. As pointed out before, convergence of IT and telecom services (and underlying technologies) make the provision of bundles of services more cost effective. The logic of bundling makes the cost of developing new, converged products and services easier to justify. Packages in which telephony services are combined with Internet services and even television are common. The intent of telcos is straightforward: increasing revenue, lower churn-rates and improved margins. Increasing revenue can be split in increasing the Average Rate Per User (ARPU) and expand subscriber base (Pernet, 2006).

Telecom operator		3rd party	
Direct channel	Account manager	Telecom dealer	IT supplier
Directly and immediately by a telecom provider. This is possible via a website, phone or a retail chain.	A personal contact from a telecom provider were together with a client wishes and needs are discussed.	An independent telecom reseller. A business partner in the region.	A company that offers IT services to the client This can be a large IT integrator or an SME itself.

Figure 4: Telecom sales channels for SMEs

5. Research description

5.1 Target population

The research population consists of 2000 Dutch SMEs. A list of company names is acquired from the Dutch Chamber of Commerce (KvK). The following characteristics are provided to the KvK and therefore determine the scope of the SME population:

- A commercial company
- The headquarter of the company
- Located in the provinces of Noord Holland, Zuid Holland or Utrecht
- Active in the sectors ‘wholesale/retail’ and ‘professional services’
- Listed as having between 10 and 250 FTE

The reason for selecting a size between 10 and 250 FTE is because this range covers the SME market in line with the involved Dutch Telecom operators. The underlying reason for the chosen sector segmentation (‘wholesale/retail’ and ‘professional services’) is that, because of the heterogeneity of the SME market, these two very different sectors are expected to indicate relatively high diversity in their telecom preferences.

5.2 Data collection approach

A letter by post was sent to all the SMEs, with a short explanation of the research and a link to a web questionnaire. The letter was addressed to the contact person of the firm from the KvK list, which most of the times was the founder of the firm. The letter clearly explained that the questionnaire was intended for the responsible person for telecommunications decisions inside the firm. The incentive for completing the survey was insight in the research results and the total time necessary for completing the survey was estimated at 10 minutes. The respondents could remain anonymous, or provide the email address for receiving the survey results. The web questionnaire was dynamic, which made it possible to answer only the relevant questions, by automatically hiding the rest of the (irrelevant) questions. Options for answers were shown depending on previously given answers. For example, when the respondent did not have a subscription for a particular service, the question on the related sales channel was hidden. The questionnaire can be seen in appendix 9.1.

6. Analysis and discussion of research results

6.1 Properties of responding firms

The questionnaire is completed by in total 97 SMEs, which is around 5% of the total population of 2000. The questionnaire is filled in by the following functions:

- CEO (27%)
- Office manager (29%)
- Finance / Marketing functions (19%)
- IT manager (15%)
- System administrator (10%)

All the firms are active in the sectors wholesale/retail or professional services. Some example firms from the professional services sector are advertising-, law, - and consultancy firms. The FTE distribution of the population is shown in figure 5.

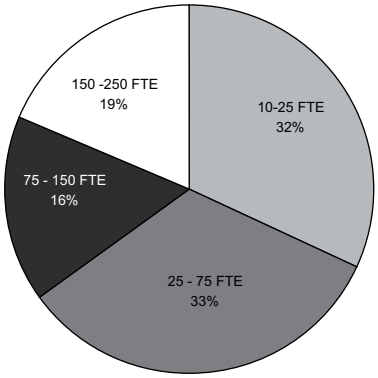

Figure 5: FTE distribution of responding firms

6.2 Different perspectives for analysis

The analysis of the data is based on three different perspectives:

- **The overall perspective**
  Averages over the entire population (n = 97);
- **Size perspective**
  This perspective divides the dataset in small-sized companies (n = 55) and medium-sized companies (n = 42). Small-sized companies are considered as having between 10 and 50 FTE and medium-sized companies as having between 50 and 250 FTE. Small companies have a larger percentage in the total population (n = 2000) then our research population;
- **Sector perspective**
  This perspective divides the dataset in wholesale and retail firms (n = 31) and professional services firms (n = 65). There was only one respondent that did not provide its sector.

6.3 Bundling results

Two main questions were asked in the questionnaire regarding the bundling of products and services. The first question concerned the difference between the current and the preferred package of telecom services. Each respondent had five different options to describe their current and their preferred package:

1 Separate services
2 More separate then bundled services

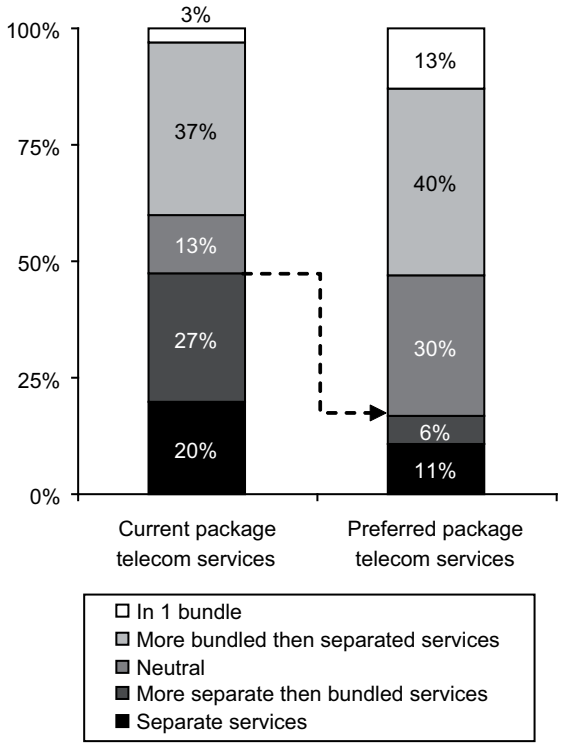

Figure 6: Preferences are more bundle-oriented then the current consumption of telecom services. Only 17% prefers separate services

3 Neutral

4 More bundled then separate services

5 In 1 bundle

Figure 6 shows the answers from the population in percentages.

The general trend is that the SMEs prefer a more bundled telecom package. 17% of the population prefers a package with more separate services. However, currently 47% of the population has a more separate package of products and services. This difference is visualized in the figure with the arrow. The percentage of respondents that prefer a fully bundled telecom package ('in 1 bundle') grows from the current 3% to 13%.

However, this data does not provide insights in the direction of change of the respondents. Hypothetically, all the respondents that currently have a more separate package of products and services can prefer a bundled package and vice versa. This would only indicate that the respondents want to change their current package and an analysis of the direction of change is needed to have insights in the bundling preference. Therefore, an analysis of the direction of change between the current telecom package and the preferred package is shown in figure 7.

The current package of telecom services is shown at the left side of the figure. The middle of the figure shows the preferred package. There are 3 different options: A respondent prefers a more separate package, a respondent prefers the same package or the respondent prefers a more bundled package (all in comparison with its current package). The right side shows the percentage of respondents that answered the corresponding current package. For example, 20% of the respondents currently have a separated set of services. These percentages are the same as the left side of figure 6. The sum of all the blocks in figure 7 is 100% of the population.

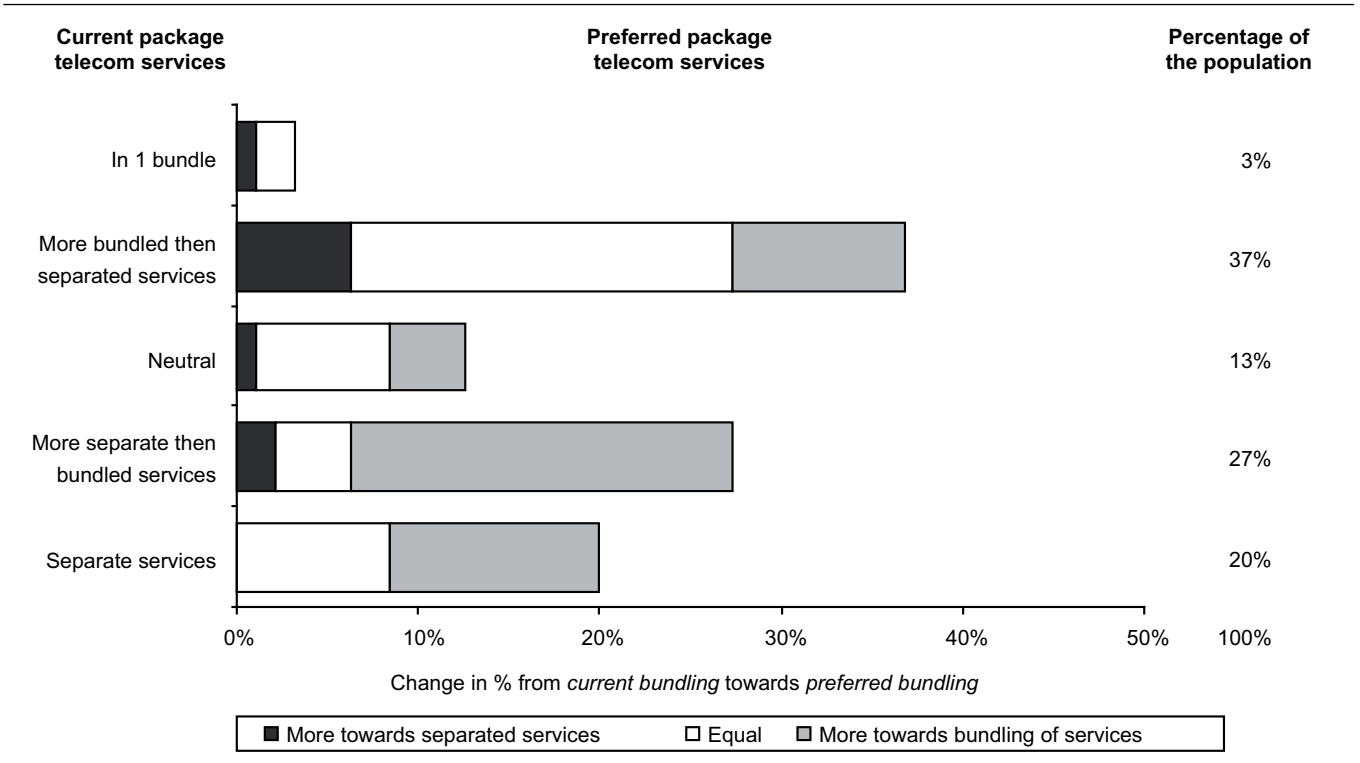

Figure 7: Preferred package in relation to the current subscription. Independent from their current package, the respondents prefer a more bundled solution

The figure shows that 46% of all the respondents prefer a more bundled telecom package (the sum of all the grey colored blocks). 43% prefers the same package as the current one (the sum of all the white blocks), and only 11% prefers a package more towards separate services (the sum of all the black blocks). Also, the current package does not matter in the preference towards more bundling. Every data group prefers a more bundled package on average, except for the group that already has a single bundle.

Some remarks can be made regarding the size perspective. In general, the medium-sized companies are ahead of the small sized companies in the bundling of services. The medium-sized companies currently have a more bundled package and the preferred one shows even a greater direction towards bundling in comparison with the small-sized companies. 48% of the medium-sized companies prefer a more bundled package, compared to 34% of the small-sized companies.

This difference is not seen from the sector perspective. The wholesale/retail and professional services sectors show a remarkably similar preference in bundling of services. Both sectors have a preference towards more bundling of services and the difference between the two data groups is very small. However, the current package of telecom services is different. The professional services sector shows currently a more separate package of telecom services then the wholesale/retail sector. In short: the current package differs between the sectors, but the preferred package is similar.

The second bundling question concerned the reasons for bundling. Six possible reasons were given: price, service and support, contract and payment, outsourcing/focus on core business, business risk and functional flexibility. All the reasons were defined as neutral. This means that all reasons were beforehand not defined as an argument for or against the bundling of services. The respondents were asked to rank the three most important reasons for their bundling preference in order of importance. The most important reason was ranked as 1, the second most important as a 2, and the third most important as a 3. The results are shown in figure 8.

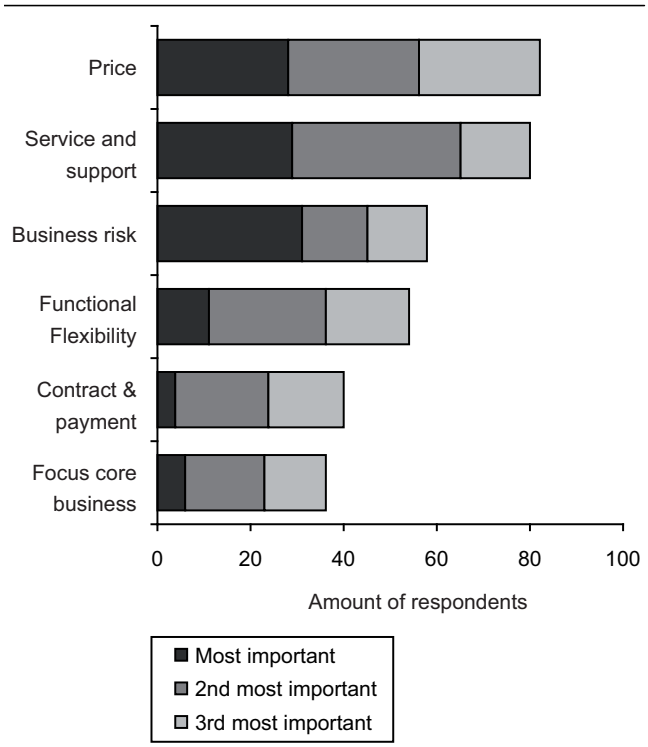

Figure 8: Price, service and support and business risk are the most important reasons to bundle

When considering the amount of first choices (e.g. the most important reason), the business risk comes in first. An analysis of only this group shows also a preference towards the more bundling of services. This means that an argument of spreading the required telecom services over different telecom firms in order to lower the business risks might not hold. Apparently, the respondents prefer one trustworthy party in order to lower the business risk, instead of different partners. Price is, as expected, an important reason. But, only a small price advantage is not enough to switch to a bundle for SMEs, as turns out after a discussion with some telecom operators. The high importance of service and support in combination with the preference towards more bundling could mean that the SMEs prefer a single point of contact for their telecom related questions. The easiness of 1 contract and bill is not considered as really important for bundling of services. Also, the argument to only focus on the own core business and

outsource the non-core telecom services is not important according to the data. However, the data only shows the quantitative reasons; a more qualitative research is needed for a better understanding of these reasons.

6.4 Products and services results

The products and services questions were based on two main questions. In the first main question all the individual services (27 in total) were shortly explained. The terminology used to explain these products is based on the terminology used by the websites of the telecom operators themselves. The respondents were asked if they already subscribe to that, or a very similar, service. If not, the level of interest in that service was asked on a 5 point scale (from no interest to high interest). This results in two data collections:

1 The percentage of respondents that already subscribe to a particular telecom service;
2 The level of interest in the particular service.

Figure 9 shows the combined chart of these two data sets for the 'voice and video' category.

This chart and the charts of the other product categories show the same conclusion: there is a low interest level in new telecom services. However, the data does not explain this fact. A possible explanation could be the unfamiliarity with the services, or the low need for new services. A new service could "replace" an old service. For example, Voice over IP is introduced in a firm when the old telephone system, for any reason, needs replacement (like a movement to a new location).

Some remarks can be made when considering the size and sector perspective. The medium-sized companies have a higher subscription rate for telecom services and a higher level of interest in new services, compared to the small-sized companies. There is, in general, almost no difference between the different sectors. This means that the expected

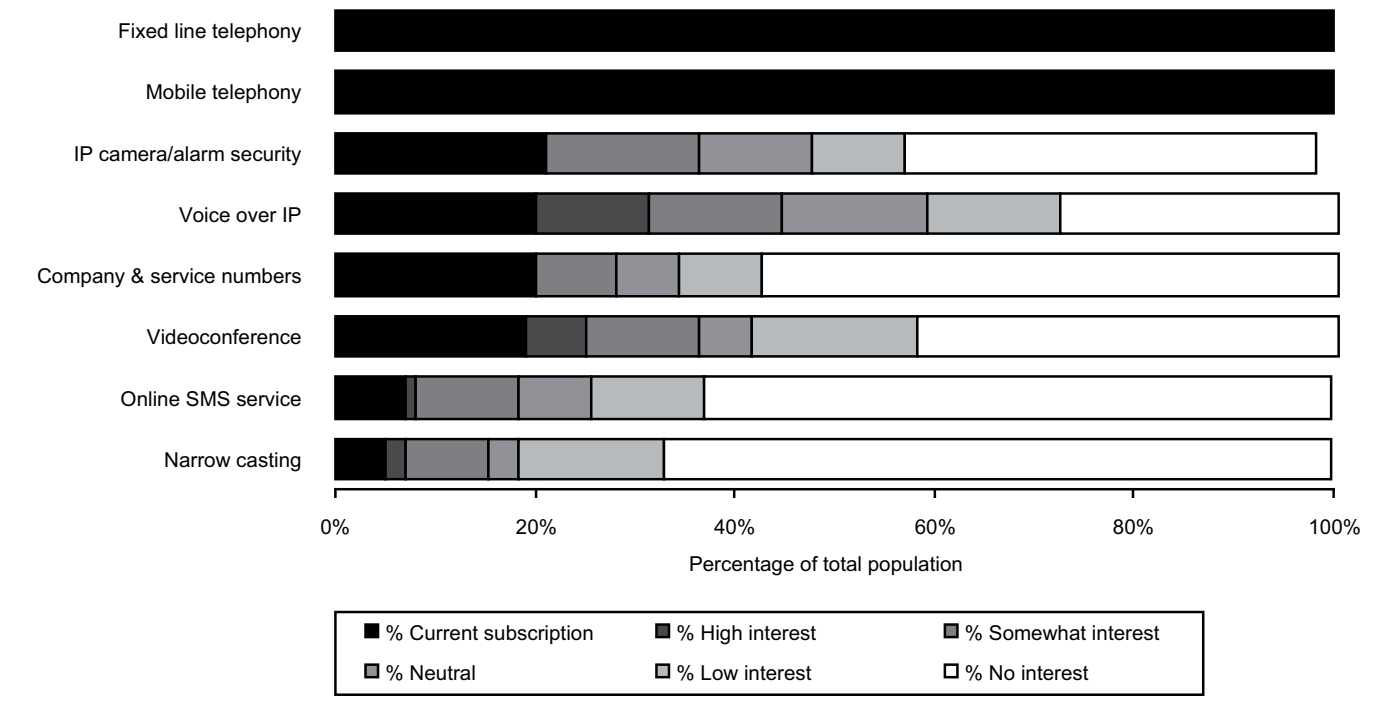

Figure 9: Combined chart on current subscription and interest in new products and services. There is a general low interest in new products and services

heterogeneity between the branches does not hold. There are some exceptions however, like more sector specific products and services. For example, the wholesale/retail segments is more interested in the service 'Pin over IP' then the professional services sector is.

The second main question concerned the importance of different product characteristics. Five product characteristics were distinguished:

- Price
- Reliability
- Service and support
- Functional flexibility
- Simplicity

The importance of these characteristics was asked for all the 27 different products separately on a 5-points scale (from unimportant to very important). Only those respondents that either subscribed to the product or had a high level of interest in the product could fill in the question. The provided answers are very similar for all the individual products. Therefore, the provided analysis is for the four product categories, instead of the separate products. Figure 10 shows the average importance of the different product characteristics. The graph only shows the upper three importance levels, out of the five defined levels, for a better overview.

Reliability is the most important product characteristic. This is not only true when the results are averaged over the four product categories, but for all the 27 individual services reliability is the most important characteristic. SMEs just want their telecom services to work. For example, it is nowadays almost impossible to not have reception for the mobile phone, even in locations like tunnels. Further, the small spread in answers is remarkable. This small spread can be split in the small spread in the different products (almost all the individual products show the same results) and the small spread in importance level (90% of the answers is in the upper three levels of importance, out of five). Only the price shows some spread in answers, meaning that price was considered as more important for some products then for other products.

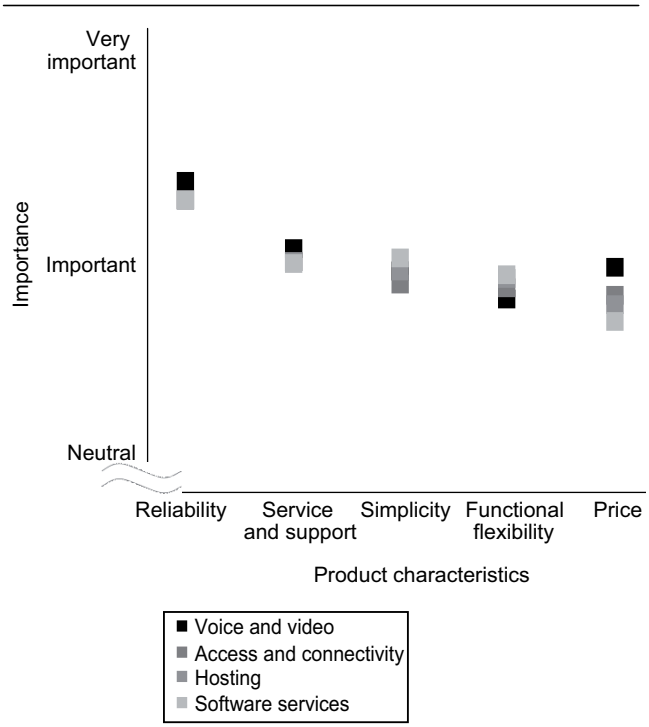

Figure 10: The average importance of product characteristics over the different product categories, with reliability as the most important characteristic

6.5 Sales channels results

The last main question of the questionnaire concerned the sales channels. The sales channels were explained in the questionnaire as in figure 4 (see chapter 4). Again, two main questions were asked. The first question was which sales channels the respondents used or preferred. The split between the used or preferred sales channels can be explained by the fact that either the respondents already used the particular service ('used channel'), or showed interest in the service ('preferred channel'). If the respondents showed none or low interest in the service, the sales channel question of that service became hidden. Figure 11 shows the combined sales channels (the actual and preferred channel) of the four different products and services categories. The 'direct channel' and 'account manager', as described in chapter 4, are

combined as ‘telecomopererator’ in this figure. See appendix 9.2 for sales channels for all the individual products and services.

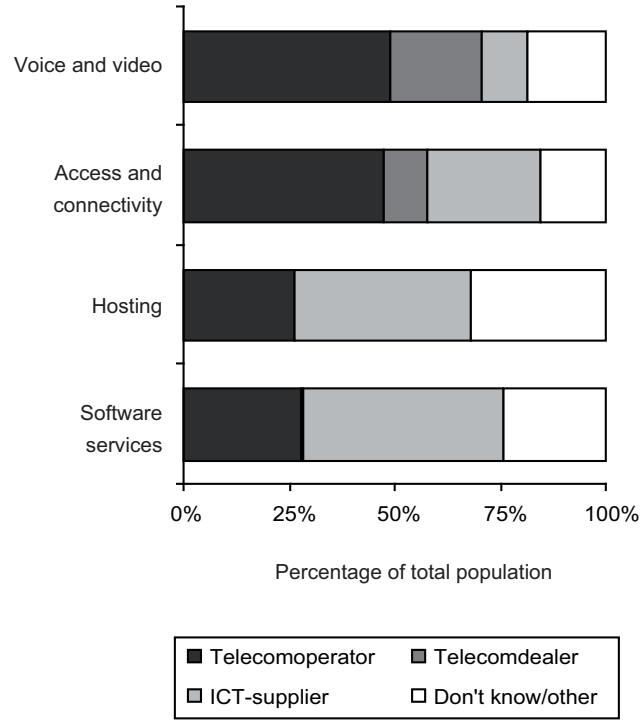

Figure 11: Share of sales channels for the four main product categories. The traditional sales channels are used most of the time, creating a mix of different sales channels for targeting SMEs

The sales channels differ significantly. There are differences both inside the different products (other channels for the same product) as between products (other channels for other products). This leads to a mix of different sales channels used for supplying telecom services. The data shows that the respondents choose for traditional sales channels. A traditional sales channel means the channel it was original (before the convergence of the telecom industry) supplied by. For example, the sales channel for voice products is mainly a telecom operator and for hosting products an IT-supplier. This diversity of sales channels is therefore a problem with bundling of services. Indeed, the sale of telecom services is spread over different suppliers and telecom operators do not always deal directly with the SME customer themselves. Therefore, telecom operators need to manage these different sales channels. The different sales channels deal directly with the SMEs; when the telecom operators are the preferred supplier of these sales channels, the integrated solution of telecom operators can be provided to the SMEs. Furthermore, the group of ‘don’t know/other’ is quite large. The SMEs are apparently not really aware of their sales channels, or they are not interested in it (as long as it works; see the high importance of reliability).

Figure 11 combined the answers of used and preferred sales channels. However, an analysis of the data of the differences between the actual channel (the respondents that already consume a service) and the preferred channel (the respondents that showed interest in a service) shows the following conclusion: The current sales channels and the preferred sales channels hardly differ. This means that the sales channel is not the issue when considering the sale of new products. Indeed, the respondents that want to buy a new telecom service prefer the same channel as the channel current subscribers of that service have.

The data of sales channels can also be combined with the data of bundling preferences. Two data groups are considered for the bundling preference:

1 More towards separate services
2 More towards bundling

These groups are combined with the data of the sales channels of the different products and services categories. Figure 12a shows the graph more towards separate services and 12b the graph more towards bundling.

The result is that the bundling of products and services is relatively more sold with the account manager channel. A question that rises from this data is the reason why an account manager can bundle the products and services, while the direct channel and IT supplier have more difficulties with bundling. Another question is why telecom operators do not use the account manager channel more often. After a discus-

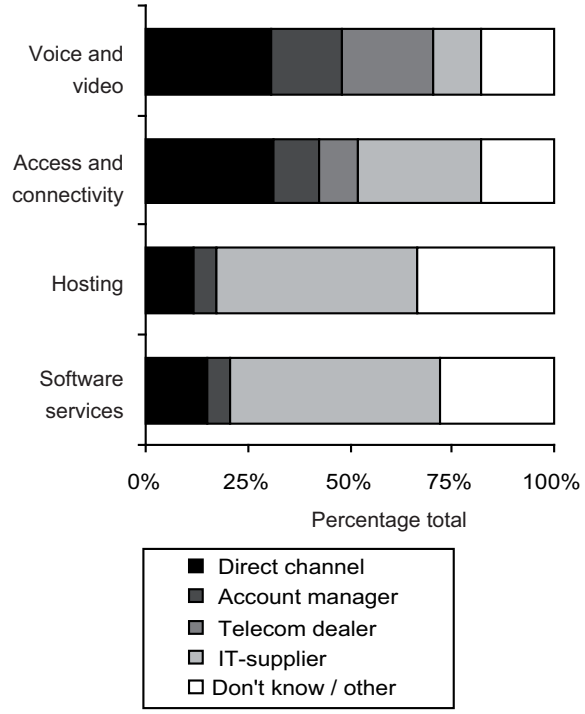

Figure 12a: Sales channels of respondents with a preference for separate services. The IT supplier is more present

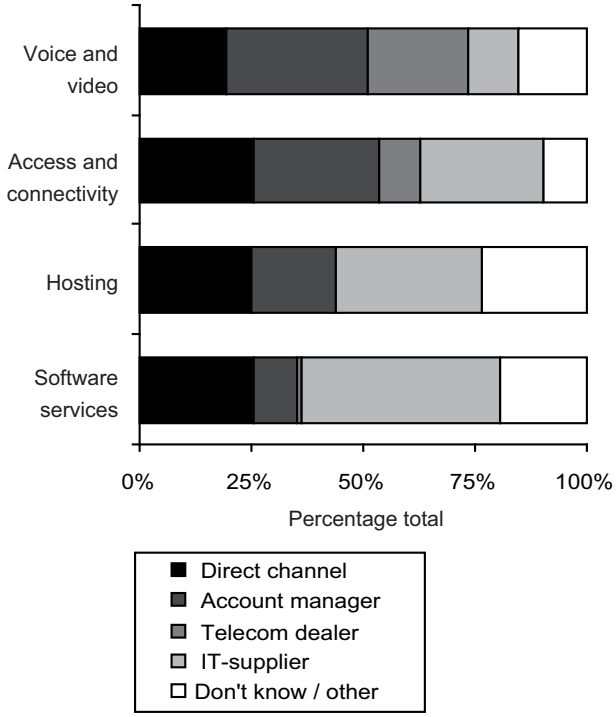

Figure 12b: Sales channels of respondents with a preference for bundling. The account manager is more present

sion with some telecom operators a simple reason for this was given: A small extra service for SMEs, like online back-up, provides only little extra turnover and is therefore too costly for sale with the help of an account manager.

The sales channel data is also combined with the different perspectives levels. The conclusion of this is that the sales channels do not really differ between the different sectors (wholesale/retail and professional services) and size (small-sized and medium-sized companies).

The second question was the degree of satisfaction with the current sales channels. Only the respondents that already consumed a particular service could fill in the corresponding question. The degree of satisfaction was measured with a 5-points scale, ranging from 'very dissatisfied' to 'very satisfied'. The results of the small-sized and medium-sized companies can be seen in figure 13a and the results of the sector perspective are shown in figure 13b.

95% of the respondents answered the question between 'neutral' and 'very satisfied'.

Two conclusions can be drawn from these figures:

1 The respondents are satisfied with the current sales channels
2 Almost no differences can be found in the analysis of the different perspectives.

It seems that SMEs do not have a strong opinion about their sales channel; as long as their telecom services work the SMEs are satisfied.

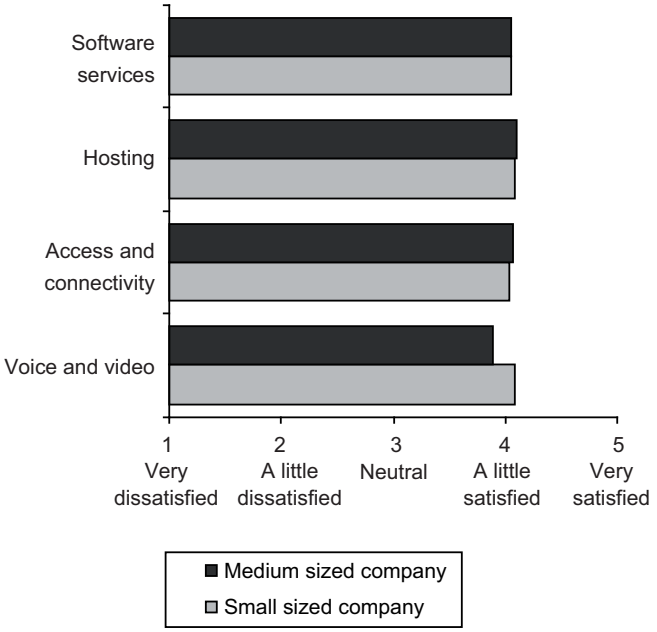

Figure 13a: Satisfaction for the size perspective

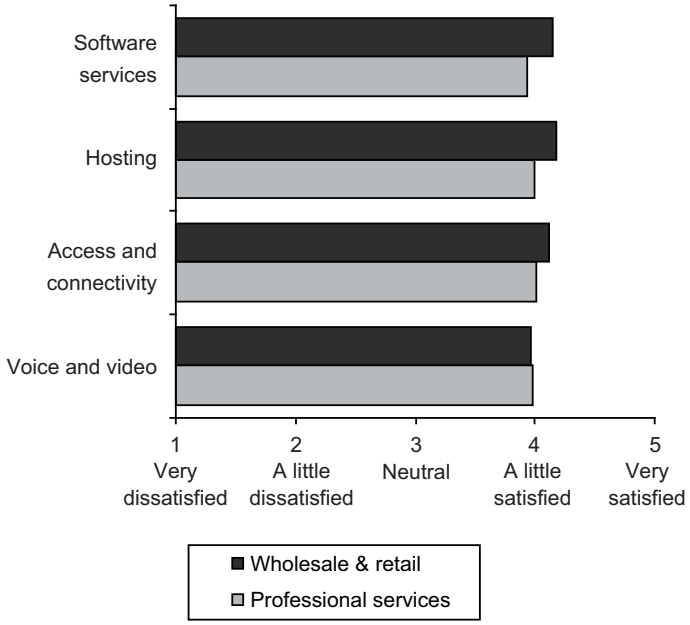

Figure 13b: Satisfaction for the sector perspective

7. Conclusion

SMEs desire reliable telecom products and services. For all identified 27 different products reliability is the most important product characteristic. So, reliability is more important than price or any other product characteristic.

The investigated SMEs also have a clear preference for the bundling of telecom products and services. However, a large proportion of the SMEs currently have a more separate package of telecom services and want to change. Price, service and support are important for switching to a bundle, but more than only a small price advantage is expectedly needed for them to switch. Certainly as the third key reason for them to opt for a bundle is the reduction of business risk. SMEs apparently prefer one reliable partner, instead of spreading risk over multiple providers. In short, SMEs prefer bundling over a separate proposition, as long as their telecom solution is reliable and offers a clear price and service advantage.

Furthermore this research shows that many telecom services are still delivered through the 'traditional' channels, meaning the channel through which the service was originally supplied (before the convergence of the telecom industry). On top of that, SMEs are satisfied with their current sales channels. Therefore, it is hard for telecom operators to offer an integrated and bundled telecom solution to SMEs directly via their own channels (bypassing the traditional indirect channels for SMEs). Using the same distribution channel to extent the product range to non-traditional products does not have good chances of success; the hesitation to use the 'telecom' channel for the 'IT' product (and vice versa) will expectedly be more important than the need to bundle. Other channels – like independent business partners – are better positioned for a broad range of products (and not all telecom operators offer the complete range of products). Therefore cooperation with these firms is a relevant distribution option, as long as trust in the familiar channel is more important for SMEs than optimizing their bundles.
This research also points out the differences between the size and sector perspective. Figure 14 gives a summary of the differences.

This all together stresses the importance for a telecom operator to become part of an integrated/bundled telecom proposition, which will generally imply that partners in the value chain will have to be involved. It is important to become a 'preferred supplier' for the partners that traditionally deliver telecom solutions to SMEs. A telecom operator should facilitate these partners, in order to become an obvious part of the bundle offered by these partners to the SMEs. Managing partner channels is the critical success factor for telecom operators so it seems, as striving for full control of the value chain is not likely to be successful according to this study.

Perspective	Bundling	Products and services	Channel preference
Entire population	A preference towards more bundling of products and services and less separate products and services	The current consumption differs per service and the interest levels in new products is on average low. The most important service characteristic is reliability	Channel preference differs per service. SMEs seem to prefer the traditional sales channels
Size	Medium-sized companies have a clearer preference towards bundling then smaller sized companies	Actual consumption and interest levels are relatively high for medium sized companies compared to smaller sized companies	Little to no differences between companies of different sizes
Sector	The current consumption differs between the sectors, but the preference for bundling is similar	Little to no differences between companies in different sectors	Little to no differences between companies in different sectors

Figure 14: Variety in findings from the size and sector perspective

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9. Appendix

9.1 Questionnaire (in Dutch)

Om een beter beeld te krijgen van wat het Midden- en Kleinbedrijf (MKB) verwacht van hun telecom providers, is adviesbureau Nolan, Norton & Co. een onderzoek gestart. Via dit onderzoek willen we graag te weten komen welke telecomdiensten het MKB wenst te ontvangen en via welk kanaal.

Het invullen van deze vragenlijst kost u gemiddeld 10 minuten tijd. Als u wilt kunt u uw e-mailadres achterlaten aan het einde van de vragenlijst, om de resultaten van het onderzoek te ontvangen. Zo kunt u uw bedrijf benchmarken op het gebied van telecom in vergelijking met soortgelijke MKB-bedrijven. De verstrekte gegevens zullen met zorg en anoniem worden behandeld. U krijgt dus geen mailings naar aanleiding van dit onderzoek. Alvast bedankt voor het invullen van de vragenlijst.

1. Algemeen

Wat is de omvang van uw bedrijf in aantal medewerkers (FTE)?	
Hoeveel vestigingen heeft uw bedrijf?	
In welke branche is uw bedrijf actief?	
Wat is uw functie in het bedrijf?	

2. Diensten

Er volgen nu een aantal diensten verdeeld over vier categorieën: Telefonie en beeld, Toegang en connectiviteit, Hosting en Software Services. Kunt u aangeven of u van deze dienst, of van een vergelijkbare dienst, gebruikt maakt? En mocht dit niet het geval zijn, kunt u dan aangeven of de dienst interessant is voor uw bedrijf?

Onder de dienst staat wat er mee bedoeld wordt. Mocht u de dienst toch niet helemaal begrijpen, dan kunt u “weet ik niet” invullen bij uw interesse voorkeur.

2.1 Telefonie en beeld

Dienst	**Deze, of vergelijkbare dienst, heeft mijn bedrijf al**	**Is deze dienst interessant voor uw bedrijf?**
Vaste telefonie		
Mobiele telefonie		
Bedrijf- en servicenummers *(Algemene telefoonnummers voor uw bedrijf, zoals 0800, 0900 of 088)*		
Voice over IP *(Technologie om te bellen via internet, en niet meer via de vaste telefoonlijn)*		
Online SMS service *(Een website om snel en veel sms’jes te versturen naar bijvoorbeeld een adresboek of telefoonlijst)*		
Narrow casting *(Door middel van audiovisuele displays het benaderen van een of meer specifieke doelgroepen, op een specifieke plaats en op specifieke momenten. De content is daarbij op maat gesneden voor de ontvanger. Bijvoorbeeld specifieke reclame displays in winkels)*		
Videoconference *(Bellen met beeld, je hoort en ziet elkaar tegelijkertijd)*		
IP camera/alarm beveiliging *(Het bedrijfspand beveiligd door internettechnologie)*		

2.2 Toegang en connectiviteit

Dienst	**Deze, of vergelijkbare dienst, heeft mijn bedrijf al**	**Is deze dienst interessant voor uw bedrijf?**
DSL of kabel internetverbinding *(Standaard internetverbinding via DSL of de kabel tot 20Mb/s)*		
Glasvezel internetverbinding *(Erg snelle internetverbinding via glasvezel tot wel 100 Mb/s, met toekomstige snelheid uitbreidingsmogelijkheden)*		
Kantoor VPN *(Technologie om verschillende vestigingen met elkaar te verbinden zodat tussen de vestigingen zowel spraak- als datacommunicatie mogelijk is. De vestigingen vormen zo een netwerk)*		
Remote VPN *(Technologie om op afstand een individuele verbinding met het bedrijfsnetwerk te maken. Zo kunnen medewerkers thuis werken en toch bij alle bedrijfsdocumenten komen)*		
Managed LAN *(Het uitbesteden van het beheer van het interne netwerk)*		
Data services voor mobiele telefonie *(Internet en e-mail op de mobiele telefoon)*		
Data services voor laptop *(Overal internet en e-mail op de laptop, ongeacht de plaats)*		
Pin over IP *(Draadloos pinmogelijkheden kunnen aanbieden. Dit gaat via internettechnologie)*		

2.3 Hosting

Dienst	**Deze, of vergelijkbare dienst, heeft mijn bedrijf al**	**Is deze dienst interessant voor uw bedrijf?**
Managed desktop *(Het management van hardware, software, support voor de desktop uitbesteden)*		
Online harde schijfruimte *(Extra data-opslagruimte, overal te benaderen via het internet)*		
Online back-up *(Automatische dagelijkse online back-up van belangrijke gegevens via het internet)*		
Portal services *(Gemakkelijk een intra- en extranet voor uw bedrijf maken en beheren. Bijvoorbeeld om bedrijfsinformatie met alle medewerkers te delen)*		
Streaming media *(Rechtstreeks audio en video via het internet aanbieden via uw website. Een voorbeeld hiervan is internetradio, of een webcamuitzending)*		

2.4 Software Services

Dienst	**Deze, of vergelijkbare dienst, heeft mijn bedrijf al**	**Is deze dienst interessant voor uw bedrijf?**
Internet beveiligingssoftware *(De computers kunnen veilig op internet)*		
Online e-mail en agenda *(Overal bij e-mail en agenda kunnen. U hoeft geen eigen mailserver meer te beheren)*		
Online werkplek *(Op afstand inloggen op de werkplek en verder kunnen werken. De werknemer heeft dan de beschikking over alle programma's waar hij normaal ook mee werkt, zoals een office pakket)*		
Online administratie en boekhouden *(Overal uw administratie- en boekhoudingpakket openen en beheren)*		
Online presentatiesoftware *(Op afstand een Powerpoint presentatie geven, waarbij de andere mensen naast de slides ook de presentator kunnen zien/horen)*		
Online Customer Relation Management *(Overal uw relaties en contacten kunnen openen en beheren)*		

In het onderstaande overzicht staan de diensten waarvan u hebt aangegeven ze of te bezitten, of er interesse in te hebben. De volgende vraag gaat over de eigenschappen van deze diensten. Graag zouden we uw mening weten over de belangrijkheid van de volgende eigenschappen van de diensten: Prijs, Betrouwbaarheid, Service en support, Functionele flexibiliteit en Eenvoud in gebruik. Kunt u het belang aangeven van deze eigenschappen op de dienst?

(Met functionele flexibiliteit wordt bedoeld de mate waarin de functionaliteit kan afwijken van de standaard dienst)

Online Customer Relation Management	**2.1 Telefonie en beeld** **Hoe belangrijk?**	**2.2 Toegang en connectiviteit** **Hoe belangrijk?**	**2.3 Hosting** **Hoe belangrijk?**	**2.4 Software services** **Hoe belangrijk?**
Prijs				
Betrouwbaarheid/robuustheid				
Service en support				
Functionele flexibiliteit				
Eenvoud in gebruik				

3. Bundeling

U hebt nu uw interesse in, en belangrijke factoren van, verschillende telecomdiensten aangegeven. Nu is de vraag op welke manier u deze telecomdiensten op dit moment ontvangt en op welke manier u de diensten bij voorkeur zou willen ontvangen.Hierbij wordt onderscheid gemaakt tussen een geïntegreerde telecompropositie (alles-in-één) of juist een aantal separate tele-comproposities (losse diensten). De eerste vraag gaat over uw huidige pakket telecomdiensten, de tweede over uw huidige pakket diensten plus de diensten die interessant zijn voor uw bedrijf, en de derde vraag gaat over de argumentatie van uw keuze.

Hoe omschrijft u uw *huidige* pakket telecomdiensten?	

Als u uw *huidige pakket plus de extra diensten die interessant zijn voor uw bedrijf* in gedachte neemt, hoe zou u deze diensten dan bij voorkeur willen ontvangen?	

Kunt u van deze laatste vraag (dus de vraag over uw huidige pakket plus de extra diensten die interessant zijn voor uw bedrijf) uw keuze verduidelijken door de voor u drie belangrijkste argumenten aan te geven? Dit door ze te ranken in volgorde van belangrijkheid. Hierbij is 1 het belangrijkste argument, 2 het tweede belangrijkste argument en 3 het derde belangrijkste argument.

Prijs	
Service en support	
Contractering en betaling	
Uitbesteding/focus op eigen core business	
Bedrijfsrisico	
Functionele flexibiliteit *(mate waarin de functionaliteit kan afwijken van het standaard product)*	

4 Kanalen

U hebt nu aangegeven welke telecomdiensten u interessant vindt en op welke manier u deze bij voorkeur wilt ontvangen. Deze laatste vraag gaat over via welk kanaal u deze diensten bij voorkeur wilt ontvangen. Voor dit onderzoek zijn vier verschillende kanalen benoemd, die hieronder kort worden toegelicht.

Telecom/kabelbedrijf			**Derde partij**	
Direct kanaal	**Account manager**		**Telecom dealer**	**ICT leverancier**
Rechtstreeks en direct via een telecomprovider. Dit kan via een website, telefoon of een winkelketen. Bijvoorbeeld kpn.com of Business center	Een persoonlijke gesprekspartner vanuit een telecomprovider waarmee je samen je wensen en behoeften doorneemt. Dit kan zowel op afstand als “tijdens de koffie”		Een onafhankelijke telecompartij die telecom en diensten van anderen verkoopt. Een business partner bij u in de regio	Een bedrijf dat ook ICT-diensten aan uw bedrijf levert. Dit kan een grote automatiseerder zijn of een MKB-bedrijf

Hieronder staan alle genoemde diensten nog eens. Bij deze vraag wordt onderscheid gemaakt tussen uw huidige pakket telecomdiensten en de telecomdiensten die interessant zijn voor uw bedrijf. Bij het invullen heeft u dus per dienst twee mogelijkheden:

- Via welk kanaal ontvangt u uw *huidige* telecomdiensten en hoe *tevreden* bent u hiermee?
- Via welk kanaal zou u *nieuwe diensten die interessant zijn* voor uw bedrijf willen ontvangen?

U hoeft niet in te vullen hoe tevreden u bent met het kanaal van de diensten die uw bedrijf nog niet heeft, maar wel interessant zijn voor uw bedrijf. Mocht u geen interesse in de dienst hebben, dan hoeft u niets in te vullen.

4.1 Telefonie en beeld

Dienst	**Via welk kanaal?**	**Hoe tevreden bent u met dit kanaal?**
Vaste telefonie		
Mobiele telefonie		
Bedrijfs- en servicenummers		
Voice over IP		
Online SMS service		
Narrow casting		

Dienst	Via welk kanaal?	Hoe tevreden bent u met dit kanaal?
Videoconference		
IP camera/alarmbeveiliging		

4.2 Toegang en connectiviteit

Dienst	Via welk kanaal?	Hoe tevreden bent u met dit kanaal?
DSL of kabel internetverbinding		
Glasvezel internetverbinding		
Kantoor VPN		
Remote VPN		
Managed LAN		
Data services voor mobiele telefonie		
Data services voor laptop		
Pin over IP		

4.3 Hosting

Dienst	Via welk kanaal?	Hoe tevreden bent u met dit kanaal?
Managed desktop		
Online harde schijfruimte		
Online backup		
Portal services		
Streaming media		

4.4 Software services

Dienst	Via welk kanaal?	Hoe tevreden bent u met dit kanaal?
Internet beveiligingssoftware		
Online email en agenda		
Online werkplek		
Online administratie en boekhouden		
Online presentatiesoftware		
Online Customer Relation Management		
Heeft u verder nog op- of aanmerkingen?		

Mocht u de resultaten per e-mail willen ontvangen, dan kunt u hieronder uw e-mailadres achterlaten. Het e-mailadres zal voor geen andere doeleinden gebruikt worden dan voor het opsturen van de onderzoeksresultaten. Het is dus niet verplicht om deze in te vullen.

E-mail:	

9.2 Sales channels for individual products and services

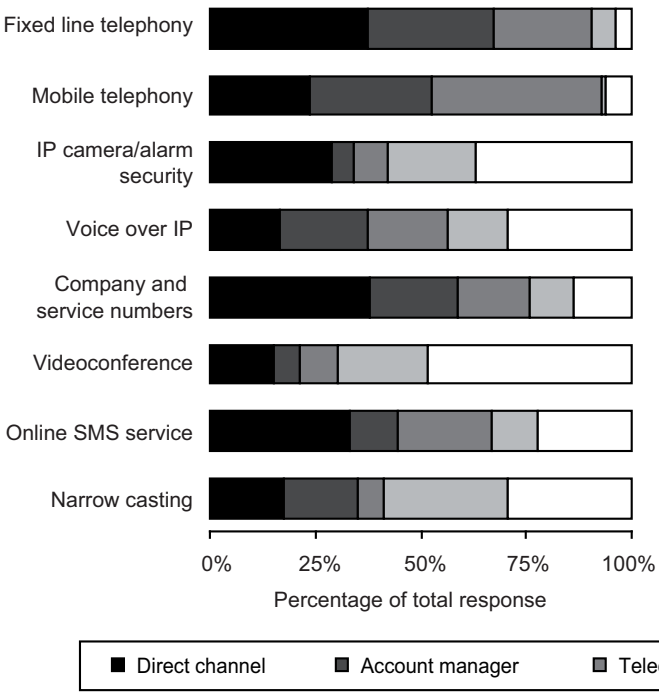


Figure 15: Sales channels for voice and data services

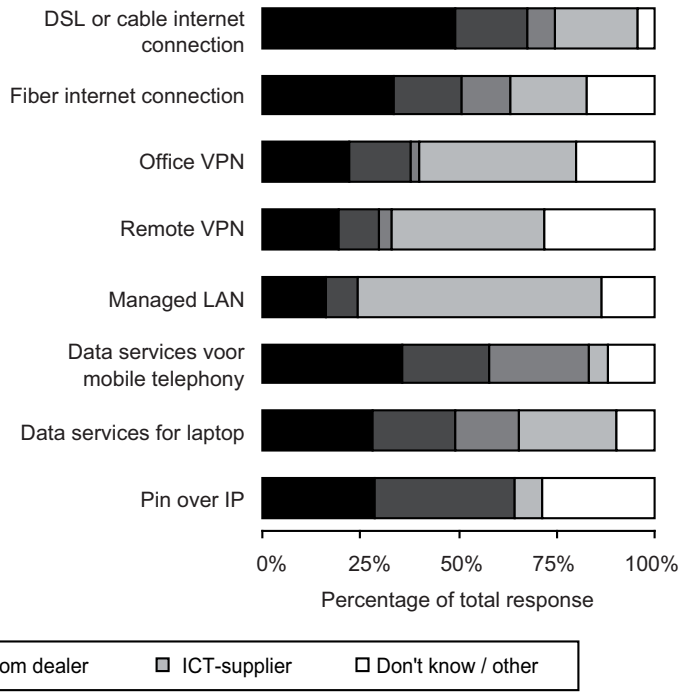


Figure 16: Sales channels for access and connectivity services

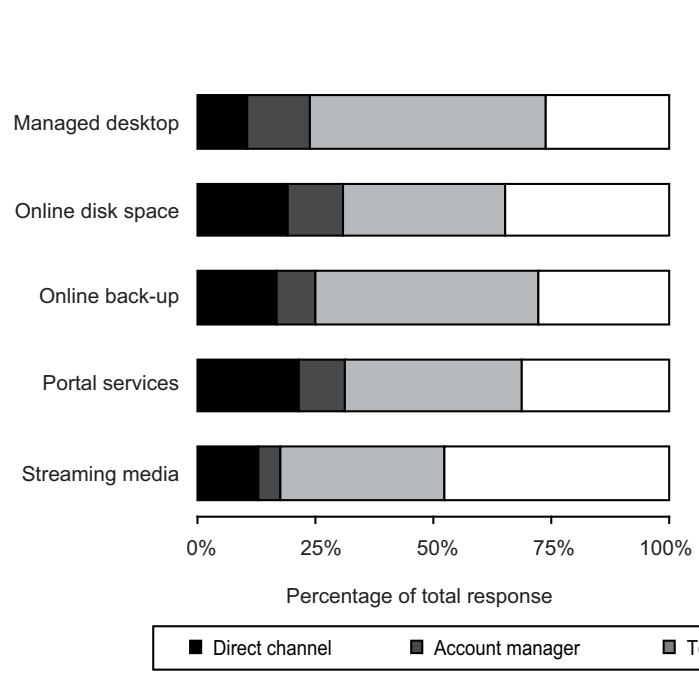
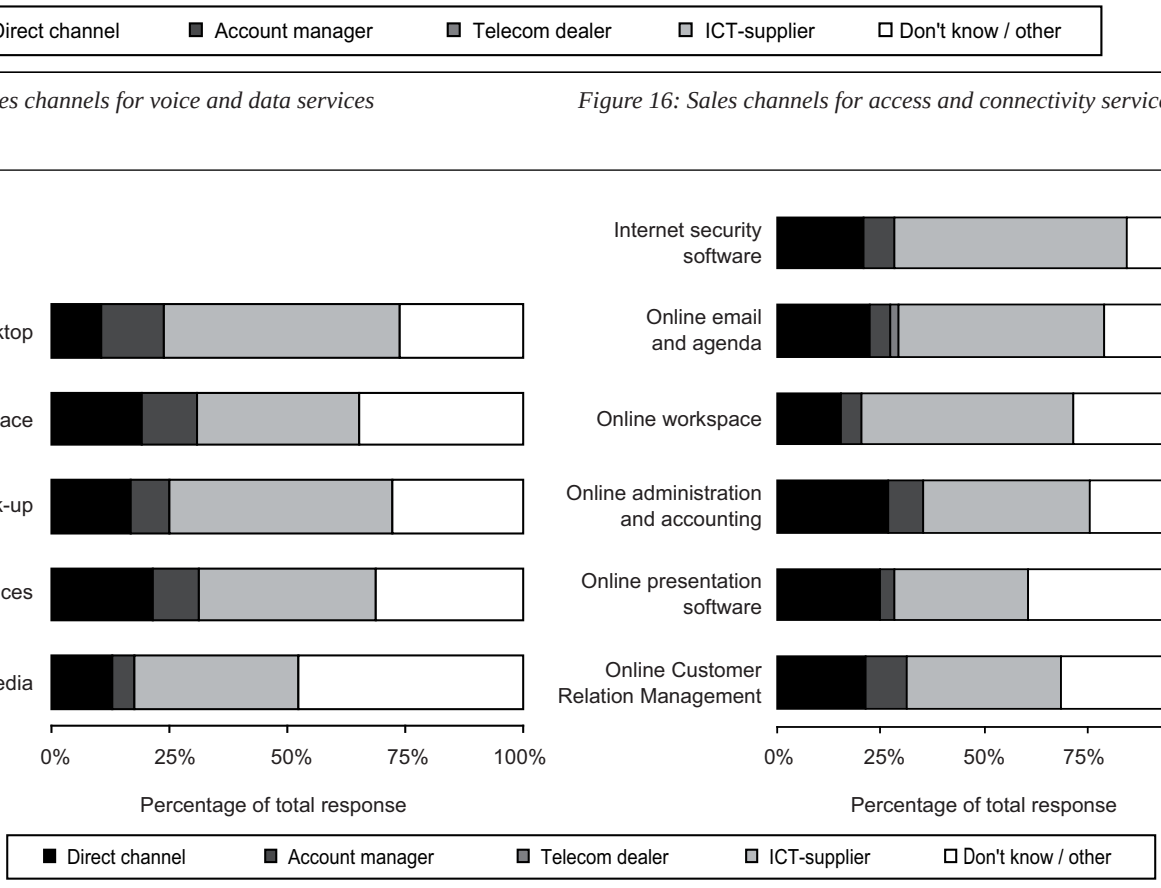


Figure 17: Sales channels for hosting services

Figure 18: Sales channels for software services



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