

MARKET NOTE

Amdocs Deepens Strategic Partnership with Microsoft, Introduces a New Intelligent Customer Engagement Platform

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Amdocs-Microsoft Partnership Delivers a Comprehensive Intelligent Customer Engagement Platform

This IDC Market Note reviews the major trends and developments happening in the customer experience (CX) platform market and how Amdocs and Microsoft have developed a new intelligent Customer Engagement Platform targeting telco operators.

Key Takeaways

- Expansion of the current business relationship provides Amdocs access to Microsoft's ecosystem of intelligent cloud applications and widens the scope and availability of its portfolio to its telco customer base. The product road map for the solution will be planned and executed jointly by both companies' R&D departments.
- IDC expects heavy investment in automation/augmentation, as well as on workplace transformation, as these programs help improve customer experience, operational resilience, and overall productivity.
- Given Microsoft's capabilities in AI/ML and cloud and Amdocs' expertise across the telco IT domain, this partnership is a significant enhancement to the customer engagement offering to telcos. The partnership will be considered a bold challenger to Salesforce since telecommunications has become a primary industry target for the company following its acquisition of Vlocity in 2020.

Source: IDC, 2023

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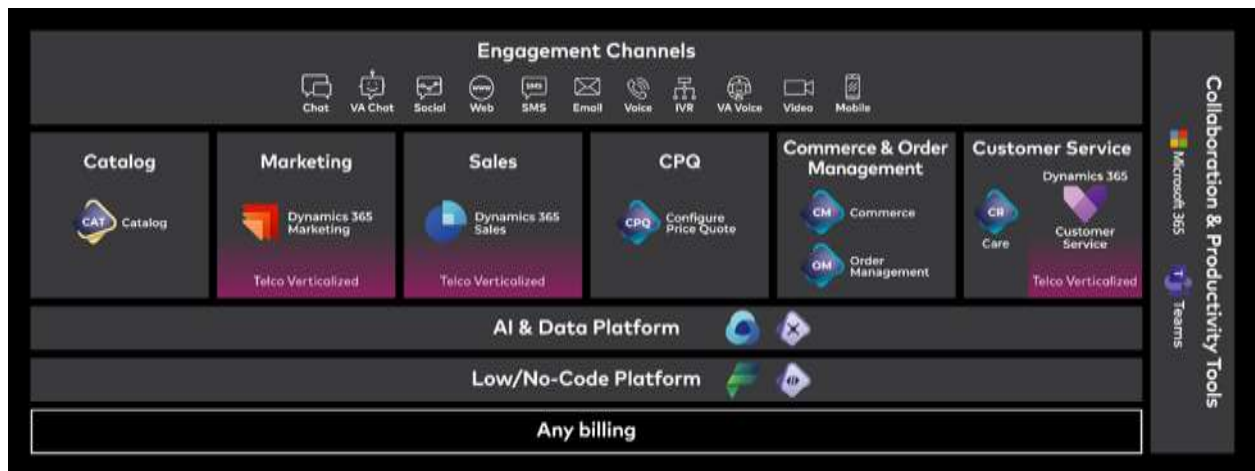
This IDC Market Note reviews how the Amdocs and Microsoft partnership develops a new intelligent Customer Engagement Platform that targets telco operators. The expansion of this broad business relationship provides Amdocs access to Microsoft's ecosystem of intelligent cloud applications and widens the scope and availability of its portfolio to its telco customer base. For Microsoft, the collaboration with Amdocs offers a partner with credibility in delivering telco BSS solutions as well as the opportunity to help penetrate new customer accounts.

On February 27, 2023, Amdocs announced that it had extended its strategic partnership with Microsoft by bringing together Amdocs' commerce and care suite and Microsoft Cloud and Dynamics 365 solutions. The two companies now offer to the market an integrated, end-to-end, and telco-centric solution that focuses on delivering a seamless and unique customer experience for all customer segments across the entire customer life cycle, from lead to post-contract service – infused with AI across all touchpoints. The customer engagement solution was built to capitalize on the strengths of both companies, combining their cloud and telco solution expertise.

Amdocs' enterprise B2B offerings are designed to meet an urgent demand from CSPs to introduce and develop new revenues and generate opportunities. It includes a comprehensive suite of products and solutions that support CSPs in reinventing key functions within their OSS/BSS stacks. These stacks will be integrated with Microsoft Dynamics 365, leveraging the full breadth of Microsoft's cloud, AI, and automation capabilities, and will be verticalized for the telco industry. It is worth noting that Amdocs will continue working with Google Cloud Platform (GCP) and Amazon Web Services (AWS), which remain critical partners in supporting multiple customer deployments. Microsoft is primarily focused on curating its collaboration and productivity capabilities as part of this customer engagement platform, which includes natural language, low-code/no-code, and generative AI.

FIGURE 2

Amdocs-Microsoft Customer Engagement Platform



Source: Amdocs, 2023

The product road map for the solution will be planned and executed jointly by both companies' R&D departments. With a global footprint of telco customers, Amdocs will spearhead the go-to-market activities as one of the industry's software titans with its access to telcos globally. Furthermore, this partnership will leverage Amdocs' software delivery and services capabilities, enabling telcos to benefit from the new offering quickly and seamlessly. Amdocs' capabilities will help them serve their consumer and enterprise customers on a single, open, and cloud-native platform.

IDC'S POINT OF VIEW

Enhancing digital channels for customer interaction, anticipating behavior, and providing personalized experience are central pillars in delivering superior digital experience. However, telcos have historically underperformed in customer service, typically because of disparate systems, poor integration, and large portfolios. There is also the growing importance of providing enhanced insights through a 360-degree customer view that aggregates data from various touchpoints, together with support for multichannel conversations in a mobile-first world to improve customer engagement and customer success, which has fueled the launch of conversational messaging solutions in the customer engagement platform market.

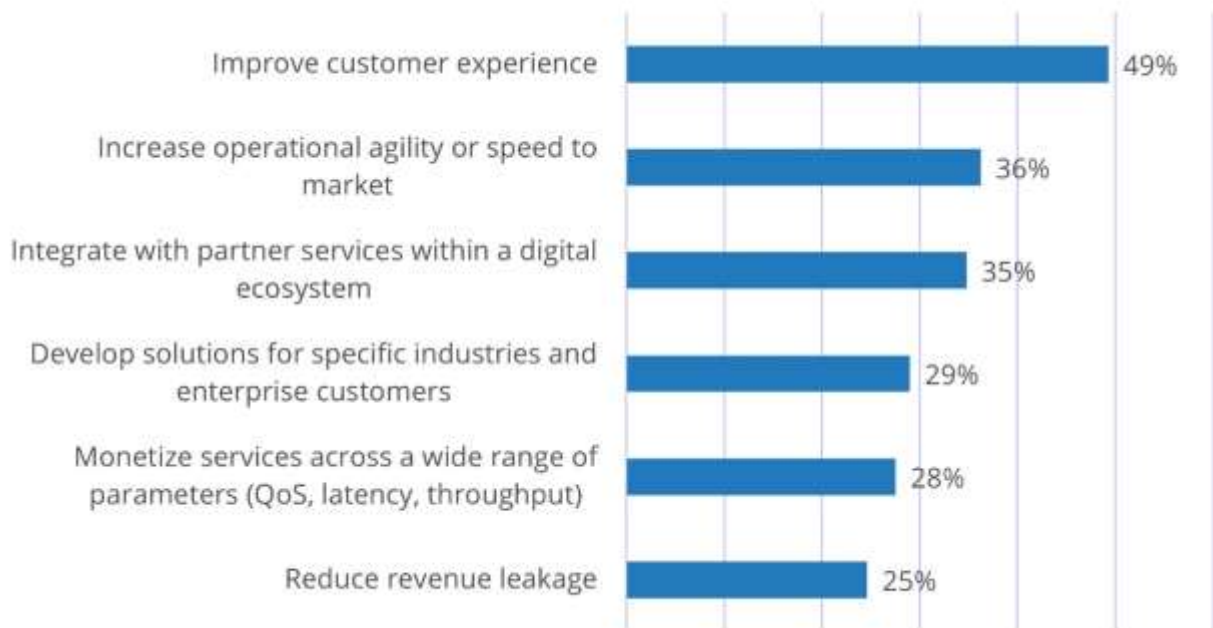
Industry Dynamics

Telcos are not renowned for their customer experience. The gap between a customer experience that stands at the forefront globally and the current industry standard has expanded significantly, especially with customers now accustomed to the personalized digital subscription experiences powered by AI and machine learning, as seen in services like Netflix and Amazon Prime. This is problematic for an industry where the base offering is increasingly commoditized, customer acquisition costs are high, and hopes for future revenue growth are pinned against unlocking value for new customer segments. Telcos are keen to address this CX gap: improving CX was the key outcome for OSS/BSS investments for operator respondents to IDC's 2022 *European Telco Networking and Operations Survey*.

FIGURE 3

Main Business Drivers for Next-Generation OSS/BSS Adoption

Q. What are the main business drivers in your organization for investing in next-generation OSS/BSS?



Source: IDC's *European Telco Networking and Operations Survey*, May 2022 (n = 120 network operators, 51 of which are MVNOs)

For telcos to be truly customer centric, they must start with their view of the customer and their customers' view of the telco. A common narrative could look like the following:

- Basic connectivity is a utility service, much like water, gas, and electricity. Consumers (and businesses) expect connectivity to be available when and where they need it. As customers become more reliant on connectivity, network outages cause exponentially more disruption.
- IDC's Telecoms Tracker shows more than 70% of EMEA operator revenues come from B2C sources. This means telcos' core business revolves around customer interactions on an industrial scale. Even modest improvements to the overall customer experience can result in the mitigation of thousands of customer complaints.
- Conversely, the skew of telco business toward B2C markets has led to less investment in telco B2B customer experience. This needs to improve markedly if, as many telcos hope, the industry is to grow its presence in the B2B IT value chain.

To put this into perspective, U.K. regulator Ofcom released a report in May 2022 that estimates that in 2021, 9% of U.K. mobile consumer customers had a reason to complain. The top reasons to complain were poor connection quality/loss of service, billing pricing or payment issues, and dissatisfaction with customer experience. Meanwhile, 20% of U.K. broadband consumers had similar reasons to complain in 2021. In Spain, regulator CNMC recorded that 7.9% of mobile subscribers and 11.9% of fixed broadband subscribers had a reason to complain in 2Q22. These numbers are also important for B2B CX perceptions. While not every consumer is a B2B buyer, every B2B buyer is a consumer; bad experience in one sphere can have repercussions in the other.

The first step to closing CX gaps is to correctly identify them. IDC sees this reflected in our *European Telco Networking and Operations Survey*, where the greatest benefit identified by CSPs in leveraging AI/ML solutions in their BSS was deeper customer insight. Deeper insights enable telcos to build transparency into customer experience across the organization, and with transparency comes change.

Key Drivers for OSS/BSS Investments

This drive to improve customer experience is leading many progressive CSPs to review their customer experience holistically and identify new areas for investment. The key principles to deliver a digital-first experience include the following:

- Telcos must invest in a common data model and customer interaction tools to gain a true 360-degree omni-channel view of the customer, enhance channels for interactions, and provide a seamless experience across multiple applications and devices.
- Telcos should reduce human intervention and average call handling times by leveraging robotic process automation within a business process. During a customer request call, a digital worker can automate key customer processes and tasks in the background, which includes aggregating and harmonizing customer data from their data sources.
- Telcos should dynamically build attractive product offerings and drive sales intelligence through a data-driven approach. During the sales capture stage, the combination of a digital worker and cognitive services can drive data-driven decision making, enabling telcos to present targeted service offers based upon user insights, which improve over time.
- Telcos should reduce churn by analyzing customer behavior and sentiment, accounting for service usage patterns and purchases to anticipate future actions. They must proactively provide intelligent marketing communications and deliver personalized engagement where consumers are presented with more tailored offerings at the right time and in the right way.

IDCs expects these investments will go hand in hand with heavy investment in automation and augmentation as well as on workplace transformation, as these programs help improve customer experience, operational resilience, and overall productivity.

CONCLUSION

Amdocs' strategic partnership with Microsoft extends the collaboration announced in May 2021 to support CSP initiatives to move OSS/BSS components to the cloud. The new platform offering integrates Amdocs' Commerce and Care Suite (Catalog, Commerce, Order Management, Customer Care, CPQ) – as well as its foundational low-code, data, and AI platforms – with the full capabilities of Dynamics 365 (including Sales, Marketing and Customer Service modules), the Microsoft Power Platform, Dynamics 365 Copilot, and Microsoft Cloud. The new intelligent customer engagement platform will be considered a bold challenger to Salesforce since telecoms is a primary industry target for Salesforce following its acquisition of Vlocity in 2020. While no company has a monopoly on cloud or AI/ML algorithms, it is undeniable that Microsoft has considerable capabilities in these areas. Fused with Amdocs' expertise in telco OSS/BSS at a deeper level, this turnkey solution is a significant enhancement to the customer engagement offering to telcos.

The concept of customer experience is continuously evolving to encompass new service experiences facilitated by evolving networks and emerging ecosystems of service co-creators. These proactive engagements rely on a shift to data-driven operations, meaning that next-generation CX platforms must incorporate advanced AI, intelligent automation, and data analytics, which put the customer at the heart of the customer care process.

IDC expects the Customer Engagement Platform co-developed by Amdocs and Microsoft to exceed market expectations by catering for differentiated service offerings, driving B2B revenue potential with broad toolsets and ecosystems and offering more flexible and responsive user experiences. This provides a compelling opportunity for telcos to simplify and accelerate the digitalization of their customer interaction platforms and make them smarter and faster.

LEARN MORE

Related Research

- *Market Analysis Perspective: EMEA Telecommunications, 2023* (IDC #EUR150585923, May 2023)
- *Looking Ahead: What will be the Megatrends, and Megathreats, for the European Telco Industry in 2023?* (IDC #EUR150248023, February 2023)
- *Telco OSS/BSS Strategies to Improve CX Beyond Digital-First Investments* (IDC #EUR149959822, December 2022)
- *EMEA Communications SP Operations and Monetization Solution Forecast, 2022-2026* (IDC #EUR149510023, September 2022)
- *European Telecommunications Service Provider Survey Highlights, 2022: Operations and Monetization Strategies* (IDC #EUR149617022, September 2022)
- *The Future of CX: Customer Listening and Engagement* (IDC #EUR149394622, July 2022)

Synopsis

This IDC Market Note reviews how the Amdocs and Microsoft partnership develops a new intelligent customer engagement platform that targets telco operators. The new customer engagement platform by Amdocs and Microsoft is an AI-powered platform designed to help CSPs provide their customers with simple, digital-first, and intuitive experiences with an all-encompassing marketing, sales, commerce and service platform. It serves consumer and enterprise customers on a single, open, and cloud-native platform that fosters collaboration and productivity across all applications.

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