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Amdocs Identifies Digital as a Key Pillar and Helps Clients Transform Their Digital Experience

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ADVISORY REPORT

REPORT SUMMARY:

Amdocs has developed a wide range of capabilities to help businesses build digital experiences. The investment in its consulting business can help to expand Amdocs' reach beyond its current communications and media customer base.

SUMMARY

Issue

As enterprises digitize their business, they look to technology partners for expertise, emerging technologies that have competitive advantages, and new ways of engagement. Technology companies need to adjust their strategies and evolve their business models to meet changing customer demands. They also need to look ahead for new opportunities enabled by the next wave of technologies. In this regard, Amdocs has identified 'digital' as one of the strategic pillars, and it has built out capabilities to help clients modernize their IT as well as create new digital experiences for their customers.

Amdocs has already built a strong foundation through its own digital transformation. The company's technology is fully cloud-native, and it has embraced open source and API-based models. It has built a strong position in the communications service provider (CSP) and media sectors, and it is starting to work with enterprise customers outside these sectors. Amdocs has been building products and services to help enterprises reimagine their customer experience (CX), and more recently employee experience (EX), as well as create a successful digital strategy. This report looks at Amdocs' products and solutions to help clients develop digital experiences. With its investment in digital consulting, Amdocs is also opening up opportunities to extend its offerings beyond its current CSP and media customer base.

Key Takeaways

- While CSPs have started their digital journey, they face many hurdles in reaching their goals. This creates opportunities for tech partners, including Amdocs, to co-innovate with CSPs and assist them in implementation.

- Amdocs has a modular product approach, allowing it to bring the relevant products to meet each client's requirements. It offers a range of digital capabilities from frontend customer engagement to backend systems.

- Amdocs is helping customers tap into different opportunities in the digital space through key concepts such as low-code, multi-channel, data and AI, and partner ecosystems.

- Since the acquisition of Projekt202, Amdocs has expanded its digital experience consulting business to 900 professionals globally.

- The digital experience consulting business helps Amdocs to stay relevant with existing CSP and media clients as well as to gain access to clients in many other industry sectors.

PERSPECTIVE

Current Perspective

Enterprises across industry sectors are building digital capabilities to improve CX as well as to create intelligent workflows to enable more agile operations. CSPs have also started their digital journeys, but they face a range of challenges from legacy systems through to cumbersome processes, lack of skills, and cultural issues. This means CSPs need to take a holistic approach in formulating and executing their strategies to deliver the digital experience customers expect in the modern era. Besides, the customer frontend and backend systems as well as the core telecom infrastructure also need to be modernized to enable automation. This opens up opportunities for technology partners to work alongside CSPs in their digital journeys.

Amdocs is well-placed to be the digital transformation partner of CSPs since it has built a long-lasting relationship with many CSPs around the globe and has built trust with its clients. Some CSP clients in APAC include tier-1 telcos such as Singtel, PLDT, and XL Axiata. For example, in August 2022, PLDT extended its managed services agreement with Amdocs, which includes the modernization of PLDT's IT platforms and infrastructure. This is a strategic partnership that will see Amdocs work closely with PLDT in developing 5G and digital services with the aim of revolutionizing the CX. PLDT has emphasized the need for their technology partners to be willing to co-innovate with them and be embedded into their business- a shift from the traditional relationship whereby technology vendors are just product suppliers. The telco is not alone in its thinking, and many CSPs expect more from their technology vendors as they go through their business transformation.

A Modular Approach to Help Drive New Digital Experience

To ensure that it can engage enterprises that are in different stages of their transformation and operating in a multi-vendor environment, it is crucial for Amdocs' solutions to have the flexibility that caters to different needs. This is achieved through its cloud-native architecture as well as the company's approach toward openness and standardization. Supporting open source, open APIs, and multi-cloud is crucial, and so is Amdocs' approach toward a modular portfolio, allowing Amdocs to bring in the right product modules to meet individual customer needs. Amdocs has a range of solutions that underpins the digital experience it is helping clients to create. These include Amdocs Customer Experience Suite, Commerce & Care Suite (C&CS), and AI & Data Platform; and they comprise different product modules (e.g., C&CS includes customer engagement, order management, customer care, and commerce).

Amdocs has adopted a few key concepts including low-code, multi-channel, data and AI, and partner ecosystem to help customers fulfil their goals. For example, Amdocs Catalog leverages low-code capabilities that allow businesses to quickly define the commercial and technical parameters of their offerings with the ability to bundle services, including those from partners. With embedded AI/ML capabilities, Amdocs Catalog provides insights and recommendations to maximize revenue. Amdocs also enables customers to support different customer channels including social, mobile app, online, contact center, virtual assistant, messaging, and other emerging channels. The company also helps businesses unify their data sources to ensure a single source of truth, which is crucial in delivering consistent and unified experiences across different touch points. Leveraging data and AI, enterprises can also provide personalized experience at scale, which can be effective for marketing campaigns and preemptive initiatives for churn reduction. Besides the products, Amdocs also assists customers through services that can include implementation, design, system integration, and consultancy services.

With the range of products and services, Amdocs is helping CSPs reimagine their digital CX through different models. Firstly, it is promoting commerce to be embedded across various digital channels to improve sales conversion. Using Warby Parker as an illustration, the online retailer of prescription glasses leverages AR capabilities to provide a virtual try-on experience instead of mailing frames to customers for them to test out. This dramatically improves the speed of sales and reduces frictions. Secondly, the digital experience can be supported by new monetization models, which includes mobile/online payment (e.g., Apple Pay, Google Pay, PayPal, and Zelle) as well as buy-now-pay-later options (e.g., Affirm and Klarna). Enterprises also need to focus on multi-channel experiences, taking into consideration the non-linear customer journey. Customers should be able to start their engagement through any channel and move between different channels. Brands must be able to support a seamless experience while their customers move from one channel to the other- i.e., a channel-less experience allowing personable and unified experience across channels. Finally, there are also opportunities for enterprises to tap into emerging technological areas such as metaverse, blockchain, and Web 3.0 for new experiences and offerings. For example, SK Telecom has launched 'ifland,' a metaverse platform to create a new 5G virtual service business. Through mobile devices, consumers can join the ifland virtual world that can include meetings, forums, and conferences. SK Telecom is also looking to add in-metaverse currency to create an economic system within ifland. These digital capabilities are not just relevant to CSPs, but they are being pursued by many B2C businesses. The challenge for Amdocs is the relatively low mindshare outside of its CSP segment, and the market in general does not know the company's full capabilities.

Digital Experience Consultancy

Developing a good digital experience for customers is not straightforward. A key challenge for many organizations is getting experience design right, and businesses often engage with consultancy services. IT firms, including system integrators, have also added digital experience services and/or created a creative arm to transform the end user experience (e.g., Infosys' Wongdoody). This is directionally where Amdocs is heading as well since the acquisition of Projekt202 in November 2017, and since Amdocs is growing its consulting services. It has grown its number of experience professionals to 900, including 200 in Asia-Pacific. This includes the acquisition of Roam Digital in 2021, which added 150 employees across its offices in New Zealand, Australia, and Singapore.

Amdocs supports a full range of experience consulting services across four service pillars: experience & business strategy, experience design around CX and EX, experience technology and development, and experience branding and go-to-market. Amdocs is able to leverage the experience services team to support its CSP clients. For example, Sprint in the US had engaged Projekt202 to apply its experience strategy to the design and development of mobile, cloud, web, and workplace software. Projekt202's customers go beyond the CSP sector. It has delivered services to close to 2,000 customers across different industry sectors such as airlines, automotive, online businesses, financial services, and technology. The company has developed its proprietary methodology to evaluate and deliver transformation projects. The methodology covers a full assessment of the customers, including its business strategy and vision, the desired CX and EX outcomes, technology debt, competitive threats, and organizational skills. Since this is a consulting-led engagement, the team does not necessarily have to offer Amdocs' products and services, and they will work with customers' technology preferences. Moreover, while Projekt202 is able to deliver end-to-end services, it will work with clients based on their needs (e.g., adjust part of their CX or lead the entire transformation).

Amdocs serves over 350 customers globally, including many CSPs and media companies. It has already penetrated into the financial services sector with over 40 global customers. Through the experienced consulting services, it has gained access to more enterprise customers across different industry sectors. The challenge now is to adjust its products to meet the needs of enterprises, including CX, network optimization, cloud FinOps, and AIOps for service management.

RECOMMENDED ACTIONS

Vendor Actions

- It is increasingly crucial for CSPs and media firms to deliver a solid digital experience for consumers as they compete against digital-native OTTs. Besides highlighting customer wins, Amdocs should continue to develop case studies to demonstrate successful outcomes achieved by its customers.

- In their efforts to monetize 5G, CSPs are looking to create new business models with network slicing. This will necessitate greater automation, allowing businesses to configure the network slices they require and provisioning the network with minimal human intervention. As CSPs look to B2B and B2B2X business models, they also need to consider the entire digital experience. Amdocs should also pitch its digital experience solutions as they engage CSPs in 5G proof-of-concepts and implementation.

- As CSPs build up their B2B business through 5G and IoT; some of them are also moving deeper into enterprise services. Many CSPs already offer cloud, security, collaboration, as well as contact center solutions. These companies are evolving their services to align with business needs- e.g., by focusing on CX instead of selling contact center applications. Amdocs can partner with CSPs on this journey and augment their CX offerings with its digital experience solutions and consulting services.

- Amdocs' digital experience touches on many key aspects of customer engagement via digital channels. These are not just relevant to CSPs and media companies but is crucial for many B2C businesses including BFSI, retail, transportation, hospitality, etc. Amdocs can consider making a bigger play in this arena and drive stronger market awareness.