AT&T eBPP — Meeting Small Business Needs via e-business

Experience. Insight. Action.

Countdown to Success

- **1995 — AT&T selected IBM's Content Manager OnDemand electronic Bill Presentment (eBP) solution for use in its Call Centers. At this time, an IBM server infrastructure was installed at AT&T data centers.**
- **Q2 1998 — AT&T wanted to extend its Content Manager OnDemand service to its small business customers. Contracted with IBM Global Services to provide the integration between Content Manager OnDemand and online Small Business Center using CheckFree i-Solutions.**
- **October 1998 — Presented small business customers with static view of bills and monthly statements online.**
- **May 1999 — Provided e-bill presentment part of electronic Bill Presentment and Payment (eBPP) with interactive access to statements, ability to review billing history, and enabled self-service capabilities for small business customers online.**
- **October 1999 — Pursued adding e-Payment to the services for customers.**
- **November 2000 — Began rollout of e-Payment solution to small business customers online.**

The Company	AT&T, a leading global voice and data communications company with over $62 billion in annual revenues and more than 160,000 employees.
The Situation	AT&T wanted to extend electronic Bill Presentment and Payment (eBPP) services to its small business customers via the Web.
Solution Partners	IBM provided a scalable, reliable server infrastructure in AT&T's call centers, as well as the software solution for the e-bill presentment solution. IBM Global Services provided integration between IBM's Content Manager OnDemand bill presentment solution and the Small Business Center portal using partner CheckFree Corporation i-Solutions.
The Bottom Line	AT&T has been able to increase customer service levels, cut costs associated with manual customer service and statement printing, and increase revenues through its Small Business Center using the IBM/CheckFree solution for eBPP.

Executive Summary

AT&T Corp., a leading global voice and data communications company, partnered with IBM and CheckFree Corporation to extend its internal bill presentment solution to its small business customers, allowing them to interactively manage their bills and statements online. The company created a number of applications targeted at improving customer service for its small business customers, including e-bill presentment and, more recently, online bill payment. The initial results of the AT&T Small Business Center have been impressive, with a noted improvement in customer self-service and satisfaction with the tools now at the fingertips of the small business owner as well as quantifiable added revenues through promise-to-pay commitments from online customers. AT&T is currently working on extending its bill presentment solution with easy online payment choices for its small business customers.

Overview — IBM at AT&T

Applications	▶ Small business online resource center ▶ Electronic Bill Presentment and Payment ▶ Online account management ▶ Customer service channels (e-mail, phone calls)
Business Benefits	▶ Reduce printing costs for printed customer bills, potentially saving AT&T $25 million annually ▶ Increase small business customer satisfaction ▶ Gain $750,000 in promise-to-pay revenue during six months of operation.
Software	▶ IBM Content Manager OnDemand ▶ CheckFree i-Solutions ▶ IBM WebSphere Application Server ▶ IBM DB2 Universal Database
Servers	▶ IBM RS/6000 ▶ IBM S/390
Services	▶ IBM Global Services
Business Partners	▶ CheckFree Corporation

Overview

AT&T history extends back to the invention of the telephone in 1875. Since then, AT&T has become the frontrunner in the telecommunications industry, competing in voice, data, and video communications services. Recently, the company has seen itself through a number of transitions, including a separation into three companies in 1996 and more recently, announcing plans to segment its business further to continue to meet customer needs. With 1999 revenues of over $62 billion and more than 160,000 employees, the company is a leader in voice and data communications services to businesses and consumers.

In 1994, AT&T first launched its Web site, and in the past six years has kept pace with the industry's rapid move toward e-business. A key success factor in the telecommunications industry is the level of customer service offered to customers. With recent price wars for voice and data communications services, companies in this market need to offer superior customer service options to satisfy existing customers and attract new customers.

Understanding the critical nature of customer service, AT&T has launched portal sites for all of its customer segments, including business centers for various sized organizations. During 1999, AT&T reported that on a monthly basis, 25,000 businesses completed more than one million online transactions to set-up and maintain their networks. This incredible volume of online service requires AT&T to create and maintain a best-of-breed e-business solution for its customers. To make this possible, AT&T launched an initiative in 1998 to extend its internal bill presentment services out to its small business customers to improve self-service and customer satisfaction. The following are some of the goals that AT&T identified for its online efforts:

- **Increase services to small business customers by providing a comprehensive small business portal**
- **Provide tools for small business customers that were demanding self-service capabilities**
- **Drive down costs associated with printing customer bills**
- **Enable customers to pay bills and settle accounts online**

AT&T wanted to create a number of applications that small businesses could utilize through a customized Web-based business portal. Drawing customers to its Web site would enable AT&T to better service its customers as well as provide the forum for offering additional products and services. Following is an account of how AT&T collaborated with IBM and CheckFree Corporation to provide its small business customers with Web-based applications for managing, servicing, and settling accounts online.

Step 1: Creating a Small Business Center Online for Customers

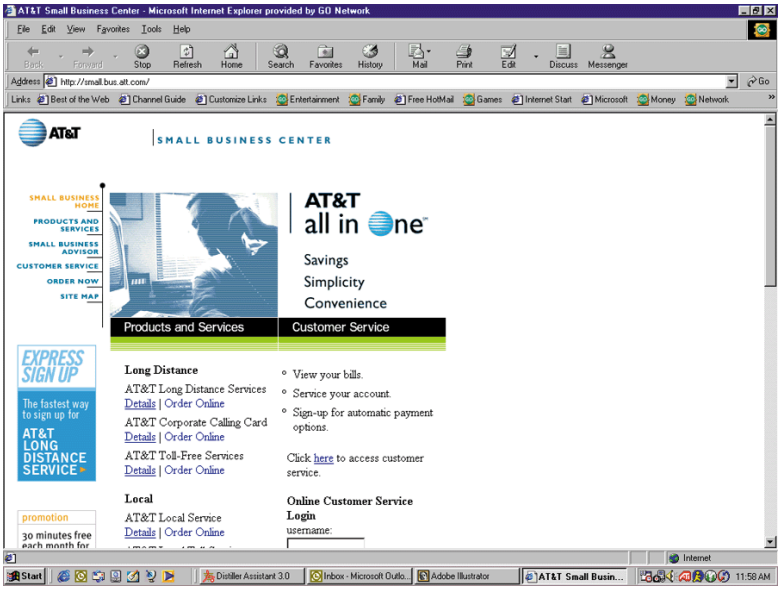

Figure 1. AT&T's Small Business Center.

Aware of the competitive pressures that exist for telecommunications providers, AT&T has sought to differentiate itself through superior customer service. With the rise of the Web in 1994, AT&T discovered a new channel for providing customers with value-added services that would build customer loyalty and attract new customers. As the Web evolved between 1995 and 1998, so did AT&T's goals for offering superior online customer services. AT&T has created a Web strategy that focuses on offering each of its customer segments Web-based portals that provide services tailored specifically to that segment's needs. For example, with the online Small Business Center, AT&T has created a portal that delivers content and Web-based tools to meet small business needs (see Table 1 and Figure 1).

By 1998, AT&T had built an impressive Web-based Small Business Center for its customers that provided static content and products/services tailored to small business owners. However, the company realized this was not enough. According to Rob Everhart, an application integrator/business analyst who worked for AT&T and recently moved to IBM Global Services to manage the AT&T project, "AT&T needed to offer interactive services to meet the demands of this customer segment, which enjoys self-servicing their accounts through the Web. This project was absolutely critical because AT&T's customers demanded it." The first area that AT&T focused on was adding an interactive "Accessing your Account" component to the Small Business Center.

Table 1

AT&T's Small Business Center Features:

- Online account maintenance
- Viewing of current bills and account history
- Small Business Advisor
- Recommendation engine
- Long distance, local, Internet, and wireless products tailored for small businesses
- Automatic pay enrollment options

Whereas historically the telecommunications industry provided customers with bills and statements because law required it, in the late 1990s, companies like AT&T began to understand the potential for using the monthly statement as a way of reaching out to the customer. Specifically, companies like AT&T were looking for ways to increase the "stickiness" of their customer Web sites (stickiness is a Web measure for the ability of a site to attract and keep visitors coming back, increasing the likelihood for sales and loyalty). AT&T understood that if it could provide small business owners a reason to log on to the AT&T Small Business Center on a monthly basis, it could improve the stickiness of the site. In 1998, the Web site offered customers the ability to view static bills, but AT&T wanted to extend this to provide interactive self-service components to the account-management section.

Step 2: Selecting the Right e-business Partners

At the time, AT&T had an electronic bill presentment application that was currently being used in its customer service call centers. When a customer called up to inquire about an account, payment, or billing history, service representatives accessed that information through IBM's Content Manager OnDemand application. Implemented for AT&T's customer service representatives in 1995, Content Manager OnDemand is a client/server document archival and retrieval system that enables static electronic bill presentment and electronic statement presentment. It was implemented with the help of IBM Global Services at AT&T data centers, whose environment consisted of 17 nodes of the IBM RS/6000 SP2. In 1998, AT&T extended Content Manager OnDemand to 20,000 internal account executives via the Web, enabling these account executives to access bills, statements, billing history, and reports related to their customers' accounts. This enhanced the level of service that the account management team provided to AT&T customers.

To respond to customer demands and increasing market pressures for superior customer service, AT&T wanted to extend access to Content Manager OnDemand beyond its internal users to its customers. The small business market was identified as the perfect customer segment for this service. However, AT&T wanted to move beyond the static bill presentment that it currently provided and offer its small business customers interactive billing and statement review via the Web. To do this, the company needed to add to its Content Manager OnDemand solution.

Since AT&T had worked with IBM since 1995 to enable bill presentment, the company wanted to continue its relationship. "When we wanted to move to servicing our external customers," recalls Everhart, "we realized the advantages of staying with IBM. We had an archive of four years of billing history plus our existing Content Manager OnDemand viewing capabilities. Both of these factors convinced AT&T to continue its relationship with IBM."

Understanding the fast-paced evolution of the Web, AT&T knew it would add additional capabilities to bill presentment, and therefore adopted a strategy for providing eBPP services to its small business customers. eBPP provides customers with the ability to interactively view bills, statements, and account information as well as make payments associated with their accounts through a Web browser. At the time, IBM did not provide the solution for offering interactive eBPP, so IBM Global Services brought in i-Solutions, which is offered by IBM Business Partner CheckFree Corporation. Together, the teams from IBM Global Services and CheckFree worked to provide AT&T with the interactive eBPP solution it desired (see Figure 2).

eBPP: The New Standard for Customer Service

electronic Bill Presentment and Payment (eBPP) is emerging as the gold standard for interactive customer services offered via the Web. eBPP is distinguished from standard bill and statement presentment technologies by enabling an interactive customer experience. The customer can not only view bills, statements, or reports but can also perform actions on that bill, such as drilling down to find related information, more descriptions, or historical information, as well as the ability to initiate transactions such as payment.

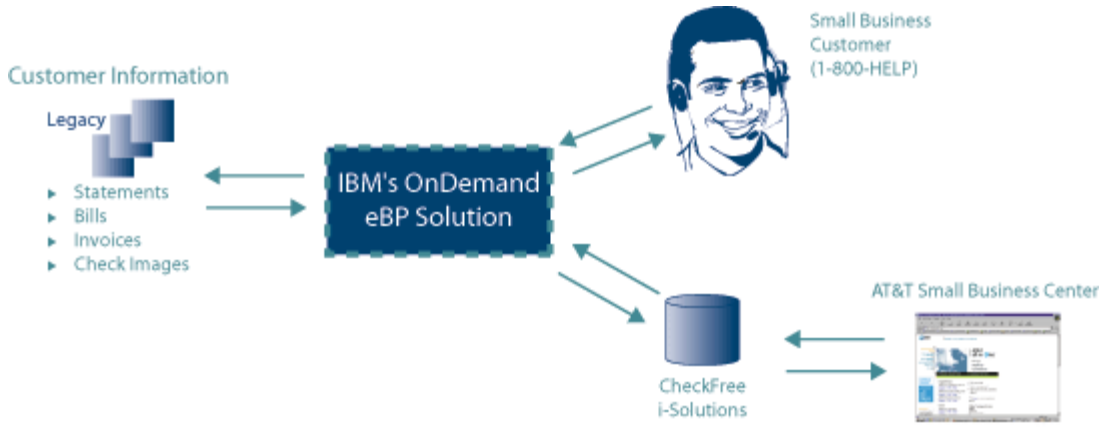

Figure 2. IBM's OnDemand eBP Solution.

Step 3: Building an Interactive Customer Experience

From the outset of the interactive plans for the Small Business Center, AT&T understood how important the user interface would be. "We wanted to design an interface that was intuitive and that customers could easily navigate," claims Cindy Mueller, part of the Business and Technology Integration team at AT&T. "Providing customers with an interface that was seamless as they moved from application to application on the Web site was critical to success." As a result, AT&T dedicated a team to concentrate on developing a seamless user interface internally, working closely with the IBM Global Services/CheckFree team.

After making the commitment to build a dynamic interface for its small business customers, AT&T made the decision to tackle the eBP side of its overall eBPP strategy. Since the eBP portion of the Small Business Center would be a combination of IBM Content Manager OnDemand and CheckFree i-Solutions, AT&T realized that there would be substantial challenges related to integrating the necessary systems. Content Manager OnDemand contained all of the account history and billing information for the customer, while i-Solutions provided the necessary link to view the bills and statements interactively online. Despite the fact that both parts of the eBP system would run on the IBM RS/6000 platform (i-Solutions database utilizes IBM DB2 Universal Database), the IBM Global Services team still had to do some heavy lifting to achieve the necessary integration, since Content Manager OnDemand and i-Solutions are essentially segregated within that 17-node RS/6000 environment.

The back-end work to make the Small Business Center more interactive with eBPP services began in October 1998 in earnest. The biggest challenge faced during implementation was the incredible amount of integration that needed to take place to provide the customer with the level of interactivity desired. "We were essentially taking packaged software (from CheckFree) and hooking it into our internal applications," stated Everhart. "Small business customer bills are complex. The way AT&T wanted to present the bills required complex integration by IBM Global Services. Because of this complexity, the process took longer than we initially planned."

The first part of the integration needed to incorporate yet another system into the mix. Taking a closer look at the environment that IBM Global Services had to navigate sheds light on the complexities of this project. To get realtime balances and adjustments on customer bills and statements, the "Accessing Your Account" portion of the Small Business Center needed to take transaction information from the Interactive Voice Response (IVR) system operating at AT&T call centers. An IVR is a system that

call centers use to automate part of the phone answering (e.g., "If you would like Option A, press 1"). Customers calling into an AT&T call center receive this functionality, which ties into the AT&T back-office billing systems. Rather than going directly back to the mainframe systems to pull the necessary customer information, AT&T decided to use the IVR because it was already doing the data translation from back-office into a format that a PC could interpret.

The IVR acts as a front-end to the corporate jewels for AT&T: the customer information. The database of record for customer account and billing information, Financials DataBase, is running on an IBM S/390. The AT&T team pulled customer data and account histories through the IVR system to transform them into a format that the Web-based application could utilize. This process was complex and time-consuming because it required the tight integration of these multiple back-office systems — and all in realtime — to enable the customers to access the most current information. The end results were worth the effort, however. Customers could visit the Web site and initiate a request for billing information, and the data would flow from the various billing systems, take data about realtime financials such as current balance from the IVR, get translated to Web-ready format from i-Solutions, and be presented to the customer.

The next level of integration that needed to take place was between the i-Solutions system and the Web interface that small business customers would use to interact with the system. The application server provides the connection between the user interface and the i-Solutions application. AT&T has purchased IBM's WebSphere Application Server, and the Java technology that is part of WebSphere is the company's target technology. "We anticipate rolling out WebSphere during the upcoming year" said Everhart. "Utilizing WebSphere along with a server-side Java or other J2EE framework will allow us much more flexibility, and full control over the application, along with additional features that are incomparable to our current application environment." WebSphere is a critical part of IBM's Application Framework for e-business, which is a standards-based model designed to help companies create flexible, competitive e-business platforms. The application framework is an open-blueprint methodology that prescribes a technology solution containing all the building blocks for an e-business application.

Another challenge that AT&T realized during this project was the complexity of the Web environment. Whereas AT&T anticipated a challenge in pulling data from the back-end systems to present to customers, it did not foresee the challenge of creating an application and user interface that would work in all Web browser environments. "Our customers are accessing the Small Business Center from a myriad of system configurations, connections, and Web browsers," stated Everhart, "and we needed to ensure that all of our customers could access their account information regardless of what they were using." Working closely with IBM, AT&T has spent the past year enriching the features it offers, continuing to run into challenges as browsers and operating system technologies advance. However, with hard work and persistence, the team has managed to stay on top of the changes and deliver a functionally rich set of services.

Step 4: e-bill Presentment Goes Live, and e-Payment Is on the Launching Pad

In May 1999, seven months after beginning the interactive Web project, AT&T delivered its e-bill Presentment solution to a limited set of small business customers. The service is currently free, along with a number of other services that the Small Business Center provides (see Table 1). Customers can log into the Small Business Center, receive online statements, and view copies of their bills, which then provides them with the ability to drill down into a particular section or charge, and thus more completely understand the associated charges. Over 100,000 customers are currently using this solution, which represents 3% of AT&T's approximately 3.5 million small business customers.

Feedback to date has been very positive overall for AT&T. "Customers are pleased with the application, pleased with the opportunity to view bills and perform self-service activities online," claims Mueller. AT&T is responding to suggestions from customers to tweak the user interface to enhance use of the bill presentment application, but overall they are satisfied.

The next level of service that AT&T will offer its customers is online payment, or e-Payment. This application enables customers to not only view their account activity and history and statements, but also to initiate a payment online to AT&T directly through the Small Business Center. Currently in rollout for the small business customer, AT&T plans to complete rollout of e-Payment through the Small Business Center in the near term. "Ultimately, this is what customers really want to do," stated Everhart. "They want to go all the way through from viewing their bill, drilling down to review details of their statements, and then authorizing payment electronically to AT&T."

Measuring Success

While AT&T is still very early in its complete operation of eBPP and the Small Business Center, the company has identified several immediately recognized benefits to the applications. The following areas have benefited from the eBPP project:

- **Increased customer service.** Perhaps the greatest benefit the eBPP applications offer to AT&T is the resulting satisfaction from customers. While this is a difficult metric to quantify, through feedback from its customers and the impressive number of customers already signed up, AT&T believes it has had a positive impact on customer service. Going forward, AT&T will be implementing methods for measuring customer satisfaction directly related to eBPP.

- **Reduced customer service costs.** A benefit tied more directly to the bottom line is AT&T's ability to reduce its customer service costs. "This is one of our primary goals and objectives of the eBPP initiative," claims Mueller. While the project is still in the beginning stages of adoption and acceptance, AT&T reports the following encouraging results:

  - In the first six months of operation, customers handled 5,000 of their own disputes instead of calling a service representative sitting in a call center. While AT&T could not comment on how much direct savings resulted from this activity, the company is greatly encouraged.

  - AT&T anticipates it will also save considerable costs through reductions in the amount of reprints that customers request. "In many cases, customers don't need a reprint of a statement or invoice if they know they have that information right at their fingertips through the Small Business Center," states Everhart. Industry estimates put the annual cost to send out printed copies of statements at $6.50 per customer. Again, there are no measured cost savings today, but AT&T anticipates this will be significant going forward, as much as $25 million annually through reduced printing costs.

- **Improved customer payment promises.** One of the quantified benefits that AT&T has been able to measure is the ability to institute collections services on the Small Business Center. Customers that log into their accounts will see a request from AT&T to promise to pay the outstanding balance on their account or pay it immediately through an online method. Over the past six months, this service led to over $750,000 in promise-to-pay revenues. Going forward, this will be integrated with the e-Payment application and tied into the back-end, which will further enhance this service, reduce float charges, and drive up the revenues for AT&T.

- **Increased revenues.** A top-line benefit to the eBPP initiative for AT&T is the ability of the company to cross-sell and up-sell to its customers once they become registered users of the Small Business Center. AT&T is exploring the potential benefits in this area, which include the ability to attract new customers with its comprehensive service offerings, retain existing customers, and sell additional services to customers.

Zeroing in on Return on Investment (ROI)

Hurwitz Group ROI Metric	Potential ROI for AT&T's eBPP Initiative
Attract and Retain Customers	Providing the self-service capabilities that customers demand will improve AT&T's customer retention as well as attract new customers with comprehensive service offerings.
Increase Revenues	AT&T has measured a $750,000 gain in promise-to-pay revenues from customers over the first six months of operation.
Improve Efficiencies	Through customer self-service, AT&T anticipates being able to effect a substantial reduction in costs associated with its call centers and its printed statement services. The resulting reduction in customer service costs could save AT&T millions annually.

Conclusion

AT&T has had measurable success with its initiative to extend interactive e-business applications to its small business customers. The company is aware of the competitive advantage it will retain through continuing to offer interactive services via its online Small Business Center. Through its partnership with IBM and CheckFree, AT&T is building a flexible, cutting-edge environment for introducing additional e-business services to its customers. AT&T continues to expect adoption of its eBPP applications by small business customers to rise as it adds more functionality and as customers become more familiar with the potentials of the Web. The goals of the AT&T eBPP initiative are currently being realized:

- **Improve customer satisfaction through higher levels of access to customer data through an easily navigable Web interface**
- **Attract new customers and retain existing customers through online tools**
- **Reduce costs associated with call center service representatives and printing statements**
- **Increase revenues through online cross-sell and up-sell opportunities**

"Our customers tell us we are right on target with our eBPP services," states Mueller. "AT&T will continue to work with IBM to enhance our offerings to our small business customers and maintain our position as a company that brings e-business to its customers." Together with IBM and its business partner CheckFree, the services and technologies for electronic bill presentment have established AT&T as a shining example of reaching customers through e-business.

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