



ECOSYSTEM OFFERS DRIVE SUCCESSFUL DIGITAL ENGAGEMENT

Background

The Cambodian mobile market is extremely competitive with three main service providers, including Cellcard, battling for market share. Their fight has to date been characterized by an ongoing price war in which the cost of data has dropped precipitously (\$10 buys 10GBs across all voice networks), making digital engagement a key focus, given its potential role in more effectively onboarding and retaining customers on the network.

The mobile market in Cambodia is also unique in that 60% of customers are under the age of 30. This presents unique challenges in achieving stickiness given that this age group tends to be nomadic, rapidly moving from network to network. That motility notwithstanding, the youth market also represents a huge opportunity for mobile network operators (MNOs). Characteristically, its purchasing power is increasing, hallmarked by the behavioral driver of a quest for instant gratification. It also reflects a very high multi-SIM environment, gaming is hugely popular (Cellcard estimates there are about 2.9 million gamers who spend between one and a half and two hours daily playing games, 99% on mobile devices), content consumption rates are high (with further increases driven by 5G anticipated), and the COVID pandemic has accelerated digital engagement.

For the MNO, this landscape has pushed to the fore the importance of developing effective loyalty and retention strategies that lead to monetization.

Specifying the Program Goals

Cellcard, which is part of leading Cambodian conglomerate Royal Group (whose other holdings include the country's largest ISP, EZECOM), chose to work with Evolving Systems to develop what it terms a new, overarching "digital strategy". Along with the country's largest mobile money player and its leading digital television broadcaster (CBS) which is also part of Royal Group, Cellcard acknowledges that it began with the advantage of an in-built ecosystem to leverage. This gave the operator the ability to start from a platform that it felt would enable it "reach into the hearts and minds of consumers" with the expectation of enabling Cellcard to create a really fine-grained digital strategy.

A key step in bringing these assets and its goals to fruition has been Cellcard's work with Evolving Systems to bring entertainment, gaming, chat, finance and social media onto a single, user-friendly mobile platform. Cellcard particularly highlighted the gamification element as likely to be critical to achieving the sticky relationships that it was seeking to establish with its rapidly growing youth segment, an area in which Evolving Systems is particularly experienced.

A New Loyalty Strategy

Taking market conditions and its goals into account, a new loyalty strategy was scoped by Cellcard and Evolving Systems called "Cellcard Club". This was founded on four pillars:

- 1 Understanding the usage habits of Cambodian consumers. Doing so would drive a simple strategy that would lead to much more meaningful engagement and, in turn, increased monetization.
- 2 Engaging subscribers early in the lifecycle with attractive, targeted games and offers which would encourage the building of active relationships.
- 3 Personalization: Taking a one-to-one approach with the aim of creating a "special bond" with each customer. To do this, Cellcard Club has created new points of engagement that are more relevant to users and provide benefits not only to subscribers but also to participating merchants and partners. All elements of the digital ecosystem benefit from the program. Cellcard sees itself as a "Digital Lifestyle Provider" rather than a traditional telco with a loyalty program.
- 4 Enhanced monetization.

It was quickly apparent that Cellcard Club resonated with its target audiences. At launch, it had already signed up 50 partner merchants offering over 200 selected awards between them, in categories ranging from retail to food and beverages to hotels. Partners were hand-picked by Cellcard to reflect the lifestyle of its customers. Understanding its customers' needs was central to providing the unrivalled experience the company was aiming to deliver.

An example of how this was achieved is evident in how Cellcard sends data back to partners so that they can improve their services and offers on an ongoing basis; while partners in return provide Cellcard with data about customers' subsequent buying habits with them. By the end of 2021, Cellcard anticipates having the best part of 5,000 partners participating in Cellcard Club, such has been the impact of the program on users and partners alike.

Ian Watson, CEO, Cellcard notes: "Data, and how we use it, is critical but while data is described by many as 'the new oil' of commerce, we believe that is only partly true. The key isn't the data, which telcos are often poor at using effectively, but in answering the question 'how do you refine that oil?' because that's what enables the data to become valuable." To achieve this, Watson underlines that Cellcard Club was supported by significant investments in data mining, data analysis, data engineers, and other data-related areas.



Drivers of Digital Engagement: Supporting a Day in the Life of a Consumer

Cellcard Club has successfully managed to create a digital experience that is founded on mirroring a day in the life of its customers, putting Cellcard constantly at the heart of their digital lifestyles by, for instance, providing the news bulletins at breakfast, retail experiences at lunch time, and so forth - matching consumer needs to services offered throughout the day. The company is now looking at deploying digital avatars and leveraging Artificial Intelligence to drive efficiencies. Data collected in real-time is analyzed overnight to create an even more targeted customer experience for the following day. Watson notes this makes possible "instant gratification that drives both the customer's social and working lifestyles".

He adds: "Many digital engagement programs overlook the fact that work is part of a lifestyle, not separate from it. But by incorporating partners in areas such as professional training, Cellcard Club's experiences and benefits run across the entire day, engendering a continuous interaction with our customers. This longevity is vital to successful engagement."

Objectives and Achievements

The specific goals of Cellcard Club were to:

- ❖ Improve retention and drive acquisition
- ❖ Value long-term customers by offering differentiated benefits
- ❖ Retain high-value customers
- ❖ Support company vision for digital lifestyle of customers
- ❖ Increase wallet share



Watson says these goals reflect the company's mantra: "It's not the biggest who thrive but those who adapt the quickest". As noted, adaptation meant being able to focus on delivering real-time rewards (mainly driven by gamification as a point of entry) that would provide instant gratification for the customer.

The first-year results of Cellcard Club have been outstanding, underlining the success of the new strategy and how comprehensively Cellcard and Evolving Systems were able to realize their goals. They include:

- ❖ 16% average monthly growth in total membership of the program
- ❖ 50% of participants engage in games offered
- ❖ 35% total engagement via the app
- ❖ Increased redemption of special deals and offers
- ❖ Increase in number of customers engaging in app monthly



Summary: The Future of Loyalty at Cellcard

As a result of the success of its program, Cellcard is now investing further in Cellcard Club. Continuing to work with Evolving Systems, it is presently deploying new games, creating a 'Cellcard VIP Club' for high-value customers, opening a new online store, incorporating additional badge aspects to the program, building new deal offers, and specifying what Watson refers to as "the next generation of points".

He concludes by saying: "Working closely with the Evolving Team, we are building significant new momentum in the vital area of digital engagement."



About Evolving Systems

Evolving Systems, Inc. (NASDAQ: EVOL) empowers Communications Service Providers (CSPs) to succeed in fast-changing, disruptive telecoms environments. This is achieved through a combination of People, Processes, and Platforms and empowers CSPs to activate, engage, and retain their customers. Evolving Systems' real-time digital engagement solutions and services are used by more than 90 service providers in over 60 countries worldwide. The Company's portfolio includes CSP market-leading solutions and services for network provisioning and resource management, enhancing the digital sales and distribution channels, service activation, real-time analytics, customer value management and loyalty. Founded in 1985, the Company has its headquarters in Englewood, Colorado, with offices in Asia, Europe, Africa, South and North America. For more information, please visit www.evolving.com or follow us on Twitter at <http://twitter.com/EvolvingSystems>