

 sam



Israel's Largest Telco Bezeq Growing ARPU with SAM


Bezeq



Introduction

Bezeq is Israel's leading telecommunication company, offering a range of services, including high-speed internet, to Israeli homes and businesses. With an internet market share of 70%, facing tough competition and being subject to price regulations, one of Bezeq's biggest challenges is to generate more revenue per user, and at the same time maintain its position in the market.

Read on as we explore how Bezeq, together with the help of SAM Seamless Network, successfully focused on improved home Wi-Fi user experience, visibility, security and control as differentiators, to stand out in the market and increase its service offering, with full network and IoT security and a series of network management tools.

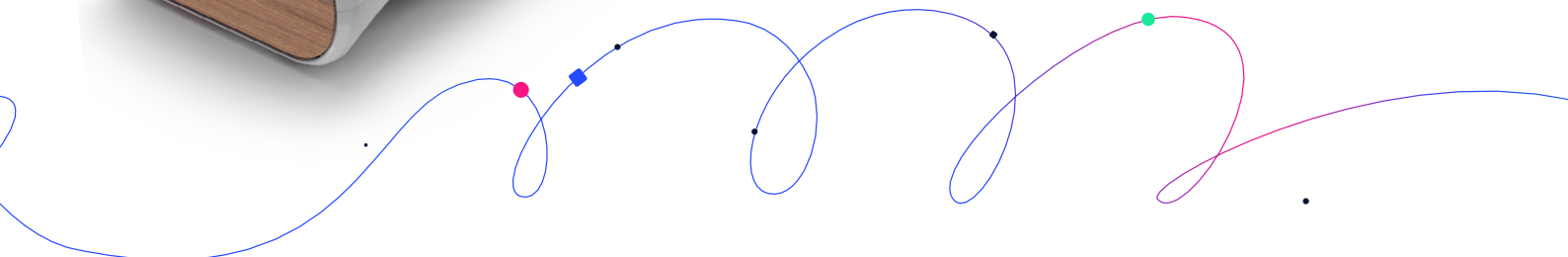
The challenge

Due to an increase in the number of competing FTTP networks, changes in wholesale broadband regulation and regulatory constraints that limited its ability to bundle services together, Bezeq's retail subscriber base had begun to decline. In response, Bezeq needed to formulate a new winning strategy for the retail fixed broadband market.

The solution

Bezeq joined forces with SAM and chose a two-phased approach that guarantees quickest time-to-market with maximum coverage of their customer base, regardless of the gateway they use. Their strategy was to first launch a smart home security solution, as a value-added service.

In parallel, Bezeq worked with Broadcom on a new, improved router ('Be') that offers better Wi-Fi with security already embedded in it. SAM worked closely with Bezeq's technical team on integrating the solution with six router models already in the field, CRM system, and mobile app, while also training Bezeq's operations and customer care teams to achieve a smooth and seamless delivery. In parallel, supporting Bezeq in the second phase of the delivery, SAM's integration team worked directly with Broadcom to embed SAM agent into the new Be router.



A timeline of Bezeq's success

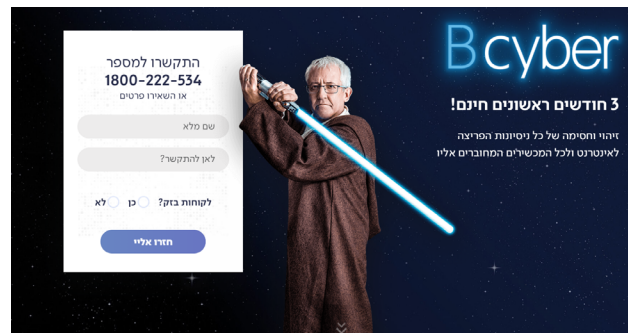
In June 2017, Bezeq and SAM launched Bcyber, a connected home cyber security service, on a standalone, no-contract basis for a monthly fee of NIS9.90 (3.2 USD) per month. Subscribers could use Bezeq's Bcyber free of charge for 3 months and no contracts were required to use the service. Within 3 months of the initial launch, 50,000 of Bezeq's 1.12 million retail broadband subscribers were actively subscribed to Bcyber. Then, in April 2018, Bezeq launched their Be router for a monthly fee. Beginning in late 2018, Bezeq has added mesh Wi-Fi and Wi-Fi extender hardware to its portfolio over time and charges separate monthly fees for these devices.

Winning over Bezeq's audience with a creative delivery

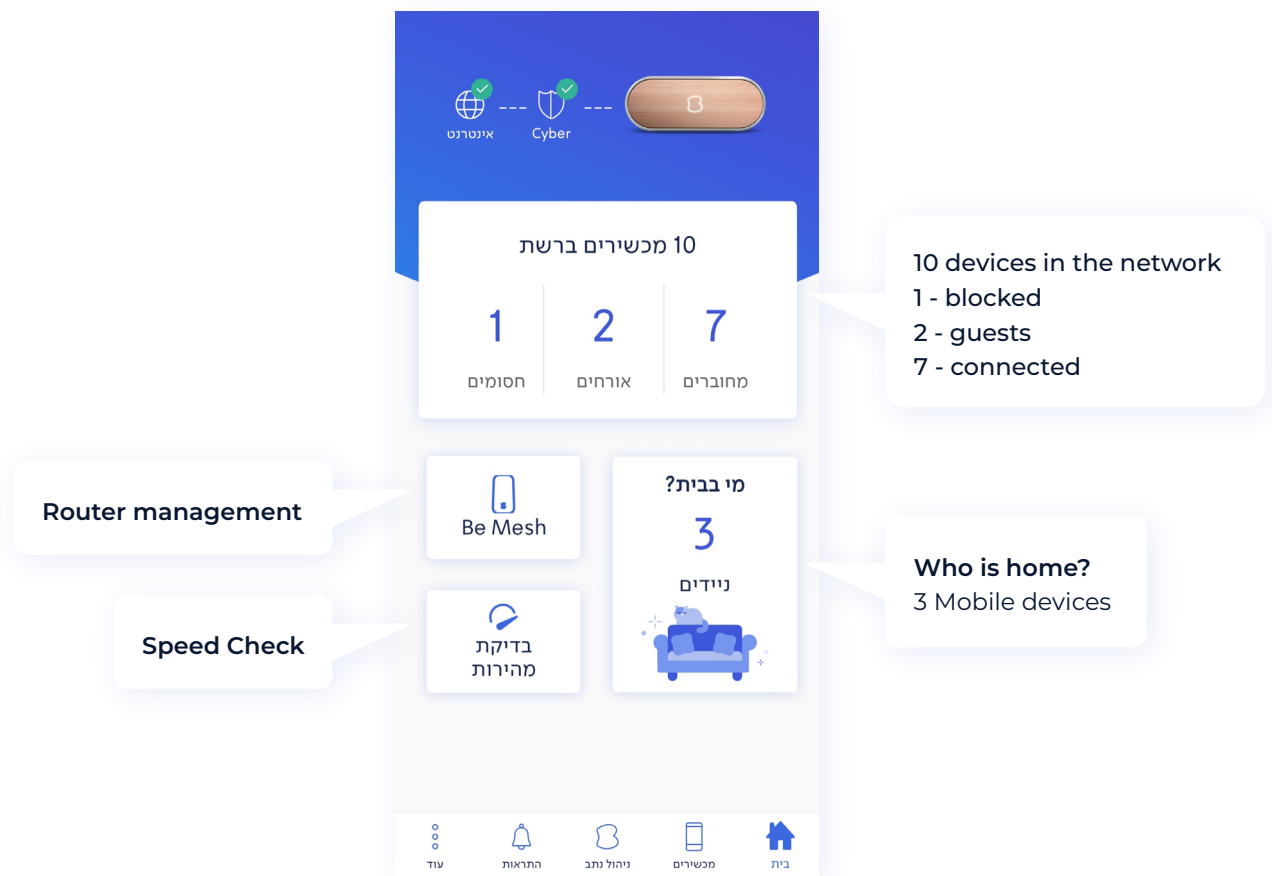
Bezeq leveraged their media relations to create social awareness focused on the need for IoT security through TV and radio channels. In its various marketing content, Bezeq used simple and clear messaging in an aim to simplify cyber security for the average user and create awareness about digital threats to which smart homes are exposed.

For its new router, Bezeq created several campaigns which highlighted the different features that would most appeal to each segment. The objective was to attract new customers and encourage existing customers to upgrade their old router to a new, more powerful and secure router by promising a better Wi-Fi experience. One interesting tactic Bezeq used to further promote the new router was to give the upgraded router for free to existing customers when they move homes.

By taking a comedic storytelling approach to promote these home security offerings by using famous musicians and comedians, Bezeq gained many positive reactions from their marketing campaign.



Bcyber's mobile application UI contains an overview of network devices and a snapshot of mobile devices located in the home. It also includes a router management tool and speed check.



With its robust yet easy-to-use functionality, the SAM embedded Bcyber offers immense value to Bezeq and their end users.

Value to Bezeq:

- The solution integrates with any router (legacy or new)
- Enabling add-on services (growing ARPU)
- Data on network, usage, and devices
- Creates stickiness and elevated positioning as a one-stop shop
- Bezeq achieved less than 3% churn over a period of five years

Value to Bezeq's end users:

- Consistent attack alerts including user-friendly security recommendations
- App notifications create awareness (users spent five minutes per week on the Bezeq app)
- Fixing the problem for users (preventing as well as detecting)
- Users feel in control when managing all their devices

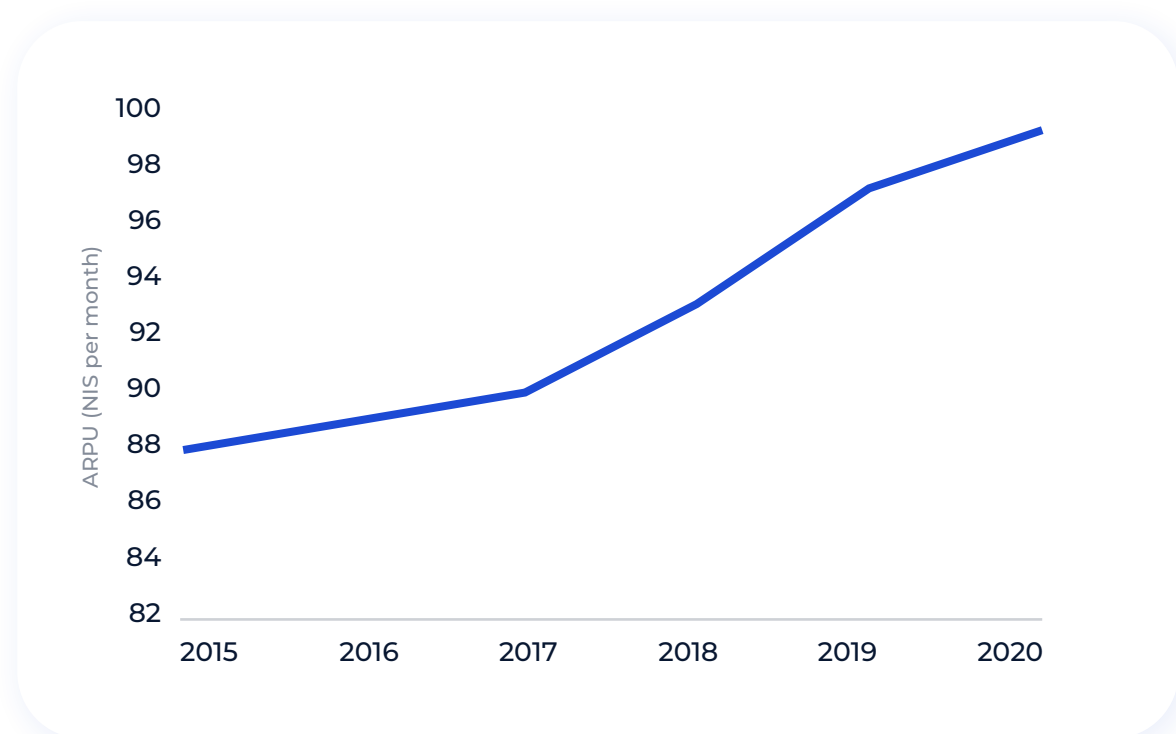
The result

The results were not late to arrive, just 12 months post product launch, more than 35% of Bezeq's customers had already subscribed to the service, now protecting more than 400 thousand households and over 20 million devices.

Bezeq's focus on improved home Wi-Fi user experience, visibility, security and control has yielded very positive results. For example, the operator's retail fixed broadband average revenue per unit (ARPU) increased from 89 NIS (~27.85 USD) in 2016 to 106 NIS (~33.17 USD) in Q2 2021, as shown in Figure 1 below.

This ARPU growth was partly driven by an increase in the take-up of the Be router from 21% of all Bezeq subscribers at the end of Q2 2019 to 60% at the end of Q2 2021.

Importantly, Bezeq also stopped the decline in the size of its retail fixed broadband subscriber base.



Source: Analysys Mason, 2021

Achievements in numbers

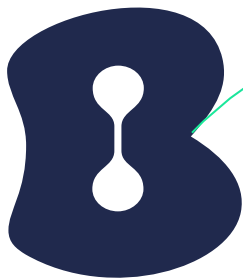
- In 2020, the size of Bezeq's retail fixed broadband subscriber base increased by 1.6% after several years of decline.
- Between Q2 2019 and Q2 2021, the use of Bezeq's Be router grew from 21% to 60% of its subscribers.
- A total of 50,000 subscribers were gained in the three months following launch
- 2019 Bundle it as part of the Secure Router program
- SAM's footprint is 77% of Bezeq's users

Summary

In addition to reducing customer churn rate for Bezeq, SAM's mobile application brought down the number of support calls, due to users having better visibility and control over their network and devices.

SAM now prevents an average of 67,500 DDoS, 15,500 malware, 18,000 spyware attacks and 2,500 router takeover attempts on a weekly basis, for Bezeq's customer base alone.

SAM continues to work closely with Bezeq, helping them to face additional challenges by creating new features to further promote security and protect customers.



Bezeq has shown that focusing on home Wi-Fi can deliver benefits. This is true even in cases when retail service providers do not have a competitive edge in terms of the quality of their fixed broadband networks. Bezeq has opportunities to continue its connected, home-centric strategy and plans to launch a fiber-to-the-room offering soon.

In the future, there will be even more scope for fixed broadband operators to offer services based around home Wi-Fi and fixed broadband CPE, and operators must be prepared to capitalize on these opportunities.

Sources

*Bezeq shows the value of a strategic focus on home Wi-Fi ([analysismason.com](https://www.youtube.com/watch?v=NquBMw_cHqE))

https://www.youtube.com/watch?v=NquBMw_cHqE

<https://www.youtube.com/watch?v=nG14btoO9J0>

<https://www.youtube.com/watch?v=BXoeuCon2dk>