

# Operators in MENA need to be pragmatic if they want to quickly integrate AI into their core services and beyond

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Most operators in the Middle East and North Africa (MENA) are taking a low-risk approach to their AI strategy, which allows them to continue to assess the role that they wish to play in the AI value chain. They appear to be less inclined to expand the use of AI beyond applications related to customer care.

The more-mature AI roadmaps of global operators can serve as models for regional players when formulating an AI strategy that corresponds to their ambitions. In this comment, we review some of the regional AI initiatives and argue that operators should continue to make progressive and selective investments in AI to improve customer experience and to apply it to areas outside those of the core business.

## Operators have used AI for network planning and data analytics, but they are increasingly looking to automate customer support

AI has been used by most regional operators for network planning as well as customer analytics. Some are now also exploring ways in which the technology can be applied to the automation of customer support functions and the introduction of AI-powered chatbots (Figure 1).

**Figure 1: Examples of AI/ML-driven customer service initiatives from telecoms operators in MENA**

Country	Operator	Initiatives
Kuwait	Zain	Zain's customer service chatbot uses AI to automatically respond to enquiries. It works on Zain's app and website and is available in both Arabic and English.
Oman	Ooredoo	The AI-driven chatbot 'Saeed' provides support to Ooredoo's customers. It is a web-based solution only and is available in Arabic and English.
Qatar	Vodafone	In 2016, Vodafone Qatar launched Hani, a chatbot powered by the AI platform, [24]7.ai. The current status of the Hani initiative is unclear. <sup>1</sup>
Saudi Arabia	STC	STC uses AI predominantly for complaints resolution and self-service. Machine learning (ML) is used to optimise the targeting of marketing campaigns.
UAE	Etisalat	ML and advanced analytics is used to deliver personalised offers to customers.

Source: Analysys Mason, 2018

The hype around AI is creating pressure to adopt the technology quickly, but regional operators appear to have been very cautious about investing in and applying AI. The current initiatives do not sufficiently prepare the operators to eventually support their respective national development strategies in which AI is set to be the engine for economic growth and digitisation.

<sup>1</sup> Vodafone's main machine learning research and development centre is in Egypt.

## Regional operators need to take a pragmatic view on how to develop AI and integrate it into more customer touchpoints

It is widely accepted that AI can help telecoms operators to become more ‘digital-ready’, increase the efficiency of their processes and improve customer experience. The leading regional operators could do more with AI to increase the sophistication of their current customer care channels and support a broader portfolio of customer-facing services (for example, TV content and smart home and smart city services).

We have identified three main strategies that operators can use to integrate AI into customer touchpoints (Figure 2). These strategies can be adopted by regional operators to help them move beyond initial experimentations, depending on how much risk they are willing to take and how much value they would like to extract from the use of the technology. These strategies are based on a recent review of seven operators with leading customer-facing AI initiatives.<sup>2</sup>

**Figure 2: Strategies that can be used by telecoms operators to integrate AI into customer touchpoints**

AI strategy	Description	Examples
<b>Conservative:</b> AI in core functions only	Selective investments with a focus on a few use cases which have a big effect on customer experience.	Vodafone
<b>Ambitious:</b> AI supports strategic services	AI supports the current service ecosystems and device value chains in which the operator has a strong presence.	Comcast, Deutsche Telekom
<b>Aggressive:</b> AI-centric vision	A strong AI- and data-driven vision across a broad range of services; this requires large investments.	Orange, SK Telecom, Telefónica

Source: Analysys Mason, 2018

We believe that most regional operators should first apply AI to core customer-facing functions, and then identify the most promising use cases elsewhere. The selected use cases will depend on market conditions, customers’ acceptance and expectation of automation and technical constraints. This recommendation is based on the following considerations for MENA operators.

- **Service reach.** Regional operators are currently working to streamline customer interactions and this is likely to continue to be the most suitable area for AI innovation. The application of AI to consumer and enterprise propositions is a medium- to long-term objective.
- **Device and platform ambition.** Operators in MENA are unlikely to build their own service ecosystems (that is, independently from those developed by Amazon and Google) or pursue a smart hardware strategy.
- **Channel reach.** Local operators are keen to reduce the volume of support calls while increasing the number of customer interactions. Therefore, we believe that they are likely to exploit existing AI ecosystems as additional channels.
- **AI investment.** Operators such as du, Etisalat and STC have expressed interest in investing in AI. However, we believe that this will be in the form of adopting low-risk implementations of AI with proven use cases rather than doing in-house technological development.

<sup>2</sup> For more details, please see Analysys Mason’s [AI in customer-facing telecoms operator services: case studies and analysis](#).

## Operators need to get the basics of customer experience right before moving onto areas outside their core services

The application of AI also provides operators with many opportunities to improve different areas of their businesses and to generate additional revenue. Some of these opportunities are the following.

- **Improve marketing functions by shifting from general outbound campaigns to contextual precision marketing.** For example, a North American operator has used precision marketing to help reduce churn rates for its mobile prepaid services.
- **Build a more-intelligent content recommendation engine for video and TV propositions.** For example, Comcast is using AI to help determine what kind of content consumers might like.
- **Monetise customer data.** Operators have largely been unsuccessful in monetising raw customer data, but the use of AI could add more insights and value to businesses and public institutions.

Regardless of how aggressively and quickly regional operators want to deepen AI's involvement in consumer-facing services, it is important to ensure that the introduction of a layer of automation and intelligence is not detrimental to the quality of the customer experience.

Current trials and deployments of AI should help to strengthen operators' domain expertise, refine their ability to provide a superior and consistent customer experience and demonstrate the value of the technology to external parties. This is particularly important if operators want to support national development programmes that have made AI a key pillar of the vision.