High performance. Delivered.

INFOCOM WORLD CONGRESS

Keep Calm and Converge

October 21st, 2014

Kyriacos Sabatakakis

accenture

Strategy | Digital | Technology | Operations

Telcos are impacted by 5 major trends forcing them to reshape into an all "Digital Business"

Communications Trends

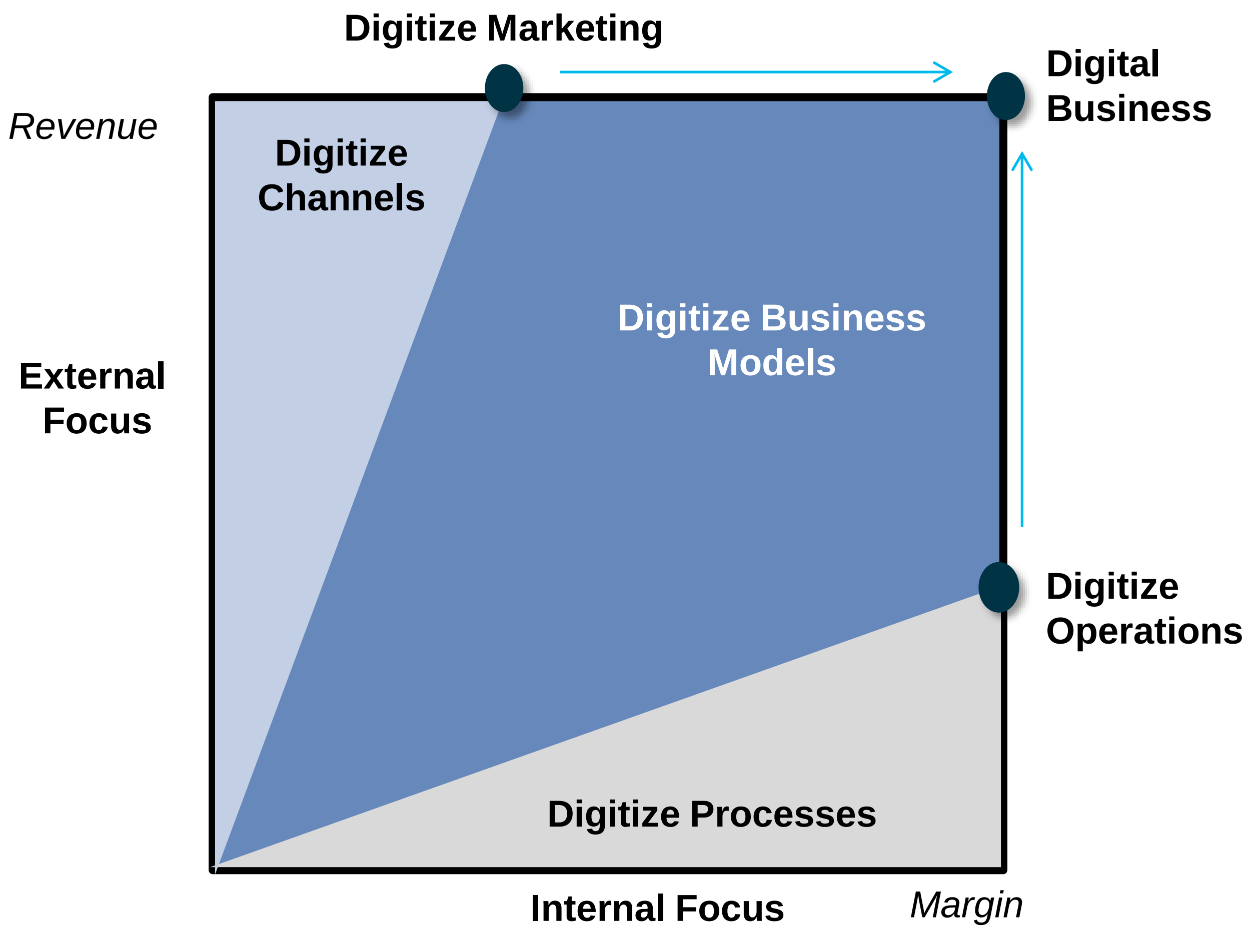
Coms Industry Transformation Agenda

1		**The Network of the Future**	*Collaborative, Evolved, Converged*
2		**The New CSP Business Model**	*Integrated Digital Services Provider*
3		**Approach to Digital Customer Engagement**	*Social, Segmented, Seamless*
4		**New Service Focus**	*Invade Adjacent Markets*
5		**Key to Human Capital**	*Adapting Resources to the new Op. Model*

Source: Accenture Analysis

To become a Digital Business is not a luxury for Telcos, but a survival kit for venturing into non-traditional growth domains

Digital Business



Definitions:

Digital Business: an organization that incorporates digital technology to create revenue and results via innovative strategies, products, processes and experiences.

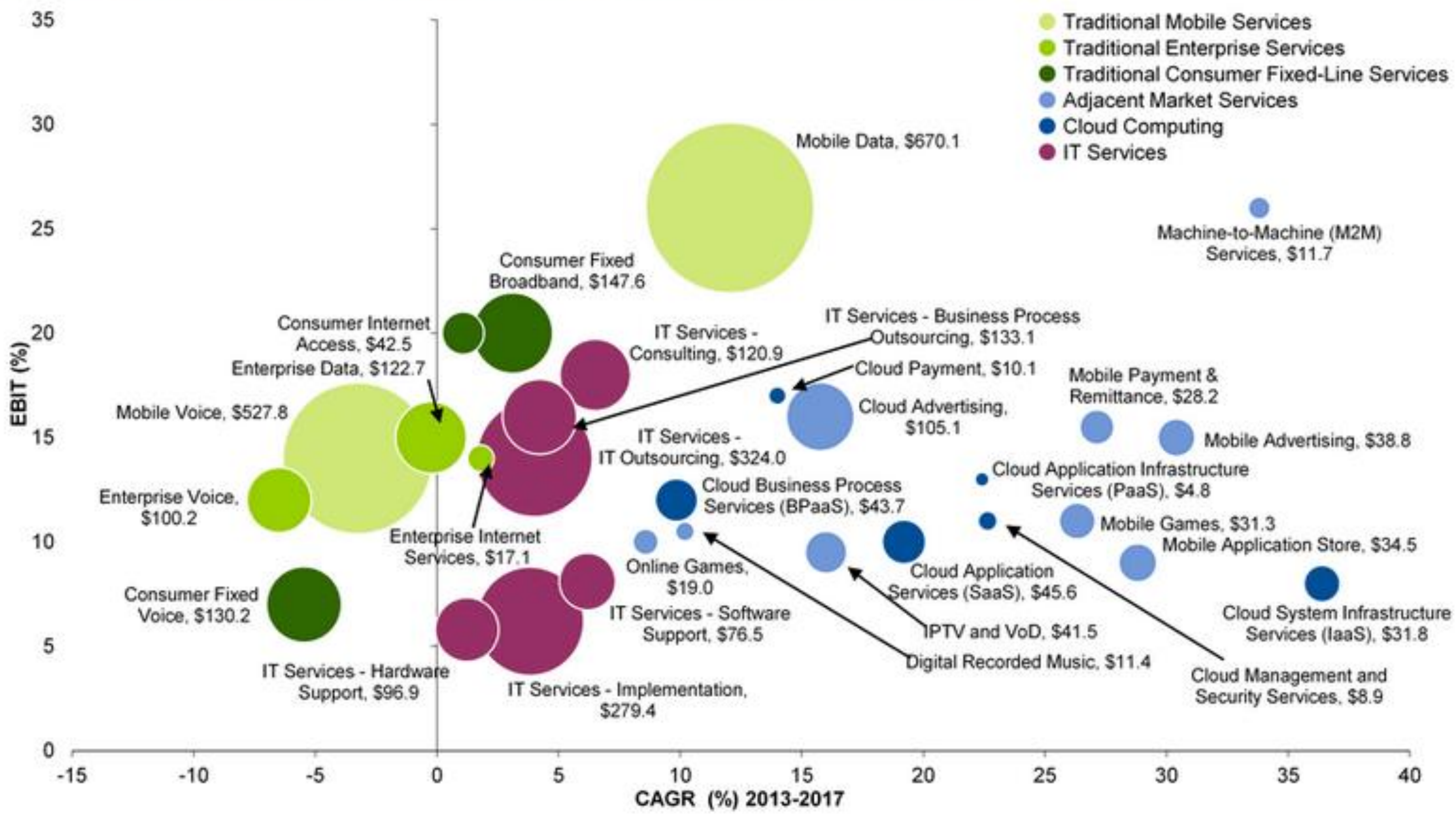
Digitize: applying technology to resources. A digitally enabled sales force is an example of incremental digital improvement.

Digitize: the process for turning digitized resources into new sources of revenue, growth and operational results that generate a business premium.

Our analysis suggests that these growth domains cross-cut the consumer and enterprise segments

New Market Opportunities

Figure 1. Strategic Mapping of Market Opportunities, Worldwide, 2017 (Billions of Dollars)

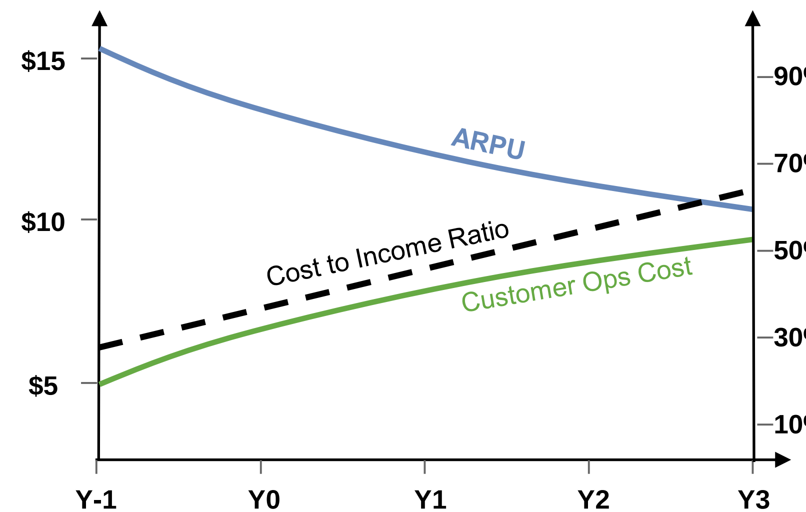


Source: Gartner, “” Market Trends: Adjacent Market Revenue Opportunities for CSPs in 2017”, 29 January 2014

In the consumer space, Telcos can remain competitive by extracting additional value from the introduction of converged offerings

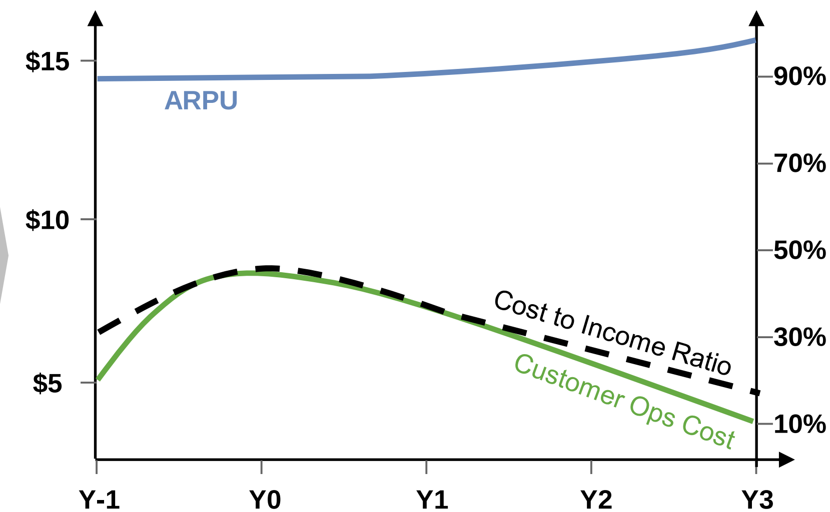
Potential to Sustain Profitability

Siloed Products & Offerings



- Increasingly less relevant to customer needs – resulting in increased dissatisfaction and churn
- Reduced share of wallet – lower ARPU from traditional revenue streams e.g. voice, SMS
- Wedded to analogue business model and siloed operations
- Often complex custom-built and multi-layered architecture

Converged Products & Offerings



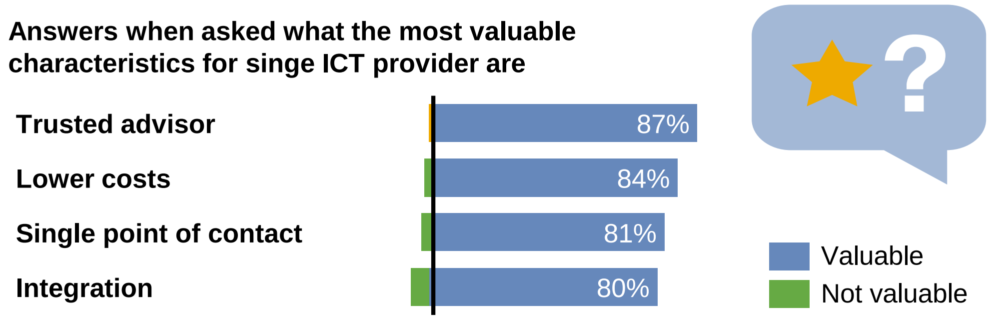
- Entry into Digital channels – online, e-Commerce & multi-device
- Diversification into digital video and multimedia
- Data centric product offerings and cross-sell/up-sell entangling the customer and reducing churn
- Single view of the customer – e2e customer analytics & insight across all customer touch-points
- Differentiated customer experience – greater loyalty
- Low cost architecture leveraging the cloud (SAAS & PAAS)

In the enterprise space, Telcos can take advantage of their position and capitalize on their established brand name

What Enterprise Consumers Want vs. Who They Want it From

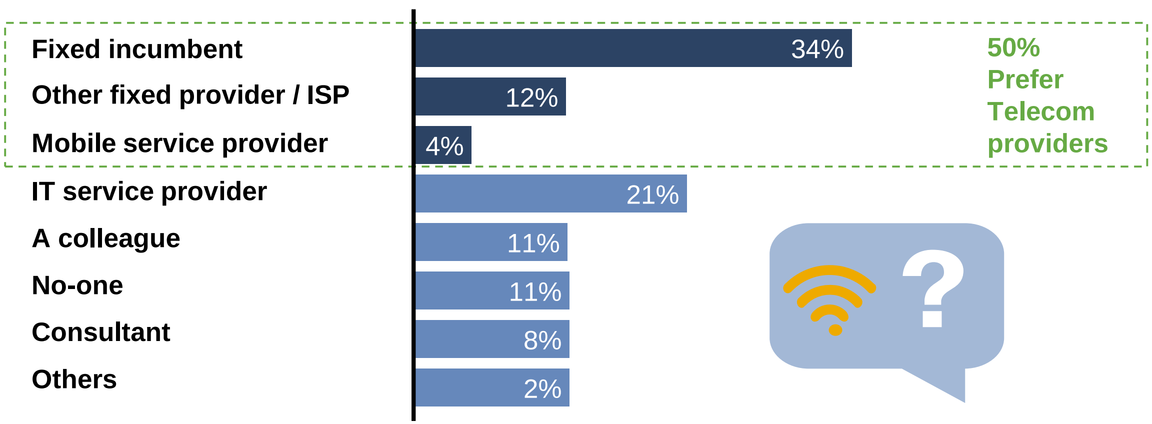
What Enterprise customers want...

Answers when asked what the most valuable characteristics for singe ICT provider are

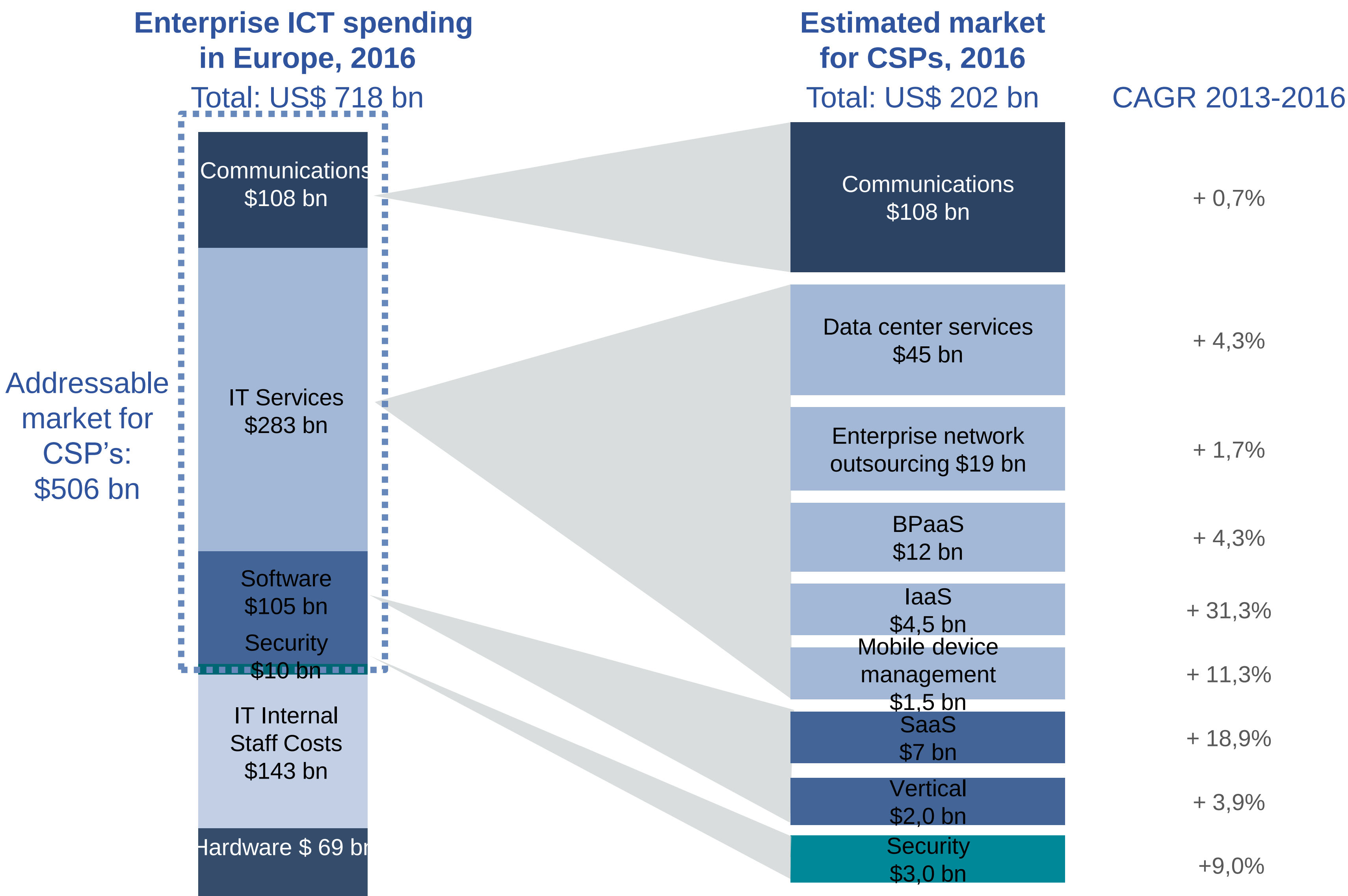


…and who they turn to

Answers when asked who they'd prefer as single ICT provider?



Estimates, suggest that Telcos can address ~30% of total Enterprise ICT spending, whereas today only 10-15% is being addressed



Source: Gartner, Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide, 2011-2017, 1Q13 Update; Gartner, Forecast: Public Cloud Services, Worldwide, 2011-2017, 1Q13 Update; Accenture analysis

Overall, Telcos need to focus and to develop 5 critical capabilities outside the realm of their “comfort zone”

Critical Capabilities

Superior Customer Engagements

- Ensure an integrated (Fixed Mobile Converged) market approach, in terms of propositions and channels, in both B2B and B2C markets
- Push monetization Telco's unique customer data (retail, outdoor marketing, insurance, health care,…)
- Create ‘really digital’ customer journeys, leveraging web, social, mobility and cloud to the max
- For typical incumbents, grab value with strengthening Telco's as high quality service quad-play family brand
- All interactions and services are fully secure and compliant with privacy rules, exploiting the ‘local’ brand

Digital Transformation

- Leverage digital to efficiently engage customers (Marketing, Sales & Service)
- Transform to Advanced Network provider, leveraging the latest Cloud technologies (SDN/NFV)
- Create modular and open BSS/OSS
- Transform into trusted distributor of digital (video, security,, M2M, payment, storage, saas) leveraging the brand, local (language) service, field force, shops, billing connect
- Use real-time, predictive analytics on top of digital processes in sales, operations and decision making, leveraging the Telco’s unique customer user and usage data

Simplification

- Rationalize products, simplify processes, rationalize IT and consolidate networks (moving to SDN/NFV All IP core network)
- Accelerate integration and offshoring Back Offices as a Service
- Establish Lean Infrastructure with Datacenter consolidation, virtualization and offshoring operations, with fixed-mobile network integration
- Create integrated, de-siloed (Fixed and Mobile) Business and Consumer BUs, each with an independent x-channel Customer Experience function
- Run Closed Loop Strategic Sourcing program to get additional short term savings

Partner & Ecosystem Collaboration

- Joint Go to Market and (as next step) Innovation with SI’s, with MSFT, Oracle, SAP and others around infra and cloud based services, workspace mgt, UC services, industry specific solutions
- Enable 3rd parties to leverage Telco's infrastructure to increase utilization of assets – including consumer data
- Collaborate in procurement, leasing and regeneration of mobile handsets

Customer Centric Governance

- Rebalance governance to ensure horizontal collaborative execution on a long-term corporate vision
- Make ‘Quality’ key metric in reporting, decision making and in compensation of execs
- Ensure that Telco's talent strategy and employee performance management encourage the development and promotion of collaborative and customer centric leaders
- Hire lean teams of broadly skilled resources and move from workforce to crowdsource