Transforming Telefonica
Phil Jordan | GCIO Telefonica
V 2.0

BE MORE_
Unprecedented period of change

1. **Market and competition**
   - Declining revenues in traditional Telco segment
   - New competitors entering the game
   - Convergence on the rise

2. **Customers and usage patterns**
   - Growth of mobile data volume
   - Ubiquitous usage patterns
   - Price pressure combined with threshold quality requirements

3. **Technological change**
   - Ramp-up of LTE coverage
   - Push for “2nd best” network technologies
   - All-IP and data-driven network
   - Data-driven differentiation

4. **Efficiency pressure**
   - Margin pressure
   - Need to enable operational inefficiencies in the business
   - More for Less

5. **Complexity**
   - Limitation to achieving IT and business efficiencies
   - Obstacle to new business capabilities
   - Driver of operational risk
IT in a digital Telco—from “most wanted” to most wanted

Digital Customer Relationship
- Omni-Channel
- Mobile-as-a-channel
- Online and self-service
- Ability to manage complex customer hierarchies
- Data explosion and data-sharing

Automated and Lean Operations
- Business simplification (single catalogs for customers and PandS, and single inventory)
- Business agility (TTM)
- Automation
- Partner ecosystems
- Digital integration

Digital Marketing/Sales
- 360° customer view
- Bundling with digital services (own or 3rd)
- Data monetization
- Multi-product company
- Context offering/context sensitivity
- Predictive marketing

Ubiquitous Connectivity
- Internet of everything
- Connecting the unconnected
- BYOD
- Converged networks
Overcoming our history requires fundamental transformation

- Rapid evolution of the business
- Lack of maturity of IT processes and technologies
- Vendor, regulators, and competitors pressure
- Uncontrolled growth without governance
- Multi-local ecosystems
- Fragmentation legacies and obsolete technology
- Not convergent systems with complex integration
- High number of applications with duplicated functionality
- Custom-made applications: lack of alignment and long-term planning

IT Complexity
Transforming the old Telco IT model shifting to outside-in thinking

Brilliant IT that powers a digital

Innovate Locally

Global

Standardization, Common Solutions, and Integration Reuse

Innovate Locally
Commoditizing, consolidating, sharing everything in IT that isn’t about being a digital Telco

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Transforming our business into a digital Telco based on standardization and reutilization across the entire Telefonica group

Business Processes

Application Transformation

Standardizing Integrations
Full-stack solution is the main enabler to provide the digital capabilities needed to transform into a digital Telco...

Qualitative Benefits

Call Centers

BackOffice

Stores

Logistics

Order Management

Billing

Generating positive impact in several areas

Quantitative Benefits
...And requires a new sourcing framework to address long-term transformations with a new maintenance model

**Reputation on major transformations**
- Preference for clear leader in the market
- Excellent references: Delivery references and experience in complex business change as key differentiators
- Functional and non-functional requirements important but not the key buying rationale

**Prime contractor (Lack of SI)**
- E2E accountability
- Increased bargaining power to influence roadmap (ability to evolve the product)
- Post-sale support
- Product-based/less customization
- Speed of implementation (out-of-the-box solution)

**Partnership model**
- Long-term commitment, based on a “double” deal: transformation and AM (large scale DEV OPS)
- Partnership model based on a mutual collaboration to align business objectives, strategy, and roadmap
- Physical presence in our core LATAM markets key to success
- To provide as simple an operating willingness to extend partnership model and sourcing landscape to drive transformation
We need a partner that offers multi-product capabilities (Nplay) through an Omni-Channel experience and help us to enrich B2B and B2C business.

**B2C**
- Transform the core business (Core BSS)
- Omni-Channel
- Digital services and capabilities (social media, Big Data, etc.)
- Enables our nPlay vocation as model of future

**B2B**
- Transform the core business (Core BSS)
- MNC—international vision (unique customer across a region)
- Common processes and E2E vision
- Enable global products (cloud platforms)
- B2B2X (wholesale, MVNE, CSB, etc.)
Maximizing reutilization and standardization across the group

A “galaxy” of opportunities

- Economic efficiency through economies of scale and reutilization (governance model, integration architecture, etc.)
- Reduce risk of failure through reutilization and knowledge sharing (lessons learned)
- Reduce time of deployment through build-once philosophy
- Standardization of business processes through application of OoTB eTom processes; foster business and technical alignment through a common framework
- Galaxy model enables a great opportunity to foster business processes standardization and reuse, even if there is no business appetite for standardization
Example of visible transformation benefits

- Increase automation (self-manage procedures)
- Reduction of IT demand in mobile and fixed
- Speed the TTM of new PandS (mobile and fixed)
- Simplify the number of plans and added-value services
- Reduce the number of systems and platforms

Benefits

- Procedures
  - Reduce the number of calls to the Call Center
  - Improve the Average Handling Time
  - Reduce the number of FTE needed
- Demand
- TTM
- Plans and Added-Value Services
- Systems and Platforms
- Training
  - Single ticketing (fixed + mobile)
  - Single intranet (fixed + mobile)
  - Increase e-billing (paperless)
- BackOffice
  - Reducing the time needed for training

Increase automation (self-manage procedures)
Telefonica and Amdocs in partnership

- Clear OoB processes
- Strong methodology and governance model
- Industry focus and operational excellence
- Catalog-driven solution (BSS and OSS)
- Clarity of product roadmaps
- Robust multi-play solution
- Scalability, modularity, portability, and openness
- Solid adherence to TM Forum standards
- Pre-integrated, high-performance suite
- Maximize benefits of standardization and reutilization through Galaxy