

‘Making the customer king – the importance of putting the end user at the centre of your business strategy’

speech by

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at

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The world changed for all of us in the communications industry the day we learned to digitise everything.

Once digitisation became easy, convergence became inevitable.

The Internet came along and it brought with it something called IP.

IP grew up and it changed the way we think, the way industries operate, the way people live and access information and services.

It opened minds and fuelled imaginations.

It inflated expectations and, with that, a global economic bubble ... and then the bubble burst ... spectacularly.

But convergence is still inevitable, it's still desirable and it's with us today.

We in telecoms usually think of convergence as putting voice, data and video on a single platform.

Outside the telecoms industry, businesses – those institutions and customers that depend on the communications industry to operate successfully - see convergence as an opportunity.

But not just an opportunity to make voice calls and transmit data at the same time ...

Many see the IP future as an opportunity to claim new markets, new customers, new sources of sustainable revenue and profits.

And they see convergence as a way to enhance the service that they can deliver to their customers and generate competitive advantage for themselves at the same time.

The future of telecommunications will be about the customer in a way that the past never could.

Good morning and welcome to Carriers World. The value of events such as this is the important platform they provide for us to address the future and the challenges we all face as an industry.

They create a forum for discussion and debate and, on behalf of BT, I'm delighted to have the opportunity this morning, I hope, to help stimulate some of that debate.

All of us say it all the time. Our customers are king. We put our customers at the heart of everything we do.

It's a key strategy for BT, and for BT Wholesale, and I'm sure it is for you, too. But the big question is how do we do it? How do we go about it?

And as a service provider that offers products and services that enable the 60 million end user customers in the UK, whichever provider they use, to do the same, how do we help them achieve their, usually similar objectives?

These are big important issues for our industry and this is the right time to have the debate.

These big important issues were considered at some length when BT was developing its vision for the 21st Century Network, or 21CN.

That's because 21CN is considerably more than a network transformation and the 21CN programme – one of the largest and most radical in the world today - is much more than the preserve of network engineers.

Being successful in any business is a matter of balance.

It's a balance between investing to generate profitable new revenues without allowing costs to spiral out of control.

It's about getting the balance right between delivering business results today and planning and preparing for tomorrow ... and often doing this whilst the rules of the game change beneath our feet.

And in my role – as Chief Executive of BT Wholesale - it's about getting the balance right between what we're doing to support BT's business' success, and - at the same time - the success of the industry and its their customers.

21CN has three key objectives and they have been consistent from the early days of the development of our plans.

First is to empower the customer with control, choice and flexibility in a way that is simply not possible today.

This means giving customers – my intermediate market customers and their end users - the ability to amend and change service parameters in real time themselves.

And for end users it means the capability to access services from anywhere on any device – fixed or mobile, telephone or PDA, PC or fridge.

The second is to develop exciting new services for customers much faster than we can do today.

This is critical. The drumbeat of new service delivery from the communications industry is accelerating all the time.

Think about 80 years of the telephone service, 20 years of mobile, 10 years of the internet and now five years of broadband.

Product life cycles are reducing and customer expectations accelerating and the average of 18 months it takes to bring a new product to market today is simply too slow for success in the 21st century.

My customers, the other service providers across the UK which includes BT's downstream businesses, want new services that they can provide – and that they can sell – faster than ever before.

This is crucial to their revenue streams and their competitive advantage.

And they want these services to be easy to differentiate, easy to customise. And they want them cheaper than ever before.

And end users want access to new services that make their lives easier, more productive and more efficient. And they don't want to wait 18 months for the privilege.

21CN has been designed to help deliver this. We expect average product development cycles to reduce by at least two thirds by using common, reusable capabilities.

And thirdly, by reducing the complexity and collapsing multiple BT service-specific platforms into one all IP end to end platform, 21CN will help reduce costs and grow cash cost savings - expected to amount to £1 billion per annum by 2008/9.

Considered together, the objectives we've set out for the programme offer something to customers at all levels.

There's something for my wholesale customers – the industry – with more new and compelling converged services made available faster so they can package compelling propositions for their customers.

And for users of telecoms services, there's more flexibility and more direct control of how they choose, use and change those services – either in their personal or professional lives.

21CN will introduce a 'hands-off', net-centric environment where end users interact directly with the infrastructure.

This means that if a customer wants to change any aspect of their service at 10pm at night, they'll be able to do it themselves, when they want the change, not having to rely on someone in a call centre to arrange for someone else to do it when their schedule allows.

.....Turn up broadband to send big files to friends in America

As all of us in this room know only too well, this is not the way our industry operates today.

Of course, some customers won't want self-control services. For them, and we estimate that's about 20 percent of people, they'll still be able to call and have the same support over the telephone as they have today.

Crucially, the economics that underpin our industry are changing. BT Wholesale, other parts of BT, other operators in the UK, and operators around the world, are witnessing continual margin erosion and revenue reductions.

The telecoms market is a tough place to be and it takes a lot of hard work, a lot of additional sales and continual cost-savings - just to stand still.

And I don't believe that the price reductions that end users expect and demand, and that regulators often mandate, are about to be relaxed anytime soon.

Communications in the UK is an ultra competitive market and that level of competition will continue to drive continual downward pressure on prices.

The cost savings from 21CN will help ensure that BT can continue to deliver better and better value, year after year, as it has done.

The telecoms market is a tough business and it getting tougher every year.

And that is why those service providers that put customers at the heart of their strategies will have the best chance of success in the future.

In designing the 21CN programme, we thought about the customer and what they needed. We also asked them what they wanted.

They told us they wanted greater control, flexibility, simplicity and choice from their communications services and how they use them.

21CN is designed to embed the potential of that flexible, converged future into the network.

Wouldn't it be great if you could access voice messages, data or video on any device at any time?

Wouldn't it be terrific if you could move seamlessly between the written and the spoken word on the same call?

And wouldn't it be fantastic if you could share your personal contact directory across your home phone, PC, mobile & PDA.

And wouldn't life be easier for all of us if we never had to think about bandwidth – because it's as wide as we need it to be, all of the time?

This is the kind of service flexibility we're building into 21CN, a massive systems challenge, but the green-field element of 21CN means we have the opportunity to design it in from the beginning.

Of course, a change as strategically significant as 21CN will have an indelible impact on us all, the whole of the communications industry - in the UK and across the world.

We at BT believe that all service providers in our market place who depend on BT's network to offer customer services deserve a say in how this new network infrastructure and operating environment can help them put their customers at the heart of their strategies.

That's why we're taking a fully consultative, open and transparent approach with industry, through our Consult21 programme.

Consult21 is a forum to help us all think about how we plan to grow our businesses as BT implements this network infrastructure with the range of new, compelling services it will support.

We see 21CN as the enabling infrastructure for growth for everyone that uses it. So we're asking people to work closely with us.

The transformation we are undertaking with 21CN is a world first for a major incumbent and the approach we are taking to consultation within our industry is also unique.

We believe that our Consult21 programme has already helped us find a way through the complexity of the changes we are planning.

And it is giving key players in our industry the opportunity to talk and influence how we plan to migrate all our customers to the new 21CN world.

It is the largest voluntary industry consultation programme of its kind ever undertaken, anywhere in the communications world.

Consult21 supports a range of working groups to produce detailed plans for issues such as interconnection, technical standards, timing and commercial arrangements to make 21CN a reality for a whole industry, not just BT.

And this programme is set to continue as we plan our rollout and customer migrations.

Consult21 will also help industry to think about the products, services and applications that can hang off the 21st Century Network, all with one common factor in mind – the customer experience that can be offered.

So we need as an industry to move onto the discussion about what's in it for large corporate customers.

And what about smaller businesses? The inherent flexibility being built into 21CN will provide small and medium size enterprises with the ability to act like corporate businesses with scale. How do we leverage this as an industry?

21CN will also give service providers, third party applications developers and device manufacturers the opportunity to experiment more at less cost and at reduced risk. These are future big discussions to be had too.

Convergence is driving the need to change and will bring a wealth of new services and a radically better experience for communities and businesses across the UK.

The big opportunity BT is trying to embrace with 21CN is to transform our business and the service and products it delivers to customers. Success requires us to put the customer – the customers – at the heart of our strategy and engage with them openly.

We're doing this today and I believe we'll all benefit as a result.

21CN isn't just about BT, or the telecommunications industry. It's about helping to create better societies, more competitive economies.

It's about helping to create better lives for people – those people are our customers.

Thank you.

ENDS/...