Telcos amidst COVID-19

Balancing Act between Challenges & Opportunities

Euromena Consulting's Perspective

March 2020

Context & Objectives

- Telecommunication providers around the world are being particularly **challenged and disrupted by the on-going COVID-19 outbreak**. Adapting their activity to minimize the virus' consequences on their performance has become an immediate imperative. However, this crisis also sheds light on the crucial role that telecommunications play in consumers' daily lives.

- This perspective suggests general and preliminary strategic guidelines on operators' best practices vis-à-vis the COVID-19 crisis, **by promptly addressing underlying, pressing challenges while preparing to grasp opportunities generated by the new, emerging costumer patterns.**

- **Euromena Consulting is committed to mobilizing its operational and sectoral expertise to support its clients' adaptation** to this new international context, from maintaining ongoing operations with minimal losses to demonstrating the strong societal engagement and impact that could have in the fight against the virus.

Telcos amidst COVID-19: Balancing Act between Challenges & Opportunities

Adopt measures to manage risk and limit exposure

1. **Crisis coordination**: Prepare for emergency creating a Business Continuity Plan, appointing an Emergency Response Team and planning for after the crisis
2. **Team mobilization**: Protect personnel and limit exposure by implementing remote work, strict monitoring and reporting job cuts
3. **Network operations**: Minimize contact by replacing home appointments with remote and DIY diagnostics and by training and equipping technicians
4. **Sales**: Adapt vending patterns to confinement (telesales, online sales, delivery, easing identification processes, etc.)
5. **Communication**: Maximize transparency internally and externally

Assume key role in the fight and response against the virus

1. **As critical infrastructure providers**:
   - Provide communication platform between public services and citizens on the crisis (access to information, emergency helplines)
   - Share anonymous and sanitized mobile data to track movements and the spread of the virus
   - Guarantee continuity of critical services (maintaining quality of networks, access to education, digitized bill payments)

2. **As philanthropic actors**: Support organizations acting against the COVID-19 crisis, consider donation of funding or critical medical equipment, support development of e-learning platforms & apps

Grasp the opportunity to strengthen customers' interaction and loyalty

1. **Relieve the cashflow value chain pressures**: Negotiate bill payments, do not terminate services, early pay to suppliers, etc.
2. **Offer free extra data allowance**: Augment data for no extra costs, remove data caps altogether
3. **Provide discounts**: Decrease costs of subscriptions, waive fees, cancel mobile money transaction charges
4. **Free access to services**: offer free services for businesses (sharing and remote working tools), students (educational content) and families (entertainment)

Embrace digitization trends and patterns, targeting long term benefits

1. **Digitize sales channels and customer care**: prioritize digital sales channels by setting up live sales teams /eSIM services; create new digital channels of customer services, chatbots and video tutorials
2. **Incentivize mobile money and digitize top-up**: launch mobile money campaign and advertise promotions on self top-up
3. **Exploit new value propositions:** understand emerging new residential and enterprise customer patterns (tele-working, remote collaboration etc.) and create related value-propositions
4. **Upgrade networks**: increase data backbone capacity and expedite 5G roll-out

Euromena Consulting

Operators adopt concrete measures to manage risk and limit exposure to the COVID-19

Crisis coordination
Prepare for emergencies

- Create and/or implement **Business Continuity Plan**
- Appoint a cross-departmental **Emergency Response Team** responsible for adopting and implementing responsive measures
- Start **planning** for demand deceleration and **post-crisis period**

Team mobilization
Protect personnel and limit exposure

- Identify and **isolate contagious personnel** as soon as possible
- Prepare the shift to **fully remote work** and home office, with deployment of collaboration tools
- Virtualize call centers
- When physical presence is necessary, **implement strict security measures**
- Commit to **reporting job cuts** for some time

Network operations
Ensure continuity Minimize contact

- Ensure seamless and **undisruptive continuity of critical access and core network infrastructure**
- When possible, replace home appointments with **remote diagnostics and self-install / repair tools**
- Conduct 2-step verification of potential contamination before visits
- **Equip technicians** with masks, hand sanitizers, and goggles **and train** them to respect key sanitation rules

Sales Adaptation
Adapt vending patterns

- Place **SIM cards stands** in strategic places and prioritize **distributors** remaining open
- Minimize contact in stores: **'vending machine'** approach with service window
- Prepare for stores shutdown by **reallocating retail workforce** to telesales and customer services
- Develop **online sales** and **deliveries**
- Negotiate with regulators to **ease identification of new customers** (e.g. gradual process)

Communication
Maximize transparency internally and externally

- Communicate **internally** with employees on measures adopted to guarantee their safety
- **Reassure customers** on all measures adopted amidst the crisis – **key message**: 'all employees, dully protected, are fully mobilized to guarantee full and stable access to our services'
- **Monitor networks** and communicate openly on **congestions**

By providing critical services and philanthropic aid, telcos are taking a proactive role in the fight and response against COVID-19

AS CRITICAL INFRASTRUCTURE PROVIDERS

**Facilitate communication between public services and citizens**

- Send text messages on **government resolutions or** to **disseminate accurate information**
- Set up a national **emergency shortcode** as official COVID helpline
- Set up a WhatsApp **chatbot** to address COVID-19 queries
- Design a platform to **connect doctors** to potentially infected patients

orange
vodafone
Jio
*中国电信 CHINA TELECOM*
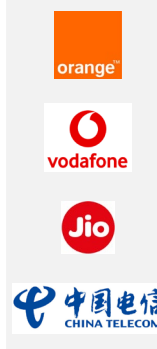
Compile and share data to fight the virus

- **Share anonymized and aggregated data** in a legally bounded manner to help map concentrations and movements in highly infected areas

T·· Deutsche Telekom
TIM
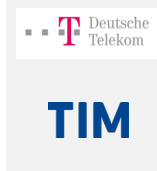
Guarantee continuity of critical services

- **Mitigate disruptions** by disenabling highly data consuming options and expanding network capacity
- **Prioritize** access to critical communications
- **Urge people** to limit unnecessary data usage and use traditional phones when possible
- **Provide free access to public educational resources**
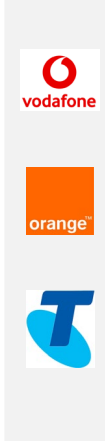- **Removing transaction charges** on payments of water, electricity, and telephone bills

vodafone
Telefónica
MTN
orange
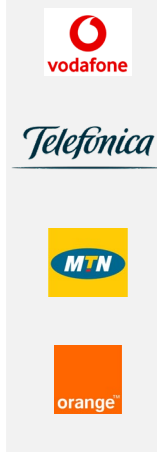
AS PHILANTHROPIC ACTORS

Support corporates acting against the virus

- **Donations** to NGOs, hospitals, government
- Donations to COVID-19 response funds
- **Renew sponsoring deals** to support small partner NGOs

vodafone
orange
T

Address the digital divide

- Focus philanthropic initiatives on **digital inclusion,** more visible and impactful than ever

BT

Support home-schooling

- Support NGOs and social enterprises who develop **e-learning platforms**

TIM

Note: *illustrative telco cases that demonstrate similar actions to those described in this perspective section*

Telcos are grasping the opportunity to strengthen their customers' loyalty through exceptional support and exemplarity

Relieve the cashflow value chain pressures

- Set up an exclusive line to discuss customers' difficulties in paying their monthly **bills**
- **Pledge to not terminate** broadband and telephone services for the next 60 days to both B2B and B2C customers
- Commit to **pay suppliers** (mostly smaller ones) in a shorter amount of time than usual
- **Free WiFi hotspots** to all public
- Minimize or **freeze bad debt "chasing"**

vodafone
AT&T
O₂
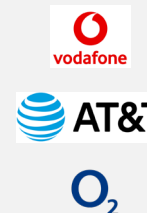
Free extra data allowance

- **Multiply mobile data** in basic and pay as you go bundles
- Boost large amounts of **data at no extra cost** for certain categories of customers
- Give extra data at no extra cost to **all customers**
- Remove data caps altogether for **home broadband customers** at no extra charge
- Remove data caps altogether for **all customers on mobile plans** at no extra charge

verizon✓
BT
Deutsche Telekom
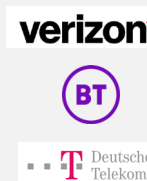
Provide discounts

- **Decrease cost of broadband subscriptions**
- **Waive** long distance **charges** and international roaming **fees**
- Especially in Africa, **cancel (some) mobile money transaction charges**
- For every new subscription, offer free services for a limited period of time

MTN
orange
Safaricom
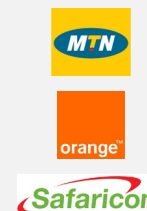
New services to support social distancing

- **Business**: Free access to sharing and remote work working solutions
- **Education**: Free access to educational content
- **Entertainment**: Free access to media and entertainment content (e.g. family-friendly channels)
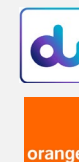
du
orange

Note: illustrative telco cases that demonstrate similar actions to those described in this perspective section

Euromena Consulting

The crisis unveils new and emerging customer patterns and trends that telcos should exploit, targeting long-term benefits

	TRENDS	*ACTIONS*	*LONG TERM BENEFITS*
Modernize Sales channels	• **Stores shutdown, preventing face-to-face sales** • Customers switch to digital channels • Tele-working and remote collaboration becomes the new norm	• Set up **live sales streams and strengthen online customer experience** • Provide **free/affordable delivery** of terminals & SIM cards / Partner with **delivery businesses** • Develop and promote **eSIM** services (no physical exchanges)	• Continue acquiring clients despite lockdown • Demonstrate **ability to adapt** to the needs of the client and increasingly digitize sales (cost rationalization) • **Exploit new residential and enterprise value propositions** around tele-working
Digitize top-up	• **Lockdown limits the possibility of recharging physically** (and high contamination risk of scratch cards and agents)	• Before lockdown, launch **mobile money campaigns** to foster creation of mobile money accounts • Lower temporarily identification / KYC standards (under government' watch) • Advertise and offer **promotions to impulse self top-up**	• Increase **mobile money accounts, usage and associated revenue** • Increase revenue from **self top-up and lower indirect sales channels related costs**
Reinforce customer care	• Stores shutdown lead to **more demand for remote customer services** • Lower reactivity from customer care	• Boost customer care capacities • Structure / strengthen **digital channels** (app, website, live chats, WhatsApp) • Implement **chatbots and video tutorials** systematically for all possible use	• Ease customers' ability to reach customer services via digital channels • **Decrease customer services workforce** and related costs
Strengthen network capacity	• Mass-scale peaks lead to **congestions and disruptions** • **Network resilience** may be significantly challenged	• **Increase short term capacity** of networks to improve resilience • **Accelerate 5G roll out** as it provides improved capacity, mobile coverage, and access to broadband	• Demonstrate **flexibility and ability** to provide steady data and adapt capacity to **new consumer patterns** • 5G rapid movers can create **first-mover advantage**

Key take-aways

- Telecommunication providers are at a crucial crossroads. On one hand, they must **act quickly to face the negative impact of the COVID-19 outbreak** on their activities. On the other hand, they are **given the opportunity to assert their central role in the societal response to the crisis and to gain deeply rooted loyalties of customers**, more aware than ever of their dependence on communications infrastructure.

- At the time of writing, Euromena Consulting has identified several **key strategic and operational priorities** for telcos to face the coronavirus crisis. Nevertheless, the high level of volatility of the current situation requires continued learning and a **flexible, rapid, and context-appropriate counteraction**. Therefore, we would like to reiterate our commitment and ability to **support your firm's corporate response against this outstanding crisis**, both in the short, medium and long term, and across strategic and operational aspects

Euromena Consulting

www.euromenaconsulting.com