



Building a Modern Telco

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Transformation Challenges

Implement Customer Focus

- Employees that understand Customer Needs
- Change Business Practices
- Unify and Standardize Processes
- Become the Provider of Choice

Measure Performance and Customer Retention

- Quarterly surveys by an independent reputed research firm



Customer Focus

Monthly Bill

Issue

- Monthly Bill is too generic, provides limited info about customer behavior, customers do not trust it
- Billing systems are antiquated

Solution

- Free Detailed Bill, with exception of local-, all calls are listed
- New national billing system will allow to offer modern price packages and price bundles

Customer Reaction

- Significant increase of inquiries after launch, positive feedback from customers



Customer Focus

Commercial Offices

Issue

- Commercial offices are very efficient in handling bill payments, despite that efficiency the costs are too high
- Sales of products and services limited

Solution

- Commercial Banks and Posta Romana offer a cheaper alternative, Romtelecom pays the transaction fees
- New retail formula; three pilot shops in Constanta, Brasov and Bucharest

Customer reaction

- 30% of all mass market bills are paid through partners
- Sales in three pilot shops more than tripled

Brasov before



Brasov after



Brasov before



Brasov after



Brasov after





Customer Focus

Call Centers

Issue

- Poor Service Accessibility and Agent Availability for
 - Directory assistance (931)
 - Fault reporting (921)
 - Inquiries & Sales (930)

Solution

- Upgrade, consolidate and partially automate call centers
- National Directory Assistance call center to be launched this month, capable of handling more than 25000 calls per hour with a response time requirement of 90% of the calls answered within 15 seconds
- Fault Reporting and Inquiries & Sales over the next 12 months

Customer Reaction

- Customers positively surprised, telephonic customer contacts score above average in customer retention survey

before



after



before



after



after





Network Projects

Issue

- More than 50 000 customers on manual exchanges
- Party lines in Big Cities
- Network in Bucharest city centre is antiquated

Solution

- Replacement of all manual exchanges by 2005
- Elimination of all party lines by 2005
- Upgrade of Bucharest City Network by 2006

Customer Retention Survey

- TRI M index
- Quarterly Surveys
- 1500 interviews among Business Customers
- 1500 interviews among Residential Customers
- Corporate and Regional Results
- Customer Retention targets to be incorporated in all managerial targets

CUSTOMER RETENTION

Fixed Line Providers, Business, Europe

Bottom 10%

37

Bottom 33%

45

Mean

50

Top 33%

55

Top 10%

63

(210 000 interviews)

47

(1 478 interviews)

ROMTELECOM, Business

Mobile phone Providers, Business, Europe

Bottom 10%

47

Bottom 33%

63

Mean

68

Top 33%

76

Top 10%

87

CUSTOMER RETENTION

Fixed Line Providers, Residential, Europe

Bottom 10%

45

Bottom 33%

55

Mean

61

Top 33%

65

Top 10%

77

(280 000 interviews)

61

(1 506 interviews)

ROMTELECOM, Residential

Mobile phone Providers, Residential, Europe

Bottom 10%

55

Bottom 33%

65

Mean

69

Top 33%

77

Top 10%

86



Customer Retention Observations

Slightly below European average for fixed line Telco's, but should be seen in the context of a very low level of customer expectation

- Retention for Top Business - and High Value Residential customers is too low

Biggest RTC strength is technical quality

- No motivator for retention as customers consider this a 'must have'

Biggest weakness is the area of prices

- Concerns total spend rather than the individual prices

Other weaknesses are orientation on solution and the approach towards customers

Conclusions

- Ambitious transformation program
- From 1960's PTT to 21st century Telco
- No time to lose

- Romtelecom is on the right track

- Only real benchmark is the customer



Thank You
For Your
Attention!