

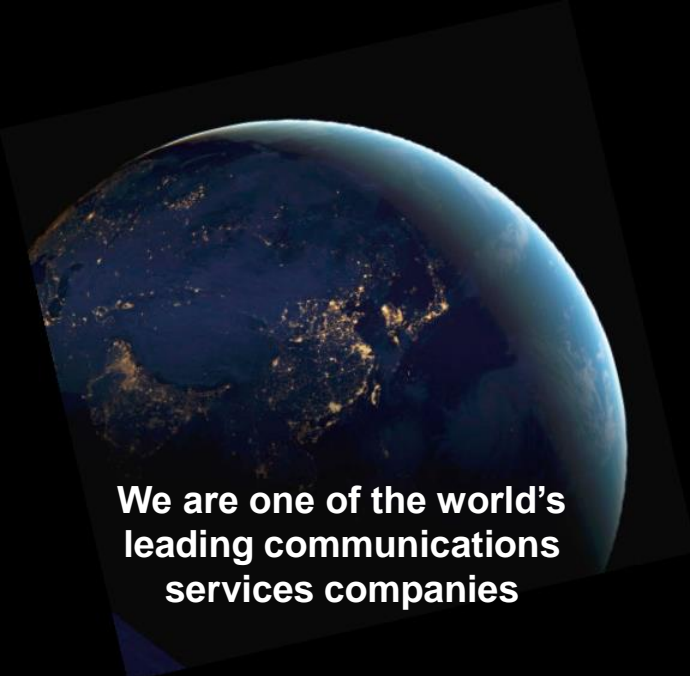


BT Group Transformation

Summer 2016

BT Centre
81 Newgate Street
London EC1A 7AJ





We are one of the world's leading communications services companies



In the UK we are delivering one of the fastest rollouts of fibre broadband in the world



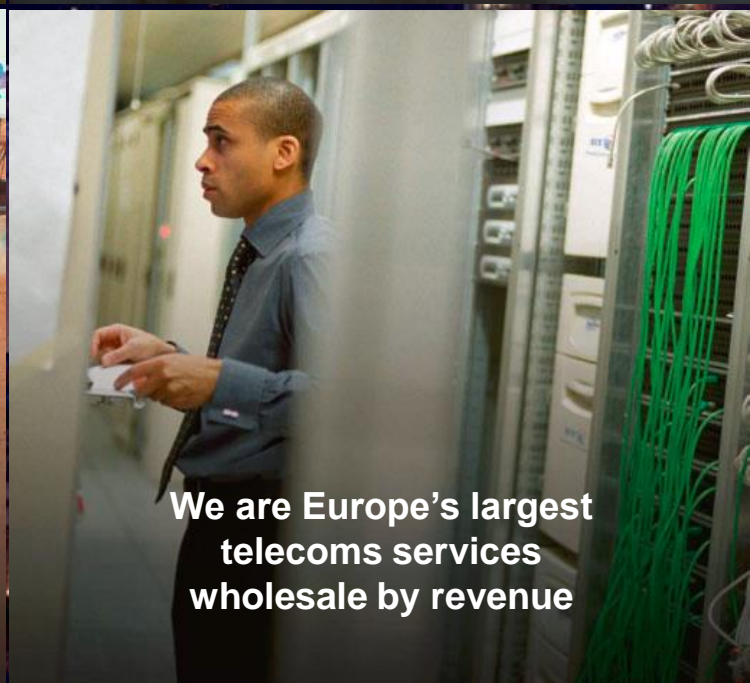
We provide managed service networks for many of the largest global companies



We are the leading provider for voice and broadband services to UK SMEs and consumers



Everyday we touch the lives of millions of people, helping them communicate, do business and be entertained and informed



We are Europe's largest telecoms services wholesale by revenue

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External Feedback

Cost Transformation were recently presented with **The Gold Medal for Excellence** by the BQF Board which demonstrates outstanding and sustained commitment to excellence over a number of years.

BT were presented the **‘Finance team of the year – Innovation’** prize at the Director of Finance Awards 2015. This is an Industry recognised award for our innovative approach to transforming our cost base through our in-house consultancy and insourcing strategy.

Deutsche Bank



“The impressive cost transformation (CT) team at BT has evolved from 30 to 130 consultants between 2011 and 2014. All IPR is maintained in-house with programmes adopting a ‘forensic rather than gut feel’ approach. BT views that it is now 2nd or perhaps 1st amongst 8 benchmarked European peers but nevertheless believes that although the ‘low-hanging fruit has been picked’ there is still upside on costs, especially as best practice is often outside of the world of telcos”



“Cost transformation serves to improve customer service, and therefore improve profitable revenue prospects. It also serves to convert more revenue into free cash flow, part of which is reinvested to drive sustainable, profitable revenue growth”

External Feedback

RAYMOND JAMES®

“Management is targeting a potential >£1bn in gross savings, i.e. 7% of opex and capex and 16% of 2015 EBITDA. BT has delivered an average costs reduction of 6% per annum over the past five years, including 4% last year. Interestingly, the target is similar to the one of £1bn announced early 2013, as the company continues to identify opportunities – BT believes it is now ranking #2 out of 8 for efficiency in sector benchmarking (vs. #4 early 2013)”



“BT clearly has further opportunities to take out costs from its business and it remains fully committed to doing this. The group transformation team within BT has grown over the past few years and the number of employees that have been trained in this area is also impressive. Management was also open that it can still improve the processes further, particularly when it comes to implementing new services”

Managing Director's Biography



Shahzad Saleem
Managing Director, BT Group Transformation

“
Since its inception this unit has developed more entry talent in to senior executives in BT than any other unit in the last 11 years, through a combination of project mix, senior exposure, coaching and nurturing
”

Shahzad currently runs Group Transformation, an externally recognised and industry leading team. Predominantly focused on complex and e2e group transformation and delivery, the team has also rolled out Continuous Improvement methodology to over 20,000 BT people to date.

The internal group transformation consultancy was first founded during Shahzad's early career at BT. **The business has saved in excess of £5bn since its inception with the team contributing more than £2bn** and the unit's reach has significantly expanded to now being pan-BT.

Career Profile

2010 – Present MD, Group Transformation

2009 – 2010 FD, BT Wholesale
2008 – 2009 Director, HR
2006 – 2008 CFO/COO Directories
2004 – 2006 Head of GT, BT Retail

Prior to Group Transformation

Shahzad has previously enjoyed roles as CFO/COO Directories, successfully growing the business from £6m to £65m EBIT in 2 years. He was also Wholesale Markets FD signing over £3.5bn deals before moving into his current position as managing director of BT Group Transformation.

Prior to BT

Shahzad went from University to running an events management business, joined ITV in his first corporate role, then went on to qualify as a chartered accountant and gained his MBA at Manchester Business School.

Shahzad is a keen player and fan of football and cricket. He's a charity ambassador, and a Non-Executive Director of British Quality Foundation.

BT Overview

BT is one of the world's leading communication services companies. Our main activities are the provision of fixed-line services, broadband, mobile and TV products and services as well as networked IT services.

£39bn

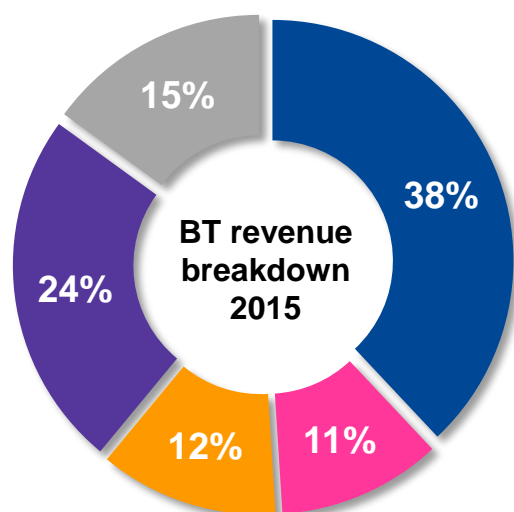
**BT market
capitalisation¹**



**c.87k employees
worldwide**



**Servicing companies
in over 170 countries**



BT Global Services

Providing managed networked IT services in more than 170 countries worldwide. Serving 94% of the FTSE 100 companies.

BT Wholesale

Europe's largest wholesaler of telecom services. The UK's market leader of Ethernet services and supporting the migration to IP through IPX

BT Consumer (Retail)

Providing telephone, broadband, superfast broadband and BT Sport to the UK consumer market and mobile.

Openreach

Managing the access network, including fibre and copper. Fibre broadband passes more than 23m premises in the UK.

BT Business

Serves the UK SME market for all fixed and mobile communications and IT needs.

TSO

Designs, builds and runs the systems and networks that support our products & services.

¹ As of March 2016

BT's Management



Gavin Patterson
CEO, BT Group

Career Profile

2013 – CEO, BT Group

2008 – 2013 CEO, BT Retail
2004 – 2008 MD, BT Retail
2000 – 2004 MD TV, Telewest
1991 – 2000 Marketing, P&G



Tony Chanmugam
CFO, BT Group

2008 – Present CFO, BT Group

2004 – 2008 CFO, BT Retail
2004 – 2008 MD, BT Enterprises
1997 – 2004 CFO/COO, BT Global Solutions



Howard Watson
CEO, Technology, Service and Operations since 2016

2013 – 2016 Managing Director, BT TSO
2011 – 2013 Chief Architect, BT TSO



John Petter
CEO, Consumer since 2008

2004 – 2008 Managing Director, BT Consumer
2000 – 2004 Marketing & Commercial Director, Telewest



Clive Selley
CEO, Openreach since 2016

2013 – 2016 CEO, BT Technology, Service and Innovation
2010 – 2013 CIO, BT Group



Luis Alvarez
CEO, Global Services since 2012

2010 – 2012 President EMEA, BT Global Services
2008 – 2010 Managing Director, BT GTM



Graham Sutherland
CEO, BT Business since 2013

2011 – 2013 Managing Director, BT Business
2010 – 2011 CFO, BT Ireland



Marc Allera
CEO, EE since 2016

2011 – 2016 Chief Commercial Officer, EE
2009 – 2011 Corporate Board Member, Great Ormond Street Hospital



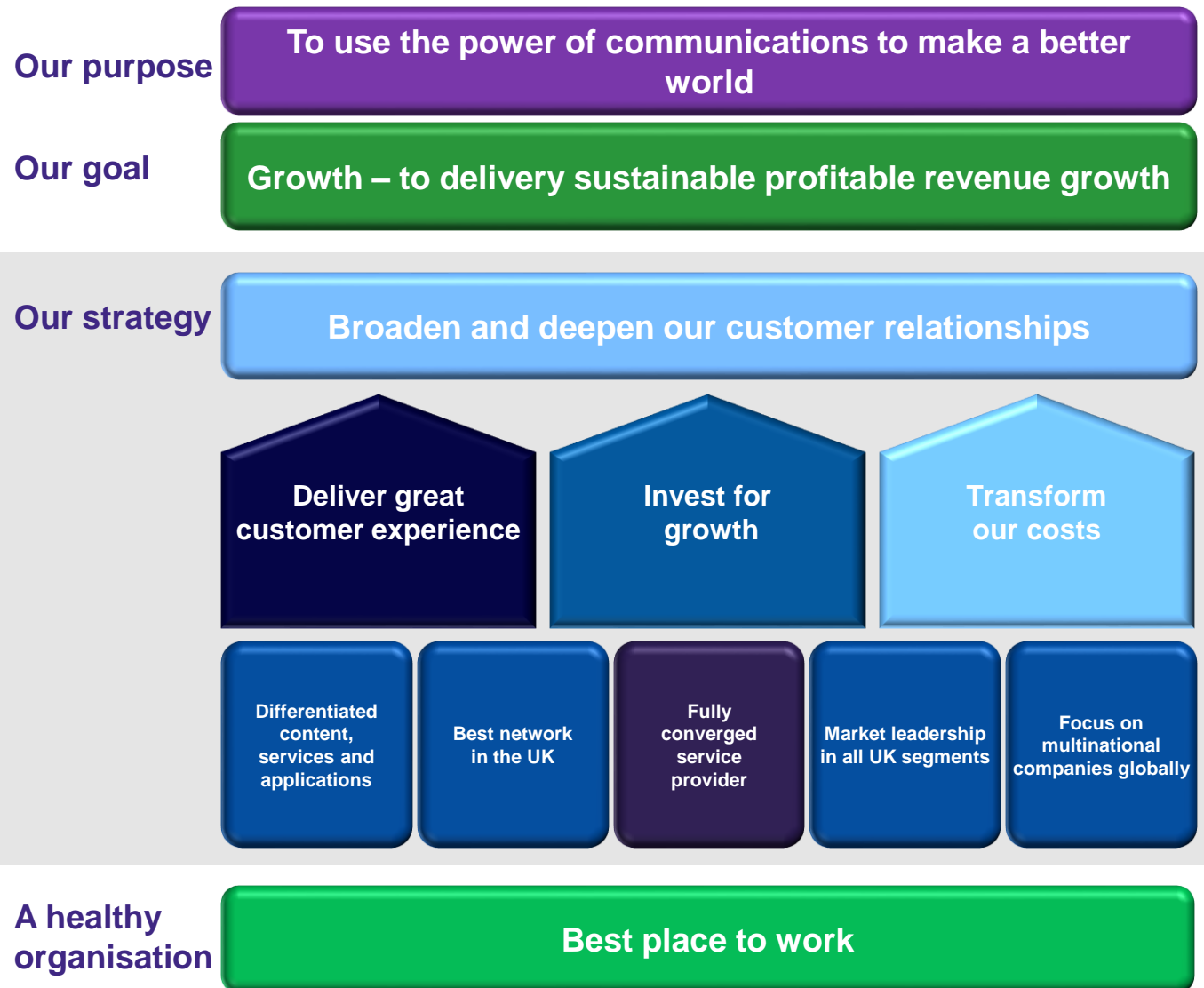
Gerry McQuade
CEO, Wholesale & Ventures since 2016

2010 – 2016 Chief Marketing Officer, EE
2008 – 2010 Chief Development Officer, Orange

BT's Strategy

Our Purpose

We use the power of communications to make a better world. We bring together the best networks and technology, with the expertise of our people, making connections, creating new possibilities and developing services that our customers value. This way businesses can grow, communities can flourish, and individuals can get more out of life. That's the difference we make, every day at BT.



Our Goal

Our goal is to deliver sustainable, profitable revenue growth. To do that, we need to broaden and deepen our customer relationships. So we need to get and keep new customers, and make sure that they buy more services from us.

To do all this, we need to do three things:

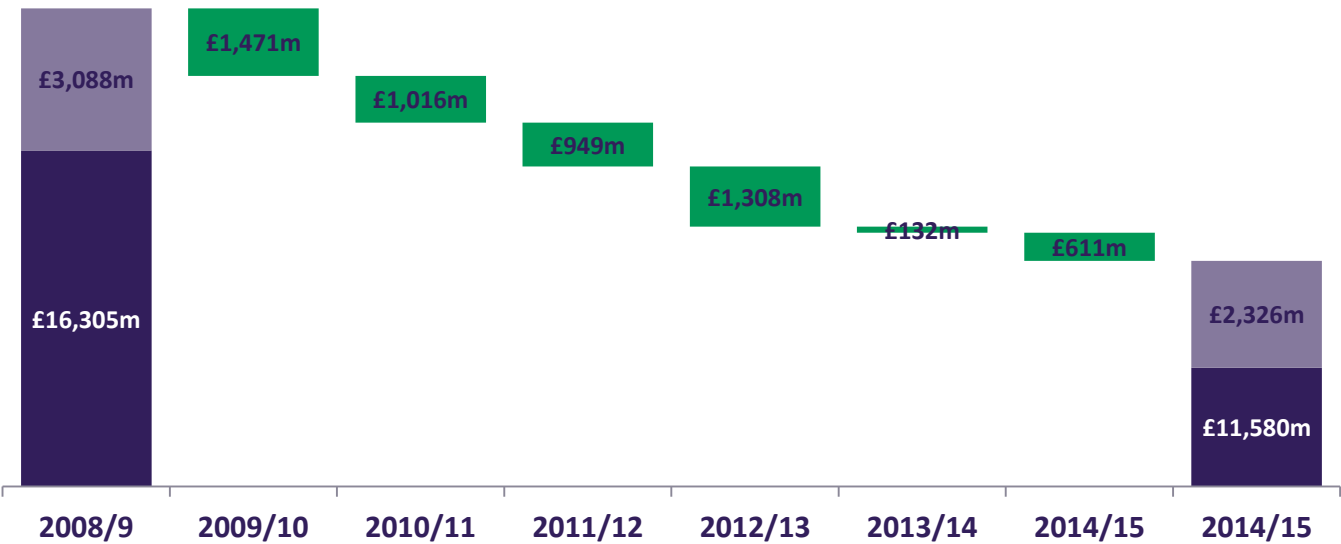
- deliver great customer experience
- transform our costs
- invest for growth

Group Transformation in BT

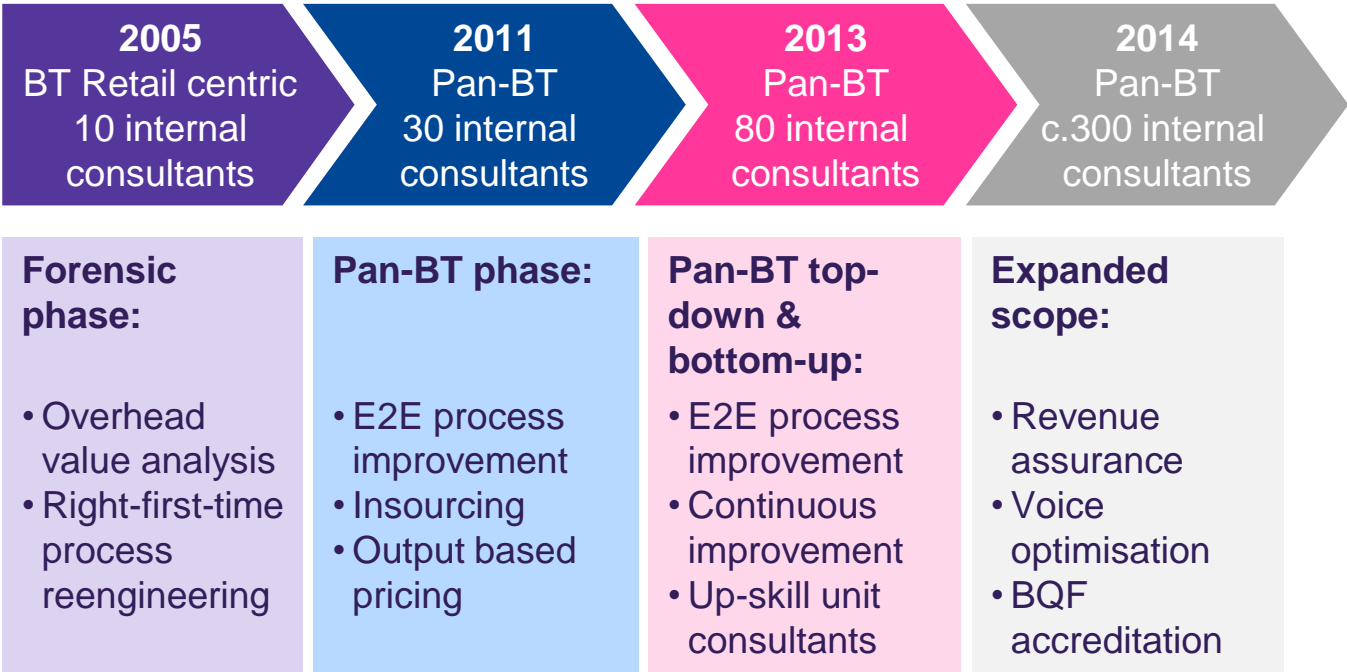
BT defines group transformation as sustainable reduction in cost base driven at a service level equal to or better than previously achieved with the same or higher level of value add to the end customer.

BT Cost base since 08/09

BT has reduced its cost base by £5.5bn since 08/09, with more to come.



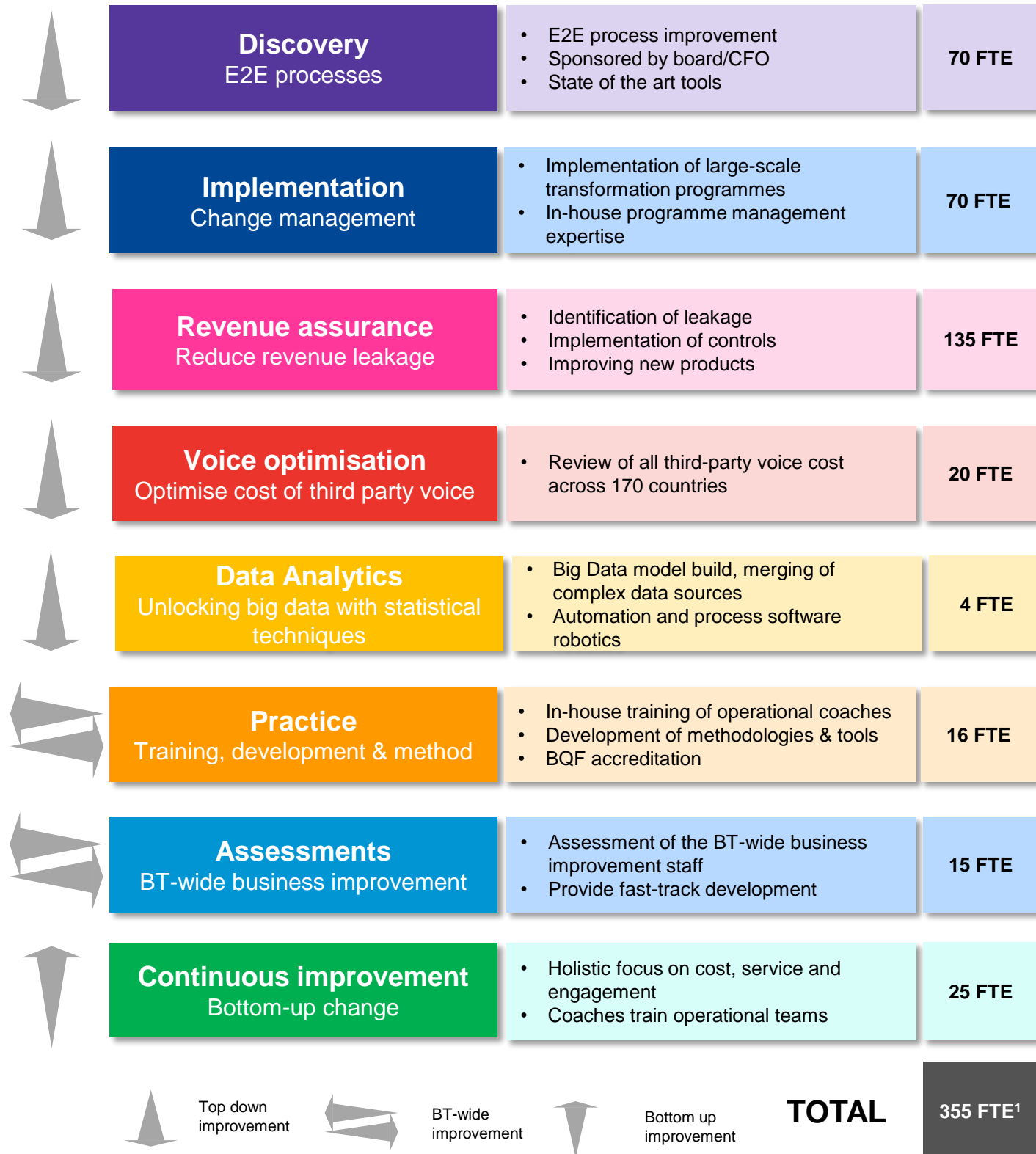
The group transformation team has evolved over time to incorporate more challenging and strategic projects.



¹ As at August 2015

Group Transformation Functions

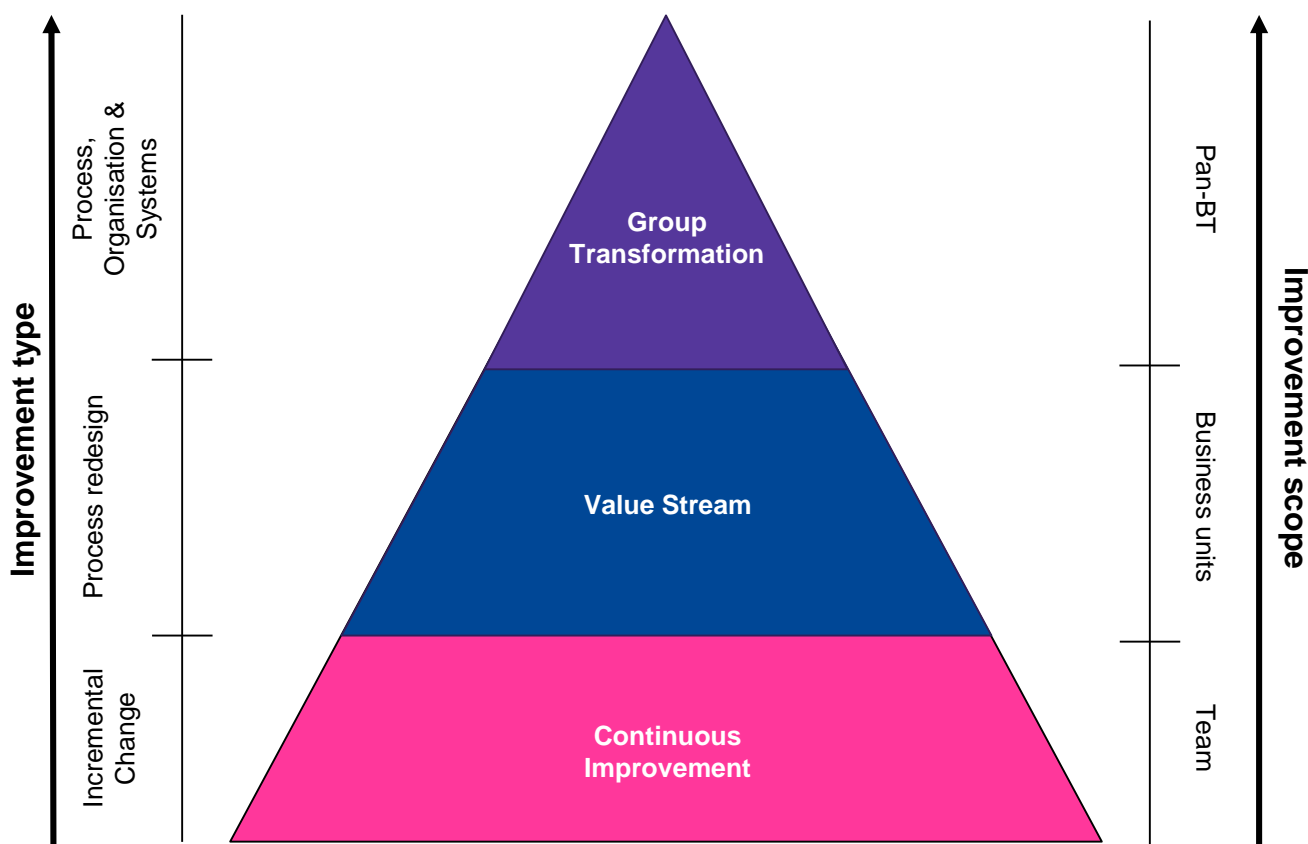
The team is made up of multiple skill sets to deliver sustainable group transformation that benefits the customer and employees.



¹ As at March 16

Group Transformation Approach

There are different methods to drive group transformation, varying in scale and reach. GT has the ability to combine all programme types.



| Continuous improvement (CI) | Value stream (VS) | Group transformation (GT) |
|--|---|---|
| <ul style="list-style-type: none"> Continuous improvement, bottom-up Within teams (~200 to 400 people), focused on process (step) improvements and simple system fixes Improving service, cost and team engagement by empowering bottom-up change | <ul style="list-style-type: none"> Key process redesign within unit (C2M, L2C, T2R) Within business units or across units Focus on process redesign and value stream mapping Improving service and cost, by engaging teams and taking out the process waste | <ul style="list-style-type: none"> E2E transformation projects – often spanning across multiple LOBs Focus on process, organisation structure, systems, incentives, etc. Typically driven top-down with step-change impact on cost and service |

Group Transformation Progression & Development

GT has a tiered system throughout all sub-teams. Feedback is continuous throughout the year, with development opportunities discussed regularly.

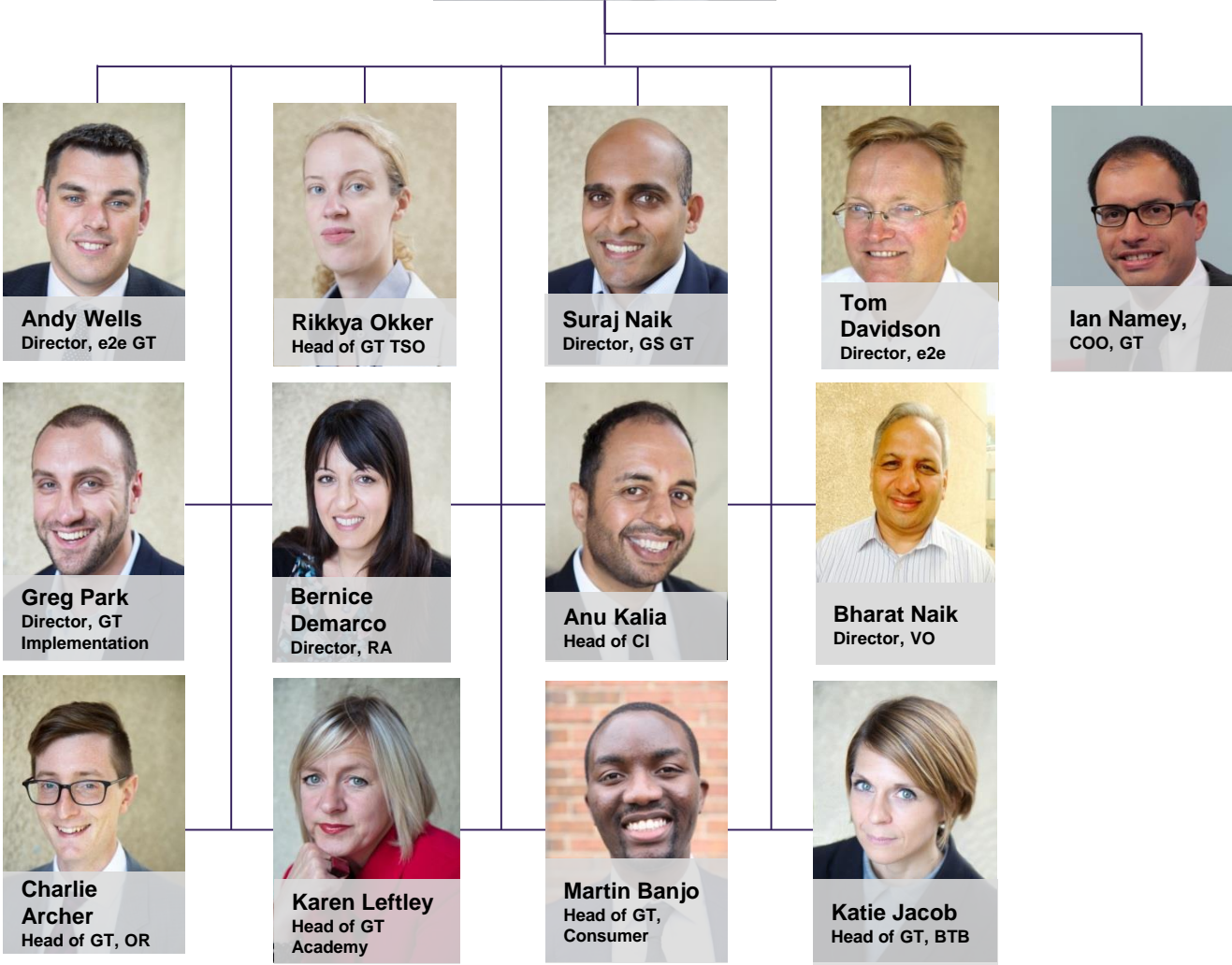
| | | | | |
|-------------------------------------|--|---|---|--|
| Tier 2/ 1 / HO NA | Top <ul style="list-style-type: none"> Presentation skills MBA Leadership courses ICAEW | | | |
| Tier 3 - 1 6 – 18 months | GT <ul style="list-style-type: none"> • Black belt • GT case studies • Advanced excel • Mentor | CI <ul style="list-style-type: none"> • Black belt • Lean master • CI case studies • Train the trainer • Mentor | Assessment <ul style="list-style-type: none"> • Advanced talent management / coaching (?) • Mentor | Implementation <ul style="list-style-type: none"> • Advanced project mgt • Impl. case studies • Mentor |
| Tier 3 - 1 6 – 18 months | Advanced <ul style="list-style-type: none"> • Network & systems • BT products (Showcase) • Benchmarks • Finance (for non-finance) • Coaching & feedback • Interview techniques • Meyers Briggs • Facilitation skills | | | |
| All tiers 3 – 9 months | Standard <ul style="list-style-type: none"> • VFM • Erlang model • Spans & layers • Stakeholder mgt • Presenting skills • How BT makes money • BT finance & commercial • Basic project mgt • Excel • PPT • Influencing | | | |
| All tiers 0 – 3 months | Standard <ul style="list-style-type: none"> • Introduction to BT & team (incl. OVA / VAGT) • Six sigma (advanced green belt) • Standard training (regulatory, induction, etc) | | | |

Opportunities to coach more junior team members are encouraged. It is common for team members to seek mentors within the business


GT Organisational Structure




Shahzad Saleem
MD, GT



Recruitment Managers



Victoria Cookson

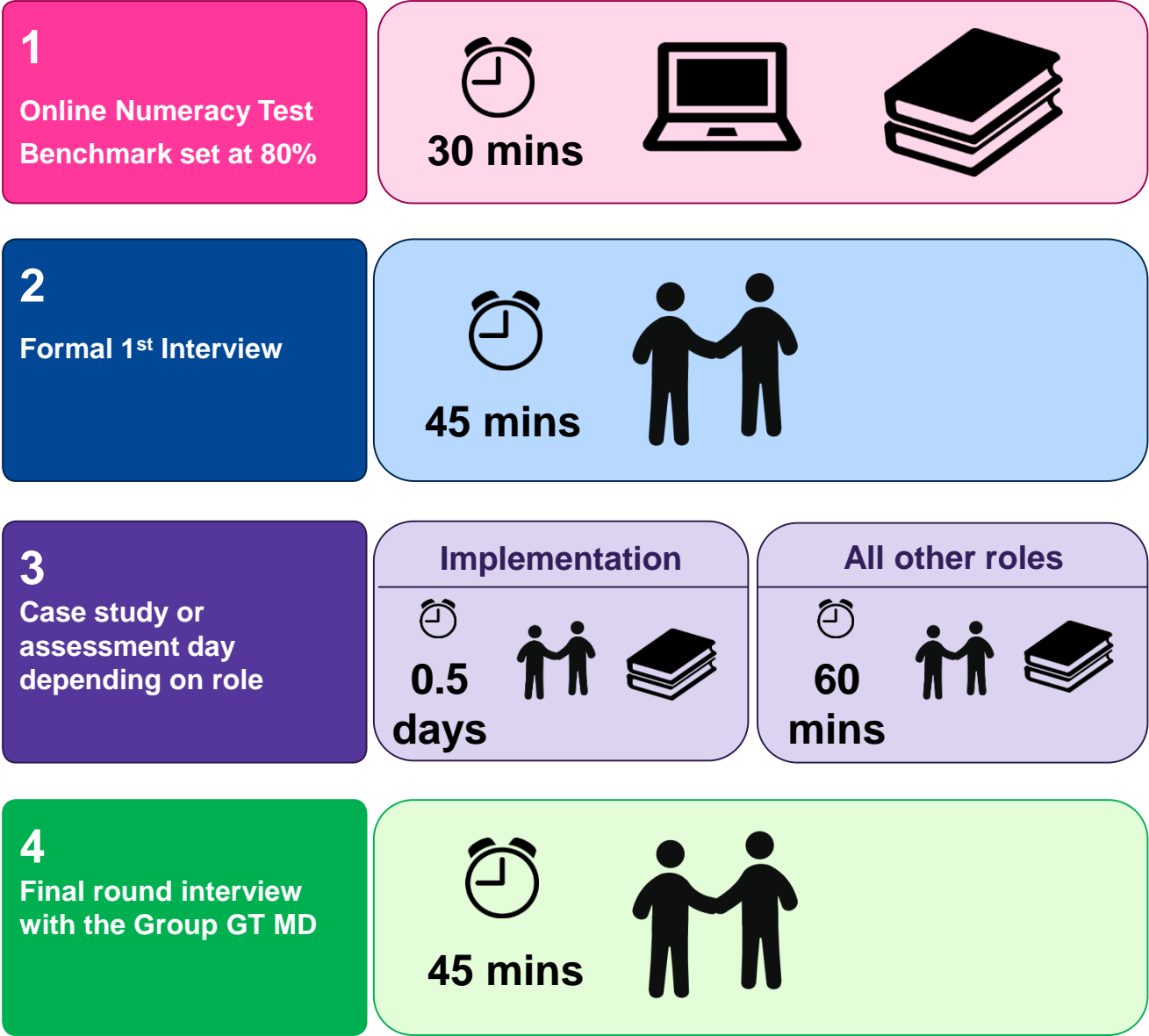


Selena Davies

Recruitment Process

“The desired candidate will be a self-motivated, self starter who couples superior analytics with senior stakeholder management. The individual needs to be deep in detail while viewing the strategic direction the project needs to take. Radical ideas are encouraged provided forensic analysis can support the recommendations. Resilience, confidence and ambition is a must ”

Shahzad Saleem, MD Group Transformation



Case Studies - people



Claire Watt, FD, Group Finance

Mar 13 – Present; FD, Group Functions
 Dec 10 – Mar 13; BT Innovate & Design CFO
 July 09 – Dec 10; BT Director of GT
 Apr 08 – Jul 09; BT GS Asia CFO
 Feb 07 – Apr 08; BT Plusnet FD
 Nov 05 – Feb 07; GT Senior Consultant
 May 05 – Nov 05; GT Consultant

Biggest Challenge:

When I joined GT it had no reputation and no toolkit. I was part of creating the tools, the methodology and building the reputation. On my first project I developed the first version of the OVA methodology which has subsequently been used across the business for the last 10 years.

Favourite thing about GT:

The variety of work and the opportunity to work with so many diverse areas of the business. You get to make a difference, working with MDs and CEOs on operational issues, partnering with them to help them deliver against their targets and achieve their goals.



Buchi Onwugbonu, VP, Global Field Service

Apr 13 – Present; VP, Global Field Service
 Jan 11 – Apr 13; GT Head of Finance
 Jun 10 – Jan 11; GT Senior Consultant
 Nov 09 – Jun 10; GT Consultant

Biggest Challenge:

When I joined GT it had only just moved from Retail into Group. The biggest challenge I faced was engaging the Senior Leadership Team within Global Services. They needed convincing of the GT principles and methodologies. Through persistence and delivering some quick wins I was able to convince them. It helped that GT had such high profile sponsors even back then! Working together we were able to deliver against a very challenging target of identifying £100m+ of benefits.

Standout moment:

In 2012 I was asked to present, alongside Tony Chanmugam (Grp FD) and Shahzad Saleem (MD GT), to the top City Analysts. We were grilled on how rigorous our GT methodologies were and challenged as to the validity of our results. Later that day the share price increased, so we must have said something right! I really felt I had been involved in something much bigger than myself and felt good about what we were achieving.

Case Studies - people



Matt Davies, CFO, BT Consumer

Sep 13 – Present; CFO, BT Consumer

May 10 – Sep 13; FD, Consumer

May 08 – May 10; Head of Finance, Consumer Voice

Jan 06 – May 08; Group Transformation Consultant

Biggest Challenge

When I joined the team, I had no experience in consultancy and I needed a crash course in PowerPoint! I was naturally creative when it came to problem solving so I was suited to the GT role. What I lacked was the structure to package up my ideas, sell it to the key stakeholders and ultimately get it implemented. The GT role gave me the tools I needed - I made change happen - turning good ideas into reality.

Favourite thing about GT

The best thing about GT was the variety. If you have an analytical brain and creativity then you can apply that to any problem. There were no limits or boundaries, you just needed a good idea.

Standout moment

I was asked to go out to India and take a look at the call centre operations of some of our big BPOs. That was it as far as the brief was concerned! We came up with 'time of day' analysis looking at the peaks and troughs in demand and ensuring shift patterns were optimised. It was such a good idea it was obvious!



Matthew Swinden, Programme Director

Feb 16 – present; Programme Director

Feb 15 – Jan 16; Programme Manager

Aug 14 – Feb 15; Project Manager, Implementation

Prior to BT; Credit Suisse, Business Transformation

Biggest Achievement:

Delivering £12.4m cost savings for BT Conferencing in 14/15, whilst agreeing business case approval for £8m capex to deliver £45m group transformation over 3 years

Favourite 3 things about the team:

Fast paced, innovative and diligent

Standout moment:

Playing football at the Emirates Stadium with BT, and watching the Invictus Games

Case Studies - people



Danny Brown, Finance Manager

Feb 16 – present; Finance Manager, GT
Jan 15 – Jan 16; Finance Analyst, GT
Jul 14 – Jan 15; CI Coach, GT
Prior to BT; Finance Consultant, Deloitte

Current day job:

Performing a review of the delivery capability and cost model of BT Global Services

Top 3 favourite things about the job:

- Exposure to senior level executives in the business
- Variety of projects allow for developing broad knowledge business
- Being part of a highly regarded team not only within BT but recognised in the industry as top performers

Standout moment:

Meeting Brian O'Driscoll at the quarterly team event



Laura McLaren, Senior CI Coach

Feb 15 – Present; Senior CI Coach, GT
Aug 13 – Feb 15; CI Coach, GT
Prior to BT; Lean Manager, RBS

What is your current day job?

Senior Continuous Coach – BT Business and Consumer, therefore responsible for pipeline, live (Group led and line of business led) and sustained deployments in these areas. I also look after a team of 5 CI coaches who work across multiple different lines of business but primarily in BTB and Consumer.

Standout moment:

Difficult to choose but would have to say standing on stage at the recent GT meeting with the MD for CS&T showcasing the work his people have undertaking on CI across customer, people and cost over the past 18 months was a pretty proud moment as it was the coaching and support from our team that helped his people progress and solve issues that were important to the business and its customers.

Case Studies - people



Kostas Petropoulos, Senior GT Consultant

Sep 15; starts BT-sponsored MBA at Cambridge

Apr 15 – present; Senior GT Consultant

Jun 13 – Apr 15; GT Consultant

Nov 12 – Jun 13; Analyst, GT

Prior to BT; Associate, KPMG

3 key themes for success:

Able to challenge with strong evidence; not being afraid to voice a concern around senior people; combining strong analytical skills, creativity and thinking outside the box

Standout moment:

Signing off £130m group transformation opportunity for the Openreach element of CMCC (see case study)

Ambition:

Move to Senior Finance Lead as soon as possible



Divya Shridhar, Analytics & BI Lead, Revenue Assurance

Oct 15 – Present; Analytics & BI Lead

Jun 08 – Oct 15; Associate, Solution Designer, Tech Mahindra

What is your current day job?

The Analytics and BI Lead within Non Usage Operation. I am responsible for the 80-80 coverage plan delivery across Global Services, BT Business and BT Wholesale as well heading the Business Intelligence OBIEE design and development program in RA, in support with TSO.

What are your favourite 3 things about the GT team?

- GT is very good on communications. With the periodic all hands, to master classes, to new additions on learnings gateway, GT makes sure the employees are well connected and are supported in their journey to fulfil their ambitions.
- GT under Shahzad Saleem's leadership strives to bring performance dialogue to a very forensic evaluation, by enabling the people performances to be measured on the basis of quality, utilisation and productivity.
- Continuous Improvement has encouraged process changes within Revenue Assurance, that has definitely helped with the challenge of standardising processes within all lines of business.

Case Studies - people



Haf Davies, Senior CI Coach

Jul 13 – Present; Senior CI Coach, BT
 Oct 08 – Jul 13; Consultant, KPMG
 Sep 05 – Aug 08; Auditor, KPMG

What is your biggest achievement / challenge at BT to date?

Taking a team of 4,300 engineers and control staff through CI with 6 other CI colleagues. The enthusiasm and momentum was fantastic!

What are your favourite 3 things about your job?

- Spending time coaching engineers and planners in the CI tools
- Huge variety – there is no normal week! It can range from training, to seeing the business issues in person in the field, coaching etc etc....
- Being a key enabler to Customer First



James McMillan, Finance Manager

Mar 15 – Present; Finance Manager, Cost assurance and Optimisation
 Sep 12 – Mar 15; Corporate Finance, Baker Tilly
 Aug 08 – Sep 12; Auditor, Baker Tilly

What is your biggest achievement / challenge at BT to date?

The work I'm doing currently is linked to telecom network architecture so I've had to learn about exactly how telephone calls are made which has actually been very interesting. Telecoms is littered with acronyms and abbreviations and some of the first conversations I had no-one seemed to use the full words for anything! It's amazing how quickly you pick the language up, although I'm not quite an expert yet.

Ambitions – what would you like to be your next job?

I'm already working toward a promotion to Senior Finance Manager within Group Transformation but the thing I really like about BT is that the opportunities are so wide you could almost do anything.

Case Studies - people



Adele Cihlar, CI Practice Lead

Oct 13 – Present; Senior Practice Coach, BT
 Sept 10 – Sep 13; BI Consultant, BT
 July 09 – Aug 10; BI Consultant, Co-Op

Current day job and stand out moment to date at BT?

GT practice , where I designed the Six Sigma training course to upskill the business Improvement Community across BT. I'm also involved in the delivery of these. Stand out moment was signing up our first external client and receiving the BQF award for Excellence in 2014.

Ambitions – what would you like to be your next job?

To make the external consultancy successful and agree a partnership with a University (hopefully Manchester Business School), then leading on external Consultancy for GT.



Lydia Toson, Senior Assessor

Jan 15 – Present; Senior Assessor, BT
 Sep 13 – Dec 14; Management Consultant, EY
 Jul 10 – Aug 13; Principal, PA Consulting Group
 Sep 05 – Jul 10; Operations Controller, Allianz

What is your biggest achievement / challenge at BT to date?

Working on a real blend of activity ranging from directly engaging with people each day to help drive capability as well as being involved in key strategic activity on a pan-BT operating model. The proposal included improvements to training and development and career progression as well as governance and reporting. It is great to be involved in work that directly improves the performance of BT.

Ambitions – what would you like to be your next job?

I would like to take on a role where I have the opportunity to work with business stakeholders to identify and develop business improvements and ensure their successful implementation. I think the BT Sport and Mobile areas in particular are really exciting as BT is changing the market in these areas.

Case Studies - projects

Discovery & Implementation BT Conferencing

Background:

BT Conferencing is a £300m business that sat in BTB when the project first started, before transitioning to Global Services in June 2014. BT Conferencing is experiencing significant pressures in the market as online competitors are reducing the need for fixed-line calls, and promoting less costly online alternatives. Competitors include the likes of PowWowNow and Arcano. BT Conferencing is therefore looking to maximise customer service on large corporate customer who pay for legacy technology to deliver their conferencing needs, while smaller businesses and SMEs adopt online practices.

Challenge:

BT Conferencing asked Group Transformation to identify opportunities to improve EBITDA by £9m in order to achieve their budget.

Executive Sponsors:

Tony Chanmugam, BT Group CFO; Luis Alvarez, BT Global Services CEO; Carlos Zamora, BT Conferencing CEO; David Stark, Products & Portfolio VP; Alan Tosh, Access Director

Approach and recommendations:

GT used the ‘Compete’ methodology, separating opportunities into Telco, Non-Telco and TLC/TLR (total labour cost/ resource). Integration became more relevant once Conferencing moved in to BT GS.

Examples shown below:

| Worstream | Opportunity | Description | Annual benefit |
|-------------|-------------------------------------|---|----------------|
| Telco | - Caller pays revenue assurance | Analysis showed calls that should contractually be paid for by the customer were not – control put in place to ensure this was honoured | £1.2m |
| Non-Telco | - Off contract spend | All hardware reviewed: payments to particular suppliers differed for the same item | £2.5m |
| TLC/TLR | - Offshore service roles to Hungary | Activity analysis highlighted a number of non-customer facing transactional roles held in the US and UK could be offshored | £2.5m |
| Integration | - System consolidation | An enabler for full integration of management and services | Enabler |

Project Timeline

5 months

**Implementation
Timeline**

18 months

**Annualised
Benefit**

£22m

Case Studies - projects

Discovery & Implementation

Access Phase I & II

Background:

Access circuits are the connecting lines from a BT exchange to customers' premises. In the UK these circuits are owned and operated by Openreach – a division of BT Plc. Overseas these circuits have to be leased from the local in-country provider. The cost of these circuits represents 14% of BT Global Services's annual expenditure.

Issues:

Three years ago we faced two problems in the Access space:

- **Major cost leakage** through poor or non-existing management controls and processes
- **Uncompetitiveness** at the bid stage because we could not get accurate supplier quotes for Access in a responsive time frame

Executive Sponsors:

Tony Chanmugam, BT Group CFO; Richard Cameron, BT GS CFO; Ashish Gupta, BT GS CIO

Phase 1

We initiated a continuous electronic stock check of all Access circuits and compared the results with what we were actually billing our customers for and the invoices from our suppliers. This exercise identified circuits we were still paying the suppliers for even though we had ceased them. We also identified and actioned many circuits where there is a better/cheaper technical and/or supplier solution.

Phase 2

We ran a strategic review across the whole Access management to identify root causes behind the cost leakage and our poor competitiveness at the bid stage. This led to a major programme of transformational activity including an innovative approach to bid pricing, the set-up of a central Global Access organisation, and a portfolio of MI system changes to improve decision-making.

Learning

A key learning is the need to build senior stakeholder confidence through early delivery of significant benefits. The programme team did this and, as a result, earned the right to develop and implement the next phase of longer-term strategic changes with a later payback.

Project Timeline

6 months

Implementation Timeline

**18 months
(ongoing)**

Annualised Benefit

**£150m to
date**

Case Studies - projects

Customer Management & Contact Centre (CMCC) programme

Background:

BT Group has contact centre operations in all business units, with over 30,000 people employed directly or via 3rd party suppliers. Our operations span the globe, with c. half the population in the UK, one quarter in India and the remainder across Europe, North and South America, and Asia. Our total annual cost base of these operations is in excess of £1bn.

Issues:

The different operational teams are managed independently and there has been no consistent efficiency or effectiveness criteria to define what good looks like. There were multiple non-strategic, non-aligned programmes within each team. Frequently a customer experience that does not meet expectations.

Executive Sponsors:

Tony Chanmugam, BT Group CFO; Managing Director and CFO representation from each line of business

What we have delivered:

- **'Rightshoring'** – establish Group-wide principles that govern the most appropriate location and sourcing model for all activities; resulted in several thousand roles moving from UK to overseas and vice-versa
- **Management & support review** – internal and external benchmarking to establish best in class (spans and layers, support ratios, etc.); forensic analysis to quantify and drive standardisation and build Group-wide shared services
- **UK site strategy** – optimise site size, bringing together teams to enable better management; simplify estate and provide a better working environment
- **Pay and grading** – market-aligned pay and conditions negotiated with the unions; all new call centre joiners now brought in on the new contracts
- **Front line optimisation** – developed standard methodologies to reviews of each call centre, e.g.
 - Reducing call handling time in Billing; through extensive call listening, we have established how the UK volume enquiries team can reduce call duration by 34% from 773 seconds to 510 seconds
 - Pan-BT 'shrinkage' (non-utilised time) standards; we benchmarked all CMCC teams and built a model describing the ideal amount of shrinkage (29.5% for 'Business As Usual'); mechanisms now in place to enable teams to report and enable effective management

Project Timeline

7 months

Implementation Timeline

**12 months
(ongoing)**

Annualised Benefit

£200m to date

Case Studies - projects

Revenue Assurance

Discounts term-time

Potential Opportunity

As part of the RA discount controls the team identified that an additional check was needed cross-product to verify if all end dates on promotions were being applied as per business rules

Investigation

Discounts are normally applicable to all promotions and all products. Initial check was identifying a sample of customers who had an active promotion but the end-date had already expired

Reconciliation

Specific requirements were given to analytics team to pull out all discounts that were being applied for a longer time frame than the discount term.

Recovery

Interactions took place with Finance and Product Line not only to discuss Under-Billing but also Over-Billing. Data exceptions were sent to RA recovery teams to proceed and fix the issues

Analysis

Analysis of all discounts was completed covering the whole consumer portfolio. Exceptions were identified, verified and discussed with Product Line.

BAU Control

Process has been documented and a new control has been set-up to run on a quarterly basis to pick up new cases.

RCA & Fixes

During Root Cause Analysis (RCA) it was determined that the issue was related to Bundles and a fix has been requested to the relevant systems.

Project Timeline

3 months

Implementation Timeline

2 months

Annualised Benefit

£1.26m

Case Studies - projects

Continuous Improvement Openreach Network Delivery

Background

Network Delivery build and maintain the access network infrastructure. BT is building the Next Generation Access (NGA) network providing high value Ethernet services to our customers, which form a vital part of the country's mobile network. The Openreach teams deal with major cable breakdowns and restore service to customers.

Approach

Our CI wave started by holding national roadshows engaging c.4,500 people across 88 events, and allowing CI to gain massive momentum.

Over 5,000 issues were identified throughout this process. These issues were prioritised down to 126 "A3's" that were pursued

Impact

- 247 managers trained on the skills to deliver CI principles
- Delivered 5-day training course to 53 team members in CI tools and methods to become dedicated Operational CI Lead coaches
- Facilitated a national network, all starting their CI journey at the same time, allowing best practice to be shared and teams to benefit nationally
- Mapped 18 processes leading to removal of waste and standardisation of best practice

Performance Improvement

- 14.6% reduction in further visits (secondary visits by engineers to complete jobs)
- 40% reduction in 'access' issues through redesigning a standard process
- Rise in Care scores (employee engagement metric) from 3.78 to 3.86 out of 5

Challenges

- Senior sponsorship required to deliver significant benefit across a large population of engineers
- Implementation duration is longer than traditional approach and continual engagement required to maintain momentum

Project Timeline

32 weeks

Implementation Timeline

Continuous

Annualised Benefit

£480k

Case Studies - projects

Continuous Improvement Newcastle Contact Centre “My Help and Support”

Background

My Help and Support (MH&S) provide technical support to all Consumer customers. This covers all products and services with the main areas being TV, Sport, Broadband, Telephone Services and Wi-Fi. The work involves offering help and advice on how to set up and use BT products as well as fixing faults.

Weeks 1-4

- **Voice of the Customer** workshops helped to define what ‘Good’ looks like. Frontline staff were coached to develop an understanding how they can influence strategy
- Facilitating **Performance Dialogues (or ‘Huddles’)** began to tease out key objectives for the team, as well as opportunities for improvement which were tracked through useful KPIs
- **Problem Solving** techniques were introduced to give teams a structured approach to addressing day to day bugs that caused distractions

Weeks 5-8

- **Value Stream Mapping (VSM)** workshops were completed with all teams which made it easy for them to identify areas of improvement and opportunities to remove non value added activity within a process, as well as streamline it
- Identifying the **Target Conditions (TCs)** that the team were aiming towards for the immediate future

Weeks 9-12

- The final phase of the implementation for MH&S was about **sustaining continuous improvement**. CI ultimately aims to empower employees in order to create sustainable change from the bottom upwards, and this was achieved across MH&S. The teams were left with all the tools and resources they needed and had embedded the new CI way of working into their day to day practices, with some outstanding results

Project Timeline

12 weeks

Implementation Timeline

Continuous

Annualised Benefit

£750k

Case Studies - projects

Voice Optimisation STARS roll out

Background:

Focus is on non-UK telco services including data and voice circuits. The aim of the STARS expense management system (a strategic solution supported by the Group CFO) roll-out programme is to improve financial control over the local installed base by using one single system for commercial inventory management, invoice validation and accounting for all non-PO Telco costs. Our mission is delivering GT savings through implementation of e2e process, covering invoice verification and accounting and to be run as a "BAU" process by shared services and In country teams.

Issues:

- **Cost of failure and cost exposure** due to manual invoice validation and cumbersome process
- **Inaccurate P&L** at contract and customer level and costs on a run rate rather than actuals basis

Benefits

- Automated invoice validation and accounting processes allowing the teams to focus on core activities and manage by exception
- Improved control over telecom costs through automated circuit level accounting and allocation to customer accounts

Executive Sponsors:

Tony Chanmugam, BT Group CFO; Richard Cameron, BT GS CFO;

Phase 1

Primarily focused on data circuits with US and Italy now live on STARS environment. Various other countries are on the plan including Canada, Brazil, Germany, Russia etc.

Phase 2

Roll out of Voice inventory across countries where Data has already been rolled out- initially US, Belgium, Italy

Learning

We have realised we need finance engagement at country-level to ensure that all inventory cleanse is finally recognised in the P&L. Also proof of concept important to change existing manual processes.

Project Timeline

**Varies by
country**

Implementation Timeline

Ongoing

Annualised Benefit

**£15m to
date**