



SYMPOSIUM INTERNATIONAL

Évaluation et valorisation des actifs immatériels

6 et 7 octobre 2011 - Paris

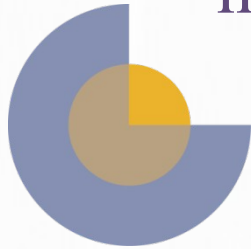


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Mesure extra-financière des actifs immatériels dans le secteur des télécoms



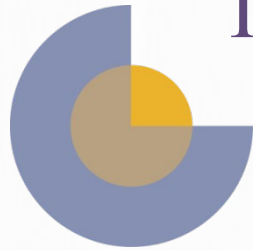
 Jean-Philippe DESMARTIN - Responsable recherche
ISR, ODDO

 Jan HOFMANN - Senior Manager Corporate Strategy,
Deutsche Telekom AG



WICI EUROPE & CIC EFFAS


Telecom services IC KPI's



- Jean-Philippe Desmartin, CIC EFFAS' Commission, WICI France & WICI Europe, Head of ESG Research, Oddo Securities
- Jan Hofmann, CIC EFFAS Commission, Senior Manager, Group Strategy and Policy Dpt, Deutsche Telekom AG (*)

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EFFAS KPIs Task Force

WICI Concept Paper

A better understanding of value creation

- WICI sees a company as a value creation mechanism which converts financial and non-financial input to certain outputs including financial performance
- WICI believes that the current reporting is not accurate, as it tends to focus only on financial performance, which is just a part of corporate activities
- As a result, it is difficult for those who read the reports to understand the value creation mechanism of the company

Each company has unique intangible assets

Each company needs to make clear:

- Its value creation mechanism which is unique and can last in the future
- The specific assets, including non-financial ones, at the origin of the value creation mechanism
- It's own perspective concerning risks and opportunities in the future
- The strategy for the future business, including how it will utilize the assets based on its perspectives

A framework of enhanced business reporting

- WICI proposes a framework of enhanced business reporting as a tool to encourage a company to pursue its specific way of value creation
- By using this framework, both a company and its stakeholders can look into the company from various points of view
- WICI stresses that the business reporting should not specialize in financial information, nor only on past performance, but should also cover mid and long term aspects of value creation

A reform in business reporting

WICI proposes a reform in business reporting toward a model embracing the following functions:

- Identifying sources of differentiation of a company from others
- Making clear the value creation mechanism unique to the company which can last longer
- Presenting an integrated picture of the company's activities including financial data and non-financial elements
- Providing clues for stakeholders to predict future performance of the company
- Allowing companies to freely choose the substance without requiring 'tick the box' type disclosure
- Explaining material issues for the company
- Reducing the total cost of reporting for companies

IC KPI's to support the narrative story

The basic WICI approach proposes an enhanced business reporting framework:

- WICI presents the skeleton of a narrative story
- WICI asks companies to include measurable key performance indicators (KPIs) to support the narrative story
- WICI provides a framework to allow company to choose the most material KPIs by itself

Emphasis on long term sustainability

- WICI puts more emphasis on the long term sustainability of a company in which most investors and companies are interested, including -but going beyond- environmental and social sustainability
- The additional cost to collect information for disclosure shall be limited and the possible streamlining of current non-financial reports might reduce the total cost of reporting

Telecommunication Sector KPIs Proposed by the Joint WICI Europe - EFFAS KPIs Task Force

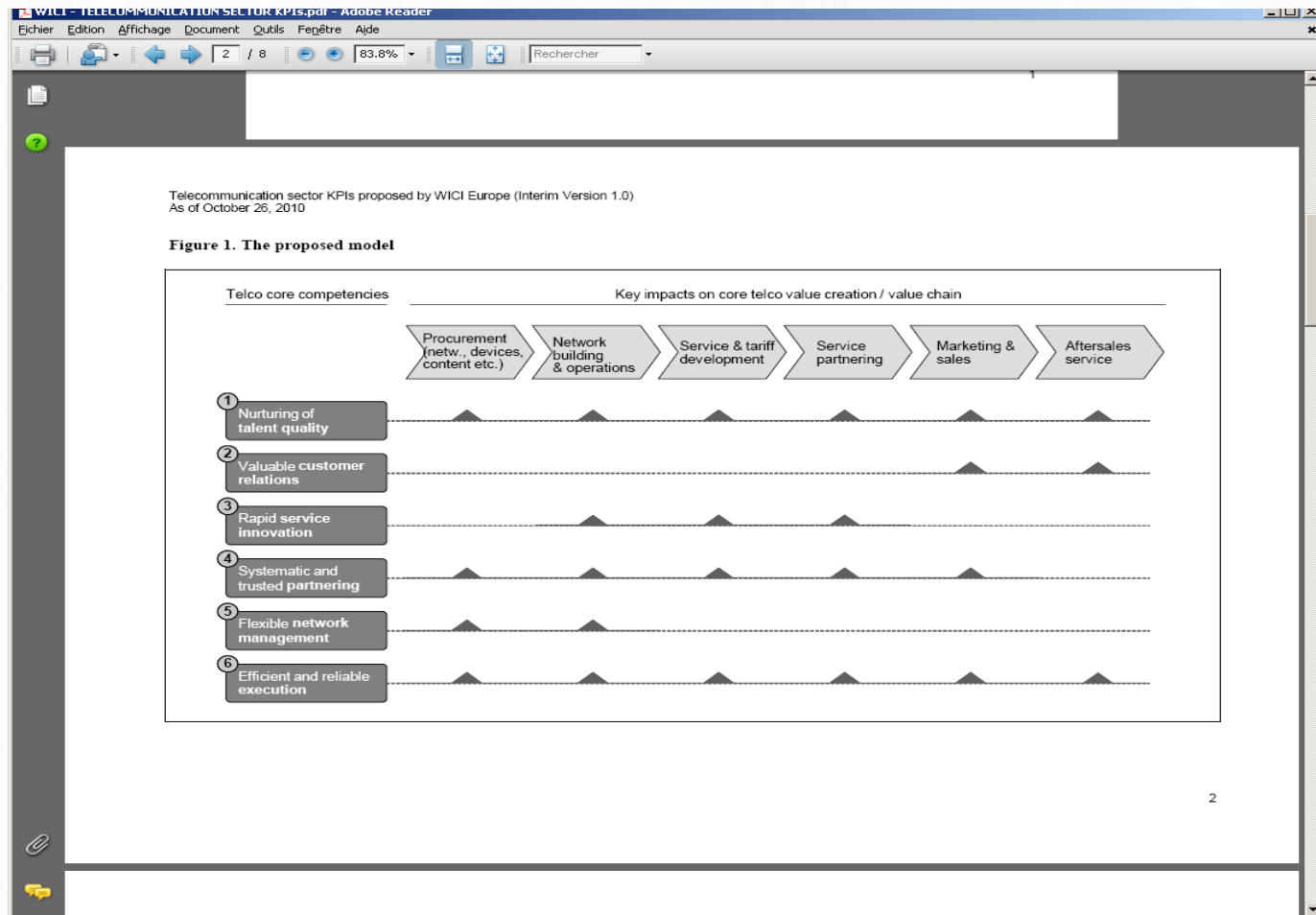
Core competencies as « bridge » to value creation

- We propose (a) a set of standard KPIs for intellectual capital reporting in the telco sector, and (b) a model that links these KPIs to value creation
- The model uses a (generic) telecommunication company's CORE COMPETENCIES as a bridge from intangibles/KPIs to the company's value creation
- Each KPI can be diversely weighted in a company's analysis depending on the KPI's importance in that company's value chain

KPI's must be specific, prioritized, measured to show trends

- The complete list of KPI is also proposed in a different format in the table Slides 16-19, where each KPI is connected to one of the six critical success factors and the related Intellectual Capital area (e.g Human Capital, Organisational Capital, and Relational Capital)
- An assessment of the level of importance of each KPI is also provided in order to offer a ranking of them. KPIs are listed in order of importance, where 1 is the higher degree and 3 the lowest

The proposed model



TLC sector: the complete list of proposed KPIs per core competency

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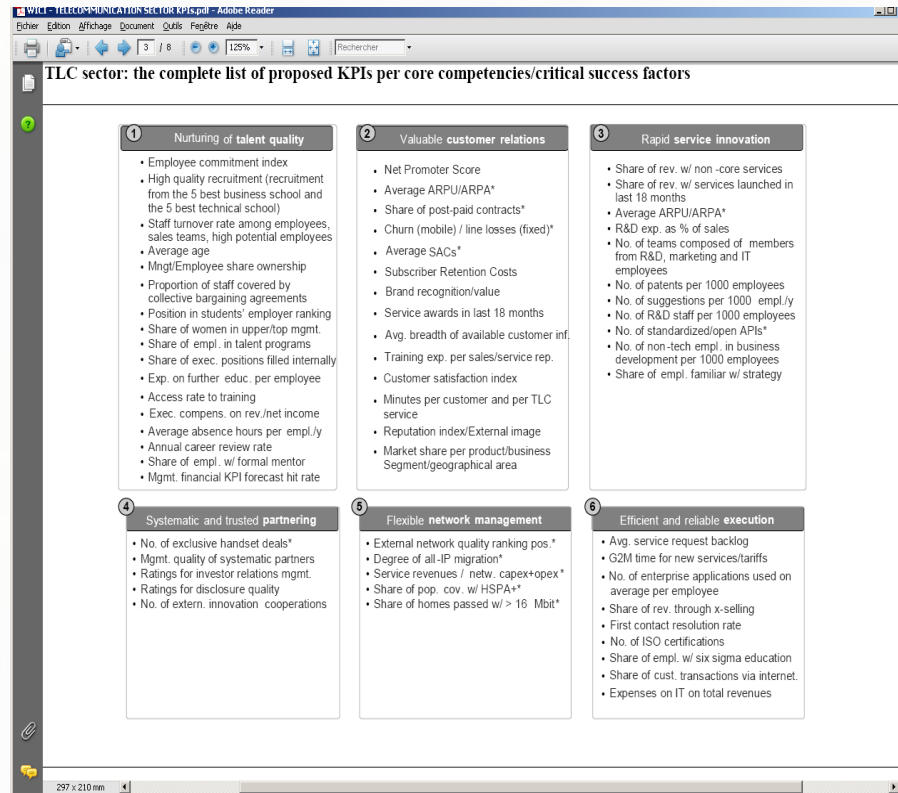
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TLC sector: the complete list of proposed KPIs per core competencies/critical success factors

- 1 Nurturing of talent quality**
 - Employee commitment index
 - High quality recruitment (recruitment from the 5 best business school and the 5 best technical school)
 - Staff turnover rate among employees, sales teams, high potential employees
 - Average age
 - Mngt/Employee share ownership
 - Proportion of staff covered by collective bargaining agreements
 - Position in students' employer ranking
 - Share of women in upper/top mgmt.
 - Share of empl. in talent programs
 - Share of exec. positions filled internally
 - Exp. on further educ. per employee
 - Access rate to training
 - Exec. compens. on rev./net income
 - Average absence hours per empl./y
 - Annual career review rate
 - Share of empl. w/ formal mentor
 - Mgmt. financial KPI forecast hit rate
- 2 Valuable customer relations**
 - Net Promoter Score
 - Average ARPU/ARPA*
 - Share of post-paid contracts*
 - Churn (mobile) / line losses (fixed)*
 - Average SACs*
 - Subscriber Retention Costs
 - Brand recognition/value
 - Service awards in last 18 months
 - Avg. breadth of available customer inf.
 - Training exp. per sales/service rep.
 - Customer satisfaction index
 - Minutes per customer and per TLC service
 - Reputation index/External image
 - Market share per product/business Segment/geographical area
- 3 Rapid service innovation**
 - Share of rev. w/ non -core services
 - Share of rev. w/ services launched in last 18 months
 - Average ARPU/ARPA*
 - R&D exp. as % of sales
 - No. of teams composed of members from R&D, marketing and IT employees
 - No. of patents per 1000 employees
 - No. of suggestions per 1000 empl./y
 - No. of R&D staff per 1000 employees
 - No. of standardized/open APIs*
 - No. of non-tech empl. in business development per 1000 employees
 - Share of empl. familiar w/ strategy
- 4 Systematic and trusted partnering**
 - No. of exclusive handset deals*
 - Mgmt. quality of systematic partners
 - Ratings for investor relations mgmt.
 - Ratings for disclosure quality
 - No. of extern. innovation cooperations
- 5 Flexible network management**
 - External network quality ranking pos.*
 - Degree of all-IP migration*
 - Service revenues / netw. capex+opex*
 - Share of pop. cov. w/ HSPA+*
 - Share of homes passed w/ > 16 Mbit*
- 6 Efficient and reliable execution**
 - Avg. service request backlog
 - G2M time for new services/tariffs
 - No. of enterprise applications used on average per employee
 - Share of rev. through x-selling
 - First contact resolution rate
 - No. of ISO certifications
 - Share of empl. w/ six sigma education
 - Share of cust. transactions via internet.
 - Expenses on IT on total revenues

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TLC sector: the complete list of proposed KPIs per core competency



The complete list of KPIs for the telecommunication sector (1/4)

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Table 1. The complete list of KPIs for the telecommunication sector

| Nr. | KPI | IC area | Focus | Importance* | KPI's features |
|-----|---|---------------|-----------------------------|-------------|----------------------|
| 1 | Employee commitment index | Human Capital | Nurturing of talent quality | 1 | degree and trend |
| 2 | High quality recruitment (recruitment from the 5 best business school and the 5 best technical school) | Human Capital | Nurturing of talent quality | 1 | percentage and trend |
| 3 | Staff turnover rate among employees, sale teams, high potential employees | Human Capital | Nurturing of talent quality | 1 | percentage and trend |
| 4 | Average age | Human Capital | Nurturing of talent quality | 1 | year and trend |
| 5 | Management/Employee share ownership | Human Capital | Nurturing of talent quality | 1 | percentage and trend |
| 6 | Proportion of staff covered by collective bargaining agreements | Human Capital | Nurturing of talent quality | 1 | percentage and trend |
| 7 | Executive compensation on total revenues/net income | Human capital | Nurturing talent quality | 1 | Percentage and trend |
| 8 | Annual career review rate | Human Capital | Nurturing of talent quality | 2 | percentage and trend |
| 9 | Share of women in upper/top mgmt. (to attract female talents) | Human Capital | Nurturing of talent quality | 2 | percentage and trend |
| 10 | Share of employees in talent programs | Human Capital | Nurturing of talent quality | 2 | percentage and trend |
| 11 | Share of executive positions filled internally | Human Capital | Nurturing of talent quality | 2 | percentage and trend |
| 12 | Expenses on further education per employee | Human Capital | Nurturing of talent quality | 2 | money and trend |
| 13 | Access rate to training (Proportion of employees having their annual career review with the management) | Human Capital | Nurturing of talent quality | 2 | percentage and trend |

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Telecommunication sector KPIs proposed by WICI Europe (Interim Version 1.0)
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The complete list of KPIs for the telecommunication sector (2/4)

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Telecommunication sector KPIs proposed by WICI Europe (Interim Version 1.0)
As of October 26, 2010

| Nr. | KPI | IC area | Focus | Importance* | KPI's features |
|-----|---|------------------------|----------------------------------|-------------|---|
| 14 | Average absence hours per employee/year | Human Capital | Nurturing of talent quality | 2 | number and trend |
| 15 | Financial KPI forecast hit rate by management | Human Capital | Nurturing of talent quality | 2 | percentage and trend |
| 16 | Position in students' annual employer ranking survey (where existent) | Human Capital | Nurturing of talent quality | 3 | ranking against a country's other companies or across countries |
| 17 | Share of employees with formal mentor (where an existent process) | Human Capital | Nurturing of talent quality | 3 | percentage and trend |
| 18 | Avg. service request backlog | Organisational Capital | Efficient and reliable execution | 1 | degree and trend |
| 19 | G2M time for new services/tariffs | Organisational Capital | Efficient and reliable execution | 1 | time and trend |
| 20 | No. of enterprise applications used on average per employee | Organisational Capital | Efficient and reliable execution | 1 | number and trend |
| 21 | Share of revenues through x-selling | Organisational Capital | Efficient and reliable execution | 1 | percentage and trend |
| 22 | First contact resolution rate | Organisational Capital | Efficient and reliable execution | 1 | percentage and trend |
| 23 | Expenses on IT on total (business segment) revenues | Organisational Capital | Efficient and reliable execution | 1 | percentage and trend |
| 24 | No. of ISO certifications | Organisational Capital | Efficient and reliable execution | 2 | number and trend |
| 25 | Share of employees with six sigma education | Organisational Capital | Efficient and reliable execution | 2 | percentage and trend |
| 26 | Share of customer transactions via internet | Organisational Capital | Efficient and reliable execution | 2 | percentage and trend |
| 27 | Share of revenues with non-core services | Organisational Capital | Rapid service innovation | 1 | percentage and trend |
| 28 | Share of revenues with services launched in last 18 months | Organisational Capital | Rapid service innovation | 1 | percentage and trend |

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The complete list of KPIs for the telecommunication sector (3/4)

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Telecommunication sector KPIs proposed by WICI Europe (interim version 1.0)
As of October 26, 2010

| Nr. | KPI | IC area | Focus | Importance* | KPI's features |
|-----|---|------------------------|-----------------------------------|-------------|----------------------|
| 29 | Average ARPU (average revenue per user)/ARPA* | Organisational Capital | Rapid service innovation | 1 | money and trend |
| 30 | R&D expenses as % of sales | Organisational Capital | Rapid service innovation | 1 | percentage and trend |
| 31 | No. of teams composed of members from R&D, marketing and IT employees | Organisational Capital | Rapid service innovation | 1 | number and trend |
| 32 | No. of patents per 1000 employees | Organisational Capital | Rapid service innovation | 2 | number and trend |
| 33 | No. of suggestions per 1000 employees/year | Organisational Capital | Rapid service innovation | 2 | number and trend |
| 34 | No. of R&D staff per 1000 employees | Organisational Capital | Rapid service innovation | 2 | number and trend |
| 35 | No. of standardized/open APIs* | Organisational Capital | Rapid service innovation | 2 | number and trend |
| 36 | No. of non-tech employees in business development per 1000 employees | Organisational Capital | Rapid service innovation | 2 | number and trend |
| 37 | Share of employees familiar with strategy | Organisational Capital | Rapid service innovation | 3 | percentage and trend |
| 38 | External network quality ranking positions* | Relational Capital | Flexible network management | 1 | degree and trend |
| 39 | Degree of all-IP migration* | Relational Capital | Flexible network management | 1 | degree and trend |
| 40 | Service revenues / network capex + opex* | Relational Capital | Flexible network management | 1 | percentage and trend |
| 41 | Share of population covered with HSPA+* | Relational Capital | Flexible network management | 2 | percentage and trend |
| 42 | Share of homes passed w/ > 16 Mbit* | Relational Capital | Flexible network management | 2 | percentage and trend |
| 43 | No. of exclusive handset deals* | Relational Capital | Systematic and trusted partnering | 1 | number and trend |

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The complete list of KPIs for the telecommunication sector (4/4)

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Telecommunication sector KPIs proposed by WICI Europe (Interim Version 1.0)
As of October 26, 2010

| Nr. | KPI | IC area | Focus | Importance* | KPI's features |
|-----|---|--------------------|-----------------------------------|-------------|------------------------|
| 44 | Management quality of systematic partners (qualitative assessment by external agency) | Relational Capital | Systematic and trusted partnering | 1 | rating/scoring |
| 45 | Ratings for investor relations mgmt. | Relational Capital | Systematic and trusted partnering | 1 | degree and trend |
| 46 | Ratings for disclosure quality | Relational Capital | Systematic and trusted partnering | 1 | degree and trend |
| 47 | No. of external innovation cooperations | Relational Capital | Systematic and trusted partnering | 2 | number and trend |
| 48 | Minutes per customer and per TLC service | Relational Capital | Valuable customer relations | 1 | time and trend |
| 49 | Customer satisfaction index | Relational Capital | Valuable customer relations | 1 | degree and trend |
| 50 | Net Promoter Score | Relational Capital | Valuable customer relations | 1 | percentage and trend |
| 51 | Average ARPU/ARPA* | Relational Capital | Valuable customer relations | 1 | money and trend |
| 52 | Share of post-paid contracts* | Relational Capital | Valuable customer relations | 1 | percentage and trend |
| 53 | Churn (mobile) / line losses (fixed)* | Relational Capital | Valuable customer relations | 1 | percentage and trend |
| 54 | Average SACs* | Relational Capital | Valuable customer relations | 1 | money and trend |
| 55 | Subscriber Retention Costs | Relational Capital | Valuable customer relations | 1 | money |
| 56 | Brand recognition/value | Relational Capital | Valuable customer relations | 1 | degree/money and trend |
| 57 | Reputation index/External image | Relational Capital | Valuable customer relations | 1 | scoring |
| 58 | Market share per product/business segment/geographical area | Relational Capital | Valuable customer relations | 1 | percentage and trend |
| 59 | Service awards in last 18 months | Relational Capital | Valuable customer relations | 2 | number and trend |

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