

Holistic commercial multi-year transformation

CASE EXAMPLE

Client description

- A leading European universal Telco operator and part of big media holding
- \$5 mln in revenues and 75 mln users
- Wide portfolio of owned TMT companies

Challenge:

- Facing tough times on falling market and rapidly changing environment
- Continuous price wars lead to 13% yearly ARPU erosion and ~50% churn
- Multiple threats from existing and new MVNO players coming from banking, retail and digital

Objective:

- Conduct a holistic commercial multi-year transformation to distort the trend in the tough environment

McKinsey Approach

Conducted 5yr strategy towards fixing falling B2C market:

- Defined new pricing approach with conservative discounting to drive baseline up to 10%
- Developed aggressive FMC strategy based on new technologies & partnerships to drive market share
- Formalized company position with new incumbents

Build Big Data capabilities to drive old base profitability:

- Created 360° customer view based on own data enriched with two biggest european social networks' data and prioritized big data use-cases for implementation to increase revenue by 5%
- Designed formation of advanced analytics Center of Excellence

Optimized channels mix & effectiveness to fix acquisition:

- Developed optimal channels & tariffs mix on a region level using Contribution Margin solution model; and determined major areas for channels efficiency improvement

Commercial RTS readiness:

- Identified initiatives to strengthen cash-flow by \$0.5 bln by 2020
- Strengthened top-level management team & prepared organization for turnaround

Client Impact

Expected to increase 20-30% OIBDA in 2017 and strengthen company's market position in 2018-20 by:

- "Fixing the market" and shifting from price wars by tightening pricing and offering by 10-15%
- Increase quality of acquisition by optimizing channels and devices mix using Contribution Margin by 5-7%
- Increase value from old base by using big data advanced analytics on own data enriched by external sources by 5-7%