

Digital transformation of a major North American telecom provider

Focus areas

- Customer acquisition
- Personalization & loyalty
- Operating model transformation

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Case study: Implementing new Digital platform for \$30B Telco while driving substantial changes to the client's operating model

Digital goals: 5x increase in Digital Sales and 80% reduction in Care call volume



Client description

- Large telecom provider which had initiated a transformation to become the industry leading digital telecom player in the world
- Launched multiple initiatives to improve digital assets, targeting EBITDA impact greater than \$500M
- Client set aggressive targets for digital: 80% reduction in calls to call center, sales to ~30% Digital from 5%)

Challenges

- Specified goal of moving immediately from waterfall to agile across direct and indirectly managed groups
- Limited client personnel with deep Digital experience to engage in the transformation
- Goal of delivering a revised Digital platform in 4 months, in place prior to major product launch



McKinsey approach

Quick wins

- Produce short-term financial impact while the new Digital solution is put in place

New Digital Solution

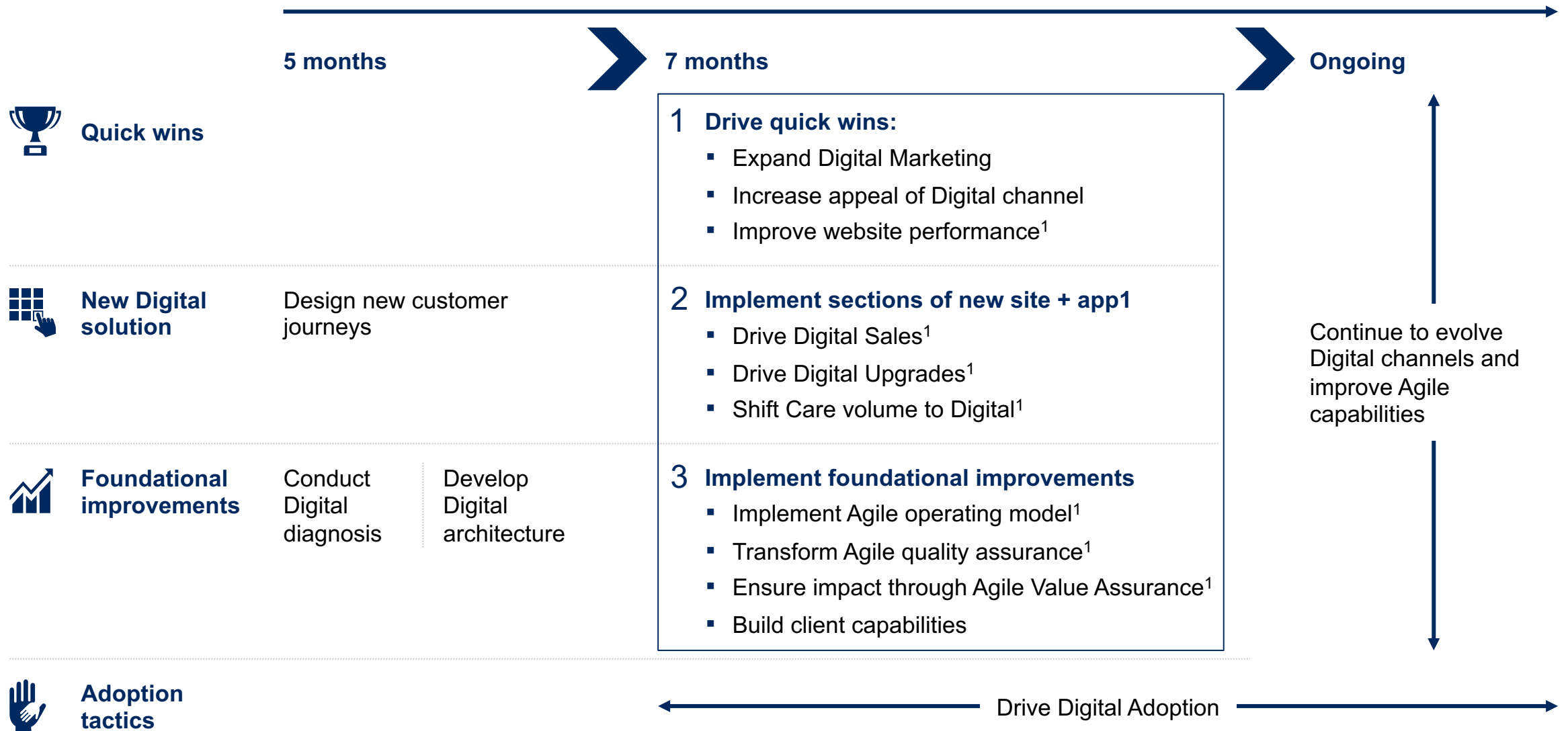
- Design new customer journeys
- Implement production of new website
- Integrate 2-speed APIs system

Foundational improvements

- Conduct Digital diagnosis
- Develop Digital architecture
- Implement recommendations (including introduction of Agile operating model, transformation of Quality Assurance, and Capability Building initiatives)

The Digital transformation program will deliver both short term and long term impacts, culminating in a sustainable Agile organization

□ Detail to follow



1 Quick Wins effort used a 3-pronged approach to produce short-term financial impact while the new Digital solution was put in place

☐ Detail to follow

Expand Digital marketing



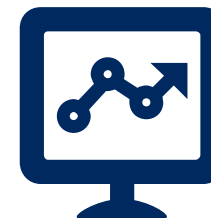
- **Align offers and incentives** across channels and **improve the attractiveness** of these programs
- Collaborate across Digital and with other client divisions to **align on strategy for existing marketing initiatives**

Increase appeal of the Digital channel



- Improve Digital Sales funnel retention by **reducing consumer barriers** and **implementing solutions to pain points**

Improve website performance



- **Materially improve current UX** to be competitive with customer expectations by **reducing errors** and improving site stability

1 *Improve website performance*: Materially improve current UX to be competitive with customer expectations by reducing errors and improving site stability

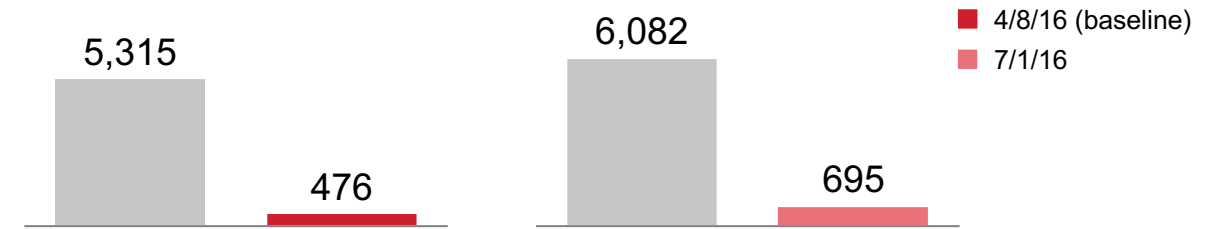
Client website did not meet customer expectations

- First 1 seconds delayed in page-load time leads to 7% loss in conversion, 11% fewer page views and 11% decrease in customer satisfaction¹
- Client website had an average load time of 15.6 seconds and produced 6,000+ 404 errors per day



Client site is now the U.S. industry leader in website performance and site stability

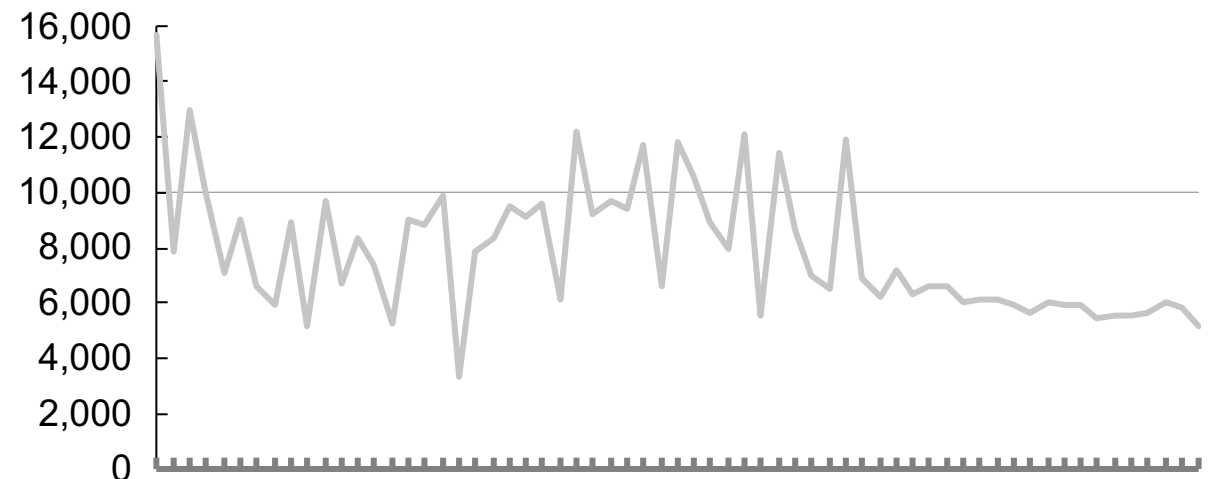
Selection of daily errors as of 4/8 and 7/1



McKinsey's approach:

- Priority: Comprehensively address front-end performance (80-90% of issues are in front end)
- Selectively modify back-end performance
- Adopt dev-ops best practices for continuous improvements

Website load performance from 4/8 to 7/1 (milliseconds)



2 Implementation of the new site and app focused on several initiatives to improve the customer experience and drive adoption

Sales

Increase new customer acquisition

- Maximize reach to relevant audiences
- Provide a streamlined experience in new Digital solutions (web and app)

Care

Support potential customers and existing customer base

- Position website and app as simple and trustworthy sources of information

Upgrades

Help existing customer base purchase new devices

- Create online purchase intent
- Provide simple, personalized online shopping experience

Adoption

Drive shift of activity to the Digital channel

- Work with departments across the company to build engagement with the new website

Capabilities enabled in the transformation:

Journey design: *Create journey flows and visual scheme*

Product ownership: *Prioritize features for the initial build*

Tribe delivery lead: *Coordinate delivery of new platform*

Value assurance: *Monitor progress and resolved issues*

Technical oversight: *Validate architecture and testing plans*

Agile operating model: *Build capabilities in Agile methodology*

Creative: *Create journey flows and visual scheme*

Iterative development: *Prioritize features for the initial build*

Quality assurance: *Coordinate delivery of new platform*

2 *Care*: Position website as a trusted, comprehensive source of information to drive down volume of Care calls on general inquiries

Pre-transformation, Client received had 4.1 monthly million calls across 4 journeys

Account management: 1,805k calls

- Request an inquiry on price plan
- Phone insurance/protection add-on questions

Billing & payments: 930k calls

- Adjustments and credits questions
- Creation or modification of a payment arrangement

Early life & essentials: 410k calls

- Upgrade eligibility check
- Phone swap requests

Network & device: 930k calls

- Data inquiry
- Text message inquiry

Client's solution:

Create an end-to-end Digital customer journey to achieve end-state goal of **67% reduction in costs** for Customer Management, **reducing call volume by 86%**

2 Care: The vision for digital customer care is to become the 'Amazon/Netflix' of the telco industry with strong focus on a redesigned web and app

☐ Detail to follow

xx% Volume of requests resolved

Example: Customer has a technical issue with a device that is preventing use

A Self-service/e-care

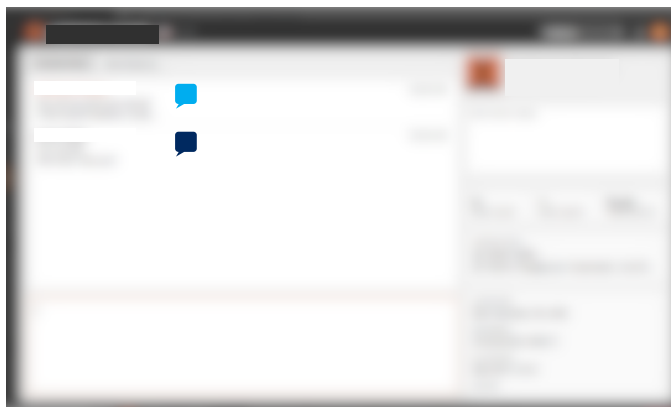


Customer solves the request on their own through self-service functionality in key channels

75%



B E-assistance



Customer gets help from peers or resident experts (e.g., live or A.I. agents) through e-assistance channels

15%



C Company initiated contact



Customer still requires help so company initiates contact through an outbound call from a specialist agent

10%

D Key Enablers (culture, strategy, capabilities, organization and talent)

2 *Care*: Self-service/e-Care provides faster, more targeted self-serve website that is personalized based on customer data

- **Drive engagement and heighten focus on Digital channels** enabled by a clean, simple design that requires few clicks and limited explanation
- **Offer support content for easy self-service**, with the most prevalent content reflecting the most common problems
- **Enable customer triage** by walking through a problem step-by-step and presenting solutions (e.g. tutorials) for the most common issues

2 *Care*: The website's improved customer interface will support this vision for Digital Care

Customer Promise



Simple

We make it simple:

- We eliminate the jargon and are transparent
- The value of our offerings is easy to understand
- We strive to make your experience more effortless every day



Dependable

We've got your back:

- No surprises, you will know what you are getting.
- We will be honest and upfront in every interaction
- You can count on us to resolve your problem in the fastest, most efficient manner – we guarantee it



Personal

We recognize you

- We will be there to recommend a solution that's right for you
- We will be proactive if your needs or usage changes
- We empower you to use our products the best way
- We value your loyalty and care about you

2 *Establish Agile organization:* Produce a fundamental change in the way that the client's Digital team members approached their work

Today

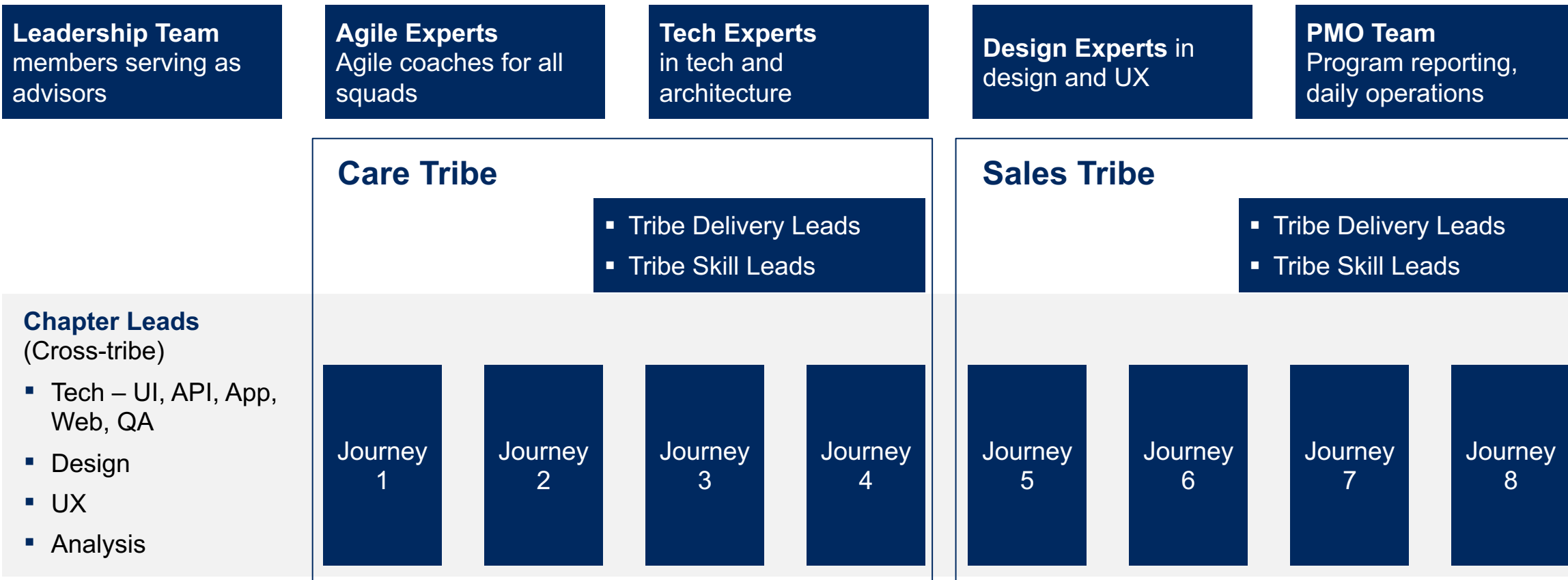
- Make decisions independently
- Treat products and tasks as if individuals are sole owners of them
- Manage upward and escalate issues through a hierarchy
- Become cautious of new methods for fear of making a mistake
- Treat established processes as the only way to arrive at an answer

Tomorrow

- Work in teams to generate better ideas
- Recognize the obligation to raise issues and make recommendations
- Act on the understanding that impact is more important than hierarchy
- Become comfortable with risks and mistakes as necessary byproducts of innovation
- Deliver early wins first and build processes to support them later

3 *Establish Agile organization:* Align teams to the Spotify Agile org model, composed of cross-functional squads that operate autonomously

Program leadership



POs collaborate with stakeholders to prioritize features for delivery

3 *Transform Quality Assurance team:* Automate QA processes and combine resources for Development and Quality into integrated teams

Objective

Increase both the efficiency and the quality of QA output

McKinsey approach



Align org and staffing structure across Dev and QA

- Encourage direct collaboration by dedicating QA team members to Dev squads



Implement synchronous Dev and QA

- Reduce defect resolution latency by testing code as it becomes available



Automate QA processes where possible

- Drive greater impact by exponentially scaling the usage of testing



3 *Build lasting capabilities:* Progressively transfer control to the client to ensure they can maintain an advantage in the long term

Step I: Role-model

- McKinsey + technical vendor lead Digital transformation
- Client leads to the extent that it is ready and shadows agile coaches



Step II: Supervise

- Client increasingly leads
- McKinsey + technical vendor actively support



Step III: Coach

- Client leads
- McKinsey + technical vendor provide guidance and specialty support



Step IV: Hand-off

- Client leads independently
- McKinsey + technical vendor coach and provide value assurance



McKinsey's capability building activities:

- **Introductory workshops:** Provide Digital Academy intro sessions (both all-audience and role-specific)
- **Hands-on coaching:** Model and transfer skills by pairing client resources with McKinsey teams
- **Agile coach office hours:** Deliver ad hoc coaching on Agile methodologies and activities
- **Advanced capability sessions:** Deep dive on content identified as relevant by the audience