



Fixed-Line Greece Commercial



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Strengths

- **Large customer base**
 - **5.3m PSTN lines, c1m ISDN channels, 59% penetration**
 - **Fixed Line Usage in line with Europe**
- **Brand**
- **New experienced management team**
- **Extensive Sales Network**
- **Clear Commercial Strategy**





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Challenging Times

- Intense competition
- Mobile substitution
- Regulatory environment
- Commercial utilization of infrastructure
- Pace of overall OTE transformation

Facing several challenges at once





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Challenges & Actions

- **Intense competition**
 - Competitive pricing
 - Tailor made packages
 - Integrated Marketing and Sales
 - Improving quality of service

- **Mobile substitution**
 - *“When at home use the fixed phone”*
 - Price perception
 - VAS – fixed functionality
 - *“Mobility at home”* handsets
 - Pilot SMS on Fixed

- **Regulatory Environment**
 - Continuous dialogue with NRA
 - Input to New regulatory framework
 - Readiness with commercial responses

- **Utilising our infrastructure**
 - ADSL launch
 - IP-VPN launch
 - Integrated solutions for big corporates
 - Special dedicated team established developing innovative applications
 - Established CRM programme





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Key Operating Data

	2002	Δ %	1Q03	Δ %
Lines ('000)	6,293	+2.0	6,295	+1.1
PSTN	5,143	-3.5	5,357	-3.7
ISDN (64K)	880	+57.3	938	+42.4
Net additions	126	+2.0	71	+1.1
Traffic (million mins)	2002	Split of mins	1Q03	Split of mins
Local	16,992	51.8%	4,044	47.6%
National Long Distance	2,369	7.2%	525	6.2%
International Long Distance	513	1.6%	113	1.3%
Internet	10,707	32.6%	3,335	39.3%
Fixed-to-Mobile	2,011	6.1%	430	5.1%
Special Calls	207	0.6%	48	0.6%
Total	32,799	100.0%	8,495	100.0%





The Competitive Scene

Player	Entry Strategy	Target Segment	Services/Products
Forthnet	Low Prices, Range of Services	All	Fixed Telephony, Internet and data
Lannet	Low Prices, Quality network	Corporate, SME	Fixed Telephony, Voice and Data
Tellas (50% WIND)	Lower Prices, Range of Services	All	Fixed Telephony & Internet
Telepassport	Very low prices	Residential, SME	National, Int^I and F2M calls
Teledome	Low Prices	Corporate, All	Fixed Telephony
Q-Telecom	Low Prices	All	Fixed - Mobile Telephony & Internet
Cosmoline	Low Prices	Corporate	Fixed Telephony & Internet
Vivodi	Low Prices	All	Fixed Telephony, Internet and data
Algonet	Low Prices	Corporate	Fixed Telephony & Internet
Voicenet	Low Prices, VoIP	Corporate, SME	Fixed Telephony
ACN	Low Prices	Residential, SME	Fixed Telephony & Internet





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Competition

- **Deregulation beginning 2001**
 - **Slow start**
 - **Real competitive take-off, late 2002**
- **Highly fragmented competition (voice and data)**
- **Entrance of well funded player, Feb 2003**
- **Competition concentrating on traffic – access share c100%**
- **Market share estimates (total fixed originating traffic minutes)**

End of,	Q1 02	Q2 02	Q3 02	Q4 02	Q1 03
Share(%)	100	99	98	96	93





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F2M Substitution

- **Very high penetration of mobile (89%)**
- **Intense price competition between the mobile companies**
- **Very high marketing budgets**
- **Price perception of fixed vs. mobile**
 - **Estimated actual difference: mobile 7-10 times more expensive than the home phone**
 - **Perceived difference much smaller**
- **Bulk mobile pricing (FCTs)**
- **Emerging changes in mobile pricing structure (bundled minutes)**
- **Pressure on mobile termination rates**

Revenue impact EUR 50 – 70 million





Regulatory Environment

- **National Telecommunications and Post Commission:**
 - **Covering both telecoms and competition issues**
 - **Independent Regulation Authority**
- **No price cap regime, main principle: Cost orientation**
- **RIO rates below EU average**
- **Current Regulatory thrusts**
 - **Retail Prices, RIO, Leased Lines, LLU, ADSL, GNP**
- **Rapid pace of deregulation**
- **Incumbent scrutiny**
- **New regulation framework**
 - **Consultation**
 - **Market analysis**
 - **Appeal mechanism**

Reach “Dynamic Equilibrium”





Clear Commercial Strategy

Focused Marketing Communication

“Lift Off”

- Optimize utilization of technical infrastructure
- Broadband
- Professional services
- Integrated solutions

Tailoring

- Marketing / Collateral
- Packages / Bespoke solutions
- Account management
- Sales / Service channels
- Simplicity

Competitive Prices

- Competitive pricing
- Value added services

Customer Care, Quality of Service



Pricing and Packages

STRATEGY

- **Creation of tailor made price packages**
 - Simplification of pricing through sales and marketing
- **Competitive but prudent pricing - VFM**
 - Time of day
 - Releasing price elasticities
 - Per Second Pricing
- **Price offers to surprise the market**
- **Aggressive pricing for corporate solutions but maintaining focus on profitability**

ACTION TO DATE

- **Fixed to mobile, transfer of mobile price reductions to customers – Feb, Jul 2003**
- **Repricing of leased lines – Mar 2003**
- **Price reductions in ATM and Frame Relay services – Mar 2003**
- **Launch of Datapack – Mar 2003**
- **ΟΤΕπιλογες , ΟΤΕπιχειρω – May 2003**
- **“Sunday Special” National same as Local every Sunday - May 2003**





Recent Results

INTERNATIONAL PACKAGES

- «ΟΤΕπιλογές» (Target Group: Residential Customers)

Customers may select up to three countries of destination and talk at significantly reduced rates during off-peak hours and weekends, levels of savings according to usage



- «ΟΤΕπιχειρώ» (Target Group : Business Customers)

Customers may select up to three countries of destination and talk at significantly reduced rates during the day, levels of savings according to usage



Integrated and well executed sales and marketing program

Surpassed 400,000 sales last week (67% of target group)

SUNDAY SPECIAL PRICING

- National calls every Sunday charged at local call rate “All Greece one neighborhood”

Increased call duration by 45 seconds

On hold pending review by NRA





New Products and Services

STRATEGIC FOCUS

- *Full range of products and services structured around solutions by customer segment (product ladder)*
- Value Added Services and Telematic applications
- ISDN both for voice and data
- Cautious ADSL Launch targeted at business customers followed by self-install
- Launch Pay-as-you-go internet offering based on revenue share
- Launch Ethnic card
- Data Services and integrated solutions

ACTION TO DATE

- Program on VAS delivers sales but extra usage limited – planned re-launch of integrated VAS program (services and handsets)
- Voice Portal - IASIS roll out begins Jul 2003
- Telemedicine system sold to Armed Forces
- Teleworking for Municipalities
- ISDN continues to grow year on year
- “EPATHLON” Olympic card May 2003
- Launched ADSL end Jun 2003
 - 1100 retail sales to date
- Launched IPVPN May 2003
- Data Services revenue performance 21% yr on yr (Q1 2003)
- Won Projects on Integrated Solutions for big Corporates





Marketing

STRATEGIC PRINCIPLES

- **Integrated marketing and sales programs
Defence, winback, stimulation, growth**
- **Marketing communication focused on the benefits - customer value-of the products**
- **Few but very well integrated and executed programmes at any time**
- **Tailor made programs for strategic partners**
- **Emphasis on business PR**
- **Create a new commercial-concept for the OTE stores**

ACTION TO DATE

- **New Marketing Team established**
- **Program for VAS Q1 2003**
- **Program for ISDN Q1 2003**
- **TV Campaign Fixed Line Greece from Apr 2003**
- **Integrated Packages program—from Apr 2003**
- **Sunday Special program – May – Jul 2003**
- **“Epathlon” program – from May 2003**
- **PhoneCards program, VFM vs Mobile – From Jun 2003**
- **ADSL Launch program – from Jun 2003**
- **OTE shops Network – from Jan 2003**
- **Program on cordless handsets – from Jan 2003**





Sales Network

STRATEGY

- **Create vertically integrated multi-channel sales network**
- **Best in class Call Centers**
 - **Outbound**
 - **Inbound, Sales Service and Fault Reception**
- **Develop further Electronic Channel oteshop.gr**
- **New model commercial concept OTE shops**
- **Comprehensive Account Management network by customer segment, Defence and Winback**
- **Account Management for Third Party Dealers**
- **New Feet on the Street channel**

ACTION TO DATE

- Established Comprehensive Corporate Account Management unit – Jan 2003
- Building CRM for Corporate customers – on target to complete by end year
- Established sales organization framework for SME customers, implementation started Q2 2003
- Recruiting 100 Account Managers from Jan 2003
- Program of reorganizing the OTE shops started in Jan 2003 and on target to complete by end of year
 - Shops as P +L units
 - Commercial Training
 - Concentration of back office
- Completion of new logistics system on target
- Program to refurbish and create new identity shops started
- Established central fault reception unit as part of the sales organization – Mar 2003
- Established Outbound Telemarketing unit- Q1 2003
- Established Winback team – May 2003
- Established special “debt management” unit – Jan 2003
- Sales programs through oteshop.gr
 - No 1 electronic shop in Greece
 - spyfiles program won top prize in Greece
- Sales Incentive Scheme established





Improving KPIs on Quality of Service

- **Fault Reception**
- **Speed of fault repair**
- **High Satisfaction of Sales and Service People Behavior**
 - **Inbound call center satisfaction index well over 90%**





Conclusion

- **Challenging times for the fixed line in Greece - several challenges facing at once**
- **Clear commercial strategy**
- **Integrated Sales and Marketing**
- **Focus on Implementation**

Estimated Market share of total fixed originating minutes

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