



## Global stage...

After a period of retrenchment and the sale of selected overseas assets, BT is back on the global stage with a new strategy to take the company's skills and network firepower to the 'front-line' to help big companies take full benefit from the opportunities offered by a networked world. Andy Green, chief executive of BT Global Services talks to sphere about the new strategy...

It's Recent financial figures show that BT has bucked a long-established trend that no-one in the communications industry makes money out of global services for multi-sited organisations. But BT can and does! According to Andy Green, chief executive of BT Global Services, the business will be cash-flow positive on a sustainable basis during 2004.

Far from optimism or marketing hype, his words are borne out by the fact that the business is now signing more than Euros 2.5 billion worth of new contracts quarter by quarter.

The City, impressed by this performance, has acknowledged that the important yardstick of EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) is now positive across all of BT's European operations.

### So, what's happened?

BT Global Services is reaping the rewards of a new international strategy aimed primarily at big business customers around the world who want to improve their performance in Europe. The strategy is focused on managed services and solutions for multi-site organisations with European operations.

### ICT solution

The 'big idea' is to push the benefits of Internet Protocol (IP) networking to the exact places that customers need to help reduce their costs and improve productivity.

The days of building a vast network and then hoping to sell its capabilities are gone. Being able to adapt to changing needs and being flexible are the watchwords now.

IP networks, capable of carrying voice, video and data around the world to internationally accepted standards are the way forward, particularly in the creation of Virtual Private Networks (VPNs) that link multi-site organisations and their supply chains together.

The aim is to enable big businesses to locate their call centres, head office functions and customer services wherever they wish - decisions like these can only be taken with confidence when backed by a world-class network and the skills needed to run it.

BT has already signed a 1 billion Euro deal with Unilever for an Information & Communication Technology (ICT) solution.

In Spain, oil-company Repsol has linked all of its petrol stations through an IP network and BT has also provided a network for the Bavarian State Government.

Banks, governments, retailers, oil companies, car companies and manufacturers are all on the 'hit list' and household names such as Ford, Visa and Amex are signing up for BT's international services.

The new strategy appeals to boards of directors, chief information officers (CIOs) and chief technology officers (CTOs) because they are seeing the world as an increasingly networked place and they want to have the freedom and flexibility to network with their customers and suppliers at will.

## Nervous system

Andy Green sees four trends driving change:

- Control – businesses want to tighten their supply chains to drive costs down and enable customers to do more of the work themselves – the success of low-cost airlines is a good example.
- Consolidation – particularly after mergers or acquisitions, represents an opportunity to reduce the number of managed call centres and data centres a business might need. The same goes for headquarters functions such as human resources and finance departments that could be centralised or divided between, for example, the northern and southern hemispheres.
- Globalisation – some functions may be re-located to countries such as India or Mexico to take advantage of lower long-term labour rates.
- Costs – doing more for less. Most CIOs and CTOs are under pressure to make better use of ICT with less money.

Andy believes that all four objectives are achievable if the network – or 'nervous system' – of a business is reliable, secure and has the 'reach' to link facilities, offices, suppliers and customers together.

'Productivity over the next few years will be about how well an organisation networks itself together.'

## Network reach

"We're out there to drive that wave of network centricity, that nervous system for a modern company or government and to simplify the complexity of doing that for our own customers," he said.

BT practises what it preaches, its world-class rated intranet that handles a tremendous amount of online activity from training and human resources processes to 'webcasting' important announcements and events across the company is an example.

Network reach is vital and BT boasts a broader pan-European retail network than any of its competitors, covering 250 European cities outside of the UK.

But, technology apart, Andy believes that the company's key strength lies with its people - a 13,000-strong workforce is involved in his BT Global Solutions and Syntegra (systems integration) businesses.

'Outside of the UK we have about 8,000 people in sales and delivery and they are all involved one hundred per cent in ICT.'

"They undertake the sort of activities on behalf of our customers that the CIOs and CTOs offices might previously have had to undertake themselves."

The Unilever deal, which saw 200 of the conglomerate's staff join BT to help manage their global voice, data and mobile networks, is an example of what Andy describes as 'smart-sourcing.'

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## Advantage

The idea is to choose the best partners in specific areas - people who have a long-term scale and skill advantage that would be hard to replicate. Again, BT uses the same philosophy itself.

“The real trick in today’s climate is to understand how your technology strategy helps to drive your future business developments.

“Most of our customers are concentrating on improving their processes, changing their business models, driving growth and cutting costs. We’re here to help and we’re doing the same ourselves.”

In technology terms, IP VPNs are key to success for multi-nationals. A sub-set of this is Multi-Protocol Label Switching (MPLS) which enables companies that may have inherited several different voice and data networks to harmonise their ICT needs.

## Americas expansion

A world leader in this field, BT can provide an MPLS network backed by quality control to ensure that voice and video traffic gets through first because customers will not accept delays of any sort in live transmissions.

Next in priority is data, which isn’t sent ‘live’ anyway because it is deconstructed and then reconstructed along the way, followed by e-mail traffic which is not time critical to the same degree.

The aim is to fill up the communication ‘pipes’ to create a cost-effective but reliable network that can link even the smallest sites to a corporate network - the Repsol petrol station deal in Spain is a good example.

While Europe is the main focus for BT Global Services’ attentions, the team recognise that their target customers also have business needs within the Americas and Asia pac region.

In the Americas, BT is expanding its nine-node network to 23 nodes including Toronto and Mexico City to get closer to key customers. BT will buy short network ‘pipes’ ranging from less than 50kms to a maximum of 200kms to provide highly-targeted local service.

This strategy resulted in the recent win of a contract to outsource a call centre for one of the American airlines to Mexico.

In Asia-Pac, the key sites for many BT customers doing business in Europe are Tokyo, Hong Kong, Singapore, Sydney and India.

## French connection

Said Andy: “We have invested carefully to serve them, working with partners in the first instance, and we’re using our undersea cables to give them the global connectivity they want while they give us the housing and support for all our facilities in each country.”

The focus is different in France, however, where BT bought out KPMG’s consulting operation and took over 800 staff, now headed by recently appointed country manager Olivier Campenon.

Andy explained: “As a result, we have now got great contacts with French organisations and the French government. We’re going to be doing significant business there over the next couple of years.”

In a nutshell, Andy puts BT’s new international strategy down to this: “There’s an IP revolution taking place that will give our customers a real opportunity to find new competitive edge and value for money. We’re here to help them become more flexible and agile to meet the challenges ahead over the next couple of years.”

This feature comes from the summer edition of sphere magazine. To obtain a copy email [sphere@bt.com](mailto:sphere@bt.com).

“The customer was very pleased with the solution, which met their very stringent safety obligations”