

## **ANNE HEAL**

Good evening and welcome everyone. I'm Anne Heal. I have overall responsibility for Openreach sales, products and marketing.

Wearing my previous hat, as BT's Director of Regulatory Affairs, I was involved in the lengthy and complex negotiations with Ofcom about the formation of Openreach. But that's enough about me...

We're here today to talk about what we're doing for you – our customers:

We'll be updating you on our coverage plans for the festive season, telling you about the service improvements we intend making and providing you with an overview of the substantial network investment programme that's already underway

On the marketing front, we'll be explaining our strategy, previewing our national and trade advertising campaign and discussing the portal support we'll be providing for you.

And I'll be summarising the proceedings!

There's one other thing I'd like to say, before I introduce you to some key colleagues...

You should be receiving a letter from us shortly, following up the various sessions we've been having with you, seeking to confirm how we'll be managing your account going forward.

Okay, let's get down to business, starting with some introductions...

John Small and Dawn James are here with me this evening...

John is Managing Director, Service. He's responsible for customer satisfaction, operational planning, the management of customer projects and overall service improvement. John joins

Openreach from BT Retail, where he devised and implemented the company's most successful customer satisfaction programme ever!

Dawn is our Public Relations and Communications Director. She previously held senior communications-related posts in engineering and civil and military aviation, most recently for Manchester Airport and British Aerospace.

Unfortunately, Dave Newbold and Craig Rowland cannot be with us...

Dave is our Director of Sales and Business Development. He joins Openreach from Energis, where he was Director of Internet Service Provider business. Prior to that, Dave held a number of other senior posts with Energis, where he was variously responsible for Network Operations, New Products, Network Technology and IT Service Management

And Craig is Managing Director, Access, Operations & Planning. He was previously Managing Director of BT Business – a division of BT Retail – where he had overall responsibility for more than 2,000 resellers. Craig will be covering for me while I'm on maternity leave.

Okay, that's it from me for now. I'll hand you over to John Small...

## **JOHN SMALL**

Many thanks Anne. Good evening everyone.

I would like to use the time allotted to me to explain how we are working to improve the levels of service we deliver.

I would also like to share some thoughts on how we could help to improve our day to day working relationships, such that we can better meet the needs of our respective organisations.

I will explain our plan to improve the reliability of our access network and show you how we aim to increase the speed and quality with which we complete provisions and repairs.

I will also explain how we are going to improve the service offered to you by our service management centres.

But first let me explain our coverage plans for the festive season...

Our Service Management Centres will be open as normal until Friday 23<sup>rd</sup> December, until 6pm.

They will re-open on Wednesday 28<sup>th</sup> December at 8am and will remain open as normal until 6pm on Friday 30<sup>th</sup> December. On Tuesday 3<sup>rd</sup> January, they will re-open at 8am.

If you've signed up for 24x7 repair and provisioning, that's what you'll get – right through the festive season.

Other than that, the only thing we won't be doing under an industry-wide agreement is number porting on Friday 23<sup>rd</sup> December and Monday 2<sup>nd</sup> and Tuesday 3<sup>rd</sup> January.

So that's that. Now let's look at the bigger picture...

For everyone in Openreach, service is about much more than the provision and repair activities conducted by our Service Management Centres and engineers in the field.

It's also about the process of re-invigorating the access network infrastructure. If we make the network healthier, it stands to reason that this will lead to enhanced reliability and improved service standards.

However, in order to realise this potential, we recognise that we must bring the new organisation into a stable state, where service

standards are consistently met and targeted network investment work is completed on time.

Remember, also, that it is our responsibility to maintain a safe and secure working environment.

Every minute of the day – not just for our employees, but for the public, who are living with our network infrastructure – safety and security are always at the forefront of our minds.

And now for the issues that concern us both...

We are all aware that parts of the local access network cause significant problems. Certainly when it rains, the fault rate is higher than we would wish.

There is no doubt that the introduction of new, high bandwidth services has exposed a number of issues with the access network that previously had not been evident.

That's because simple voice would tolerate the odd click or bump, without any material impact on quality of service. Broadband is simply not tolerant.

Our plan is to start to tackle these issues now...

We have allocated over £100m of capital expenditure specifically to address the health of our network. And we have already started to spend that money.

We want to take out the variability in performance, because consistency is important, after which we want to reduce the overall number of network failures. We cannot allow ourselves to be so susceptible to weather in the future.

Our investment strategy will at first focus on network components that cause disconnection faults, and secondly on high fault nodes in the network. This will give us the most immediate

benefit in reduced fault rates and reduced variations.

In parallel, we will focus on securing the 'e' side network through pressurisation and cable renewal. In addition to reducing fault rates, this will improve engineering effectiveness.

The copper cabling in the local access network is broadly compatible with the 21<sup>st</sup> Century Network – BT's vision of a converged, multimedia world in which end users can access any communications service from any device, anywhere, at broadband speeds.

However, like similar fixed line networks in other parts of the world, copper does have physical limitations. For example, distance and bandwidth are still directly associated. The further you are from the serving telephone exchange, the lower the bandwidth capability.

Overcoming such constraints in a commercially viable way is a necessity and a tremendous challenge and therefore one which we intend to keep firmly on our radar.

That's why you will find us making proactive approaches to you, asking you to tell us about your plans for the access network, so that we can discuss, test and learn together. Our Chief Engineer, Bob Cowie, will be leading this work throughout next year.

So there are just some of the issues we're addressing. My next topic relates to our organisational structure...

There are considerable regional differences in the network, so different profiles of investment activity are required.

That is why we are moving to a structure where local engineers with the complete range of skills needed to deliver our network improvement programme are all under the same local

management. This approach is key to enabling us to enhance the level of service we provide for you and, ultimately, for your customers.

It makes sense to re-align ourselves this way, because every region is different. The problems that exist in Wales, for example, are very different from those experienced in London.

With a regional structure, each team will be better placed to focus on local needs and to understand their 'patches' that much better.

The same applies to making quick decisions, as our teams will be on the spot – or very close to it. It will therefore be easier for them to identify problems and work together to resolve them.

In addition to our regionalisation programme, we're working hard for you in other ways...

Our immediate priority is to reduce the range of lead times we offer and ensure greater consistency across the UK. This is why we are recruiting an additional 1,300 engineers, who will be dedicated solely to provisioning and repair.

Peaks of work normally created by big storms cause us most problems – a sudden influx of thousands of extra faults is not always easily accommodated.

Our additional engineers will help. But if we are to better manage these types of incident, we must be able to freely move engineering resources between the many types of work (e.g. reactive repair and provision; investment build and assurance).

We must also be confident that our engineers will continue to deliver to the required service and quality standards.

A flexible workforce for Openreach means that we need to train a significant number of

engineers in additional skills, which we will be doing over the next 9 months.

With all this in mind, I expect service levels to stabilise quickly in the New Year, when we should also start to see reductions in lead times.

Many of you have told me that a forecast of likely lead times and any potential hurdles would be really useful in helping you to manage the expectations of your customers.

I give you an assurance that, from the second week in January, on every Tuesday morning, we will provide you with a prediction for repair and provision lead times for the coming week.

We will also be highlighting any future issues that we think will have the potential to have a material impact on service.

The next thing I want to talk about is our Service Management Centres, which I want to quickly become more customer focused...

From the first week in March, we will open our Service Management Centres on a Saturday between 8am and 6pm, to manage your escalations and issues that would otherwise have been delayed until Monday. This will hopefully go some way towards meeting your growing need to operate effectively over the weekend.

I have also seen, both from your side and mine, that there are a number of processes where a simple phone call would immediately resolve an issue, rather than the numerous Emails that we appear to be generating between us. We will be reviewing these processes in the New Year. Where we can be more immediate and decisive, we will be.

I would also like to get to a stage where I have teams of service people who have a far better understanding of you as individual customers.

While this is an aspiration at the moment, I share it with you so that you can appreciate that we mean business.

To sum up, we have a comprehensive service plan that extends over the next couple of years. It is funded. Our people believe in it and regard it as an outbreak of good common sense. And we are all clear about our agenda going forward.

We must remove the volatility from our network and make it more reliable. This will take time and there will be bumps along the way, so please be patient for a little while longer.

We must also reduce average lead times.

We are going to keep you better informed. Our Service Management Centres are becoming more customer focused, and we want to work more closely with you.

Last but not least, we recognise the need to introduce new and different service offerings. My team will be working with Anne Heal and her team to ensure we deliver in this respect.

This is an extremely exciting time for us, as I genuinely believe we have all the levers to make the step change in levels of service that we all so desperately want. We will deliver – of that have no doubt.

I look forward to meeting as many of you as I can in the near future. I will now hand you back to Anne...

**ANNE HEAL**

That was a pretty comprehensive review John. Let's move straight on to the marketing story. Can you do the honours please Dawn?

**DAWN JAMES**

Certainly.

As you said Anne, the first thing we're doing is writing to all our customers, explaining how they'll be able to work directly with their soon-to-be-appointed Openreach Account Manager.

We'll also be detailing the options for co-ordinating our work with their other BT account management teams.

With the launch imminent, I thought it would be helpful, as starting point, to run through our communications strategy...

Let's begin with some objectives and boundaries...

We need the general public and business owners to trust Openreach engineers in the same way they trusted BT engineers, so that they are willing to continue to let them into their homes and offices. After all, they will be working on your behalf from now on!

That's why our number one communications priority is to explain that Openreach engineers are in fact the same people as before, only working in a new, more equivalent way. This is reflected in the new identity.

We may still be owned by the BT Group, but we want to make it absolutely clear to everyone that the two are effectively separate entities for the purpose of service. More on the identity roll out in a moment.

Our second communications priority is to explain why we're here and what we do. We want to make two things absolutely clear...

Our responsibility starts and finishes with the 'last mile' or the 'local access network' – the last and first links in the communications chain, if you like.

And we're committed to treating all

Communications Providers in the same fair and even-handed manner.

We are also very much aware that our communications activities must not attempt to build a consumer brand. Our relationship with your customers is purely societal. We don't sell them anything. We leave that to you.

That's why the language we use when we talk to the mass market is very different from the language you will be using. We always refer to you as Communications Providers, because that's what you do.

You provide your customers with everything from analogue telephone lines, to high speed broadband connections and complex networked IT solutions.

So there you have the ground rules for our communications strategy. We make the relationship between Openreach and BT perfectly clear. We explain why we're here and what we do. And we don't encroach on your territory!

That's why we are proactively engaging with you and other stakeholders, including industry fora, to ensure Openreach benefits the whole of the UK communications industry and its customers.

For example, we completed our first series of road shows in October. We used them to outline the legally-binding undertakings we made to Ofcom resulting from the TSR.

A second series of road shows took place only last month. We used these to explain the organisational changes we would be making in order to deliver equivalence and transparency. More such events are planned for next year

In keeping with our objectives of openness, transparency and fairness, we have also set up a

working group with Thus, One-Tel, Cable & Wireless, Wanadoo, Telewest, BT Retail and the Federation of Communication Suppliers. We are using this forum discuss our campaign proposals and progress them, as well as to gain a better understanding of your requirements.

We also intend to participate in product, architecture, framework, implementation, migration and communications working groups under the Consult 21 banner (i.e. those relating to the introduction of the 21<sup>st</sup> Century Network).

We will be supporting Local Loop Unbundling fora and working groups, while liaising closely with the Office of the Telecommunications Adjudicator and the Market Breakthrough Executive

We will also be supporting Wholesale Line Rental fora and working groups, while liaising closely with the UK Competitive Telecommunications Association and the Fixed Service Providers Association.

I hope that has given you a good idea of our continuing commitment to work with you and the industry. Now for the campaign rollout...

Here's what's happening from Wednesday, the eleventh of January, 2006, the day we officially open for business.

The van rollout begins and our engineers will start to be issued with their new uniforms. As you can no doubt imagine, the task of re-branding BT's fleet of 22,500 vehicles is a massive logistical exercise. Roughly half the job should be completed by the end of 2006 and the other half over the following 23 months.

The poster and press campaign launches in London, Edinburgh, Cardiff, Birmingham and Manchester

And our email addresses will change to

openreach.co.uk, although they will work if you use them now.

Next, let's take a look at the campaign itself and big story that we're trying to get across...

We want the public to know that the next time their Communications Provider sends out an engineer to install, service or repair their line, it will be one of ours!

The takeout we're looking for mirrors our number one communications objective of keeping doors open. That's the focus of our advertising.

Of course, telling people is one thing. Making them believe it is another. In the final analysis, the public's 'belief' in Openreach will depend on whether or not they have had positive experience with us.

That's why we have an extensive internal communications programme in place to ensure that our engineers – all 25,000 of them – are on message too.

Apart from our engineers themselves, the best external visual advertising for me is the 22,000 vans driving around bearing the new livery.

We like it so much that we're using the re-branded vehicles as the focus of our poster and press advertisements.

Advertising in the national press – including the Scottish qualities, supplemented by titles targeting the potentially vulnerable (e.g. readers of grey magazines), as well as the ethnic press and trade magazines – will provide reassurance and build trust.

Our PR and media relations activities will effectively do the same, and I'd be delighted to provide chapter and verse on those to anyone who would like to contact me.

The Openreach website at [www.openreach.co.uk](http://www.openreach.co.uk), which we launched back in September, will, through a phased approach, evolve into a fully fledged portal.

As part of the next phase in its development, the website will provide additional information for you and for your customers.

It will also provide the functionality and applications you currently have, in some cases redirected though to BT Wholesale in the short term.

However, over the next year, [openreach.co.uk](http://openreach.co.uk) will incorporate enhanced functionality and applications, all of which will be contained within it. More about that in a moment.

Before I do, I'd like to tell you about the web-based toolkit we're producing for you.

It will include a style guide, A5 bill stuffer copy and visuals, drop card copy and visuals and credit card copy, together with other imagery and photography (e.g. materials from poster/press shoots).

And, specifically for your employees, you will find copy to help you develop your own call centre scripts, including a message on Interactive Voice Response and a wrap up for inbound calls.

All this should be with your marketing representatives by January 11<sup>th</sup>.

And now for the portal...

We will work with you to further develop the Openreach website as a key information and collaboration tool. By the end of 2006, it will become a true portal that will facilitate a more open and dynamic engagement with you going forward

Through our portal, you will have access to an increasing number of systems and applications

to support your business engagement with Openreach. You will, for example, be able to check line characteristics, test lines remotely, raise fulfillment orders, report faults and track them to resolution.

Looking a little further ahead, we want the Openreach portal to provide you with a truly interactive working environment.

This will be especially useful when we are thinking of introducing a new product, as you'll be able to ask us questions, receive timely responses and get your peers involved.

That's a wrap-up from me! I'll hand you back to Anne...

**ANNE HEAL**

Many thanks Dawn.

Instead of me doing a rather predictable 'Conclusions' piece, I'm going to invite questions from you, our customers...

I think we have time for one more question.

Thank you for your time everyone.

Have a great Christmas and a happy, healthy and prosperous New Year.