

# DIGITAL LEADERSHIP

An interview with

**Subhra Das**

Chief Executive Officer, Jawwy from STC

***Jawwy: How a Saudi Digital Venture  
is Rewriting the Telecom Rulebook***



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## Going Greenfield – the Only Way to Rapidly Meet Consumers' Digital Needs

STC is the largest telecom operator in the Kingdom of Saudi Arabia (KSA). Why did you decide to launch an independent digital venture?

The market in KSA stands out in many respects. Sixty-seven percent of the population is below 30 years of age. Saudis are some of the most prolific users of social media in the world and have an ever-increasing appetite for all things digital, with 190 million YouTube videos viewed in KSA daily. That translates to six YouTube views per-citizen per-day, which is the highest in the world. Saudi Arabia also has the world's highest penetration of Twitter among internet users.

As Saudi millennials are so digital-savvy, they expect a completely new kind of experience that is very different from what today's operators can provide.

They expect an experience that is real-time, on-demand, online, DIY and social (or 'ROADS' for short). This is very much on par with the experience offered by the likes of Google, Apple, Facebook and Amazon – seamless, intuitive and very simple. Current operators struggle to meet these needs as they are often constrained by their legacy systems, mindset and culture. This creates an immense frustration for consumers at every stage of the experience – from buying to using the service or contacting customer support.

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*We are building a new digital mobile operator model with the organizational DNA and agility of an internet player.*”

We concluded that we needed a completely different way to reach out to Saudi millennials. We needed to reimagine the mobile service experience for the digital generation. This was not something that could be done overnight given existing organizational and systems realities. So, STC decided to create a completely new digital venture/BU – Jawwy. When you want to reimagine and carve out a new experience, and do that rapidly, you have no choice but to go Greenfield. You don't want to be constrained in any way by the existing organization's operating model, culture and systems. Hence the Greenfield route was a natural choice. We are building a new digital mobile operator model with the organizational DNA and agility of an internet player. We believe this is how we will positively disrupt the mobile service experience in Saudi Arabia.

## What is Jawwy's value proposition and ultimate objective?

Jawwy is a complete re-imagination of the mobile service experience for the digital generation in KSA. In Arabic Jawwy means 'my own way of doing things' or 'my own style'. Customers order the Jawwy SIM, have it delivered to their doorstep or pick up from a convenient Collect location, and download the Jawwy app to start using our services. They can build, share and manage their plans in real-time via the app. Other features of the app include instant service activation through the product catalogue and real-time contextual offers and notifications. New pricing plans and offers can be launched within a day or two. The customer care model is digital, featuring self-help, online, social and peer-to-peer support using crowd-sourcing. All our marketing communications are online and social media based. We have designed a best-in-class customer experience that is fully digital end-to-end. And we are addressing the core business of telecom operators. We are not undertaking digital initiatives at the edges yet, such as mobile health or mobile money. This is a transformation of the core of how telecom services are designed and delivered.

Our objectives are threefold. One, capture the KSA youth market where STC can do more. Two, future proof STC's market position. And three, establish STC as a lead innovator on the global stage.

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### How different is Jawwy from the second brands launched by telecom firms in Europe?

Operators in Europe have launched their second brands mainly to create low-cost alternatives and as a reaction to the price pressure coming from MVNOs. But, Jawwy is not a price play, but a digital experience play.

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*This is a transformation of the core of how telecom services are designed and delivered.*”

### Can you describe Jawwy's operating model and systems?

Jawwy is a BU within STC with full latitude and significant autonomy to design, develop, deliver and operate this unique end-to-end digital experience. A special Supervisory Board oversees the working of the BU. Jawwy has its own strategy, commercial, technology and support functions while being reliant on STC's network and regulatory areas. Jawwy employs a lean organization structure and puts special emphasis on recruiting top global talent and fostering an organization culture similar to the DNA and agility of an internet player.

Jawwy has full control and ownership of IT systems that integrate with STC's network. Given the need to provide an end-to-end digital experience, Jawwy partners with several new-age SaaS, PaaS and IaaS providers. This provides multiple benefits, including faster time-to-market and responsiveness, agility, faster scaling and better economics.

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## Design a Customer Experience Digitally from the Ground Up

### How did you design the customer experience?

We hired a leading team of ethnographers from New York who conducted ethnographic research on the digital habits of millennials and their telecom pain points. These pain points included - confusing tariff plans, data usage tracking, recharge issues, billing and payment challenges, poor buying experience, disillusionment with one-way brand communication, and extremely weak service support. We also looked at the evolving needs and wants of this segment. Millennials are already used to a significantly enhanced level of experience delivered by over-the-top (OTT) players.

It was very clear that millennials seek a real-time experience offered online and through an app and with do-it-yourself (DIY) and social features. We then had to rely on creativity, great design and cutting-edge tech to address the pain points and their needs using the power of digital. We focused on simplification of the experience and partnered with leading design firms.

### How did you use digital technologies to enhance the user experience?

Early in our journey we designed the systems architecture for a digital telco based on reimagining of the customer experience. We then looked at cutting-edge tech available in the market and moved forward with the right partnerships. Some of the key partners are Silicon Valley firms with new age tech, app and online solutions backed by cloud-based and virtualized platforms. Our partnership with ItsOn is an example of using new digital technologies to move the smartness of telco back-end systems to the front-end using an app, thereby enabling real-time and unprecedented

mass personalization experiences when it comes to service activation and usage management of plans. To address the buying experience, we built full e-commerce capabilities from the ground up, complete with integration with several 'last-mile' delivery firms and a nationwide network of Click & Collect outlets. On the support side we invested in several social media technologies and new age contact center solutions including crowd-sourcing. The challenge is about making the experience seamless across the customer journey. We accomplished this by using approaches like single sign-on and login using social media credentials. Our customer accounts are also linked to their social IDs, which enables a great experience.

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### How about the customer support?

Customer support in the telecom market is very time consuming and highly frustrating. Customers have to select the correct options and are kept waiting to talk to an agent. We opted not to have an inbound call center and have completely moved the support service experience to digital. Our support features include new age self-help, social, peer-to-peer, online chat and email-based applications. We also have an excellent search option, which is dynamic, and helps customers troubleshoot a lot of issues themselves. We want our customers to help each other. We have therefore created a user community similar to Giffgaff, the UK-based MVNO, which relies mostly on community-based customer service.



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What was the timeframe from inception to launch for Jawwy and the investment involved?

Jawwy BU was set up in in Q1 2015. It has been about five quarters since inception and we launched in May 2016. STC’s investment in Sapphire to date has been extremely modest and is in line with lean start-up approaches.

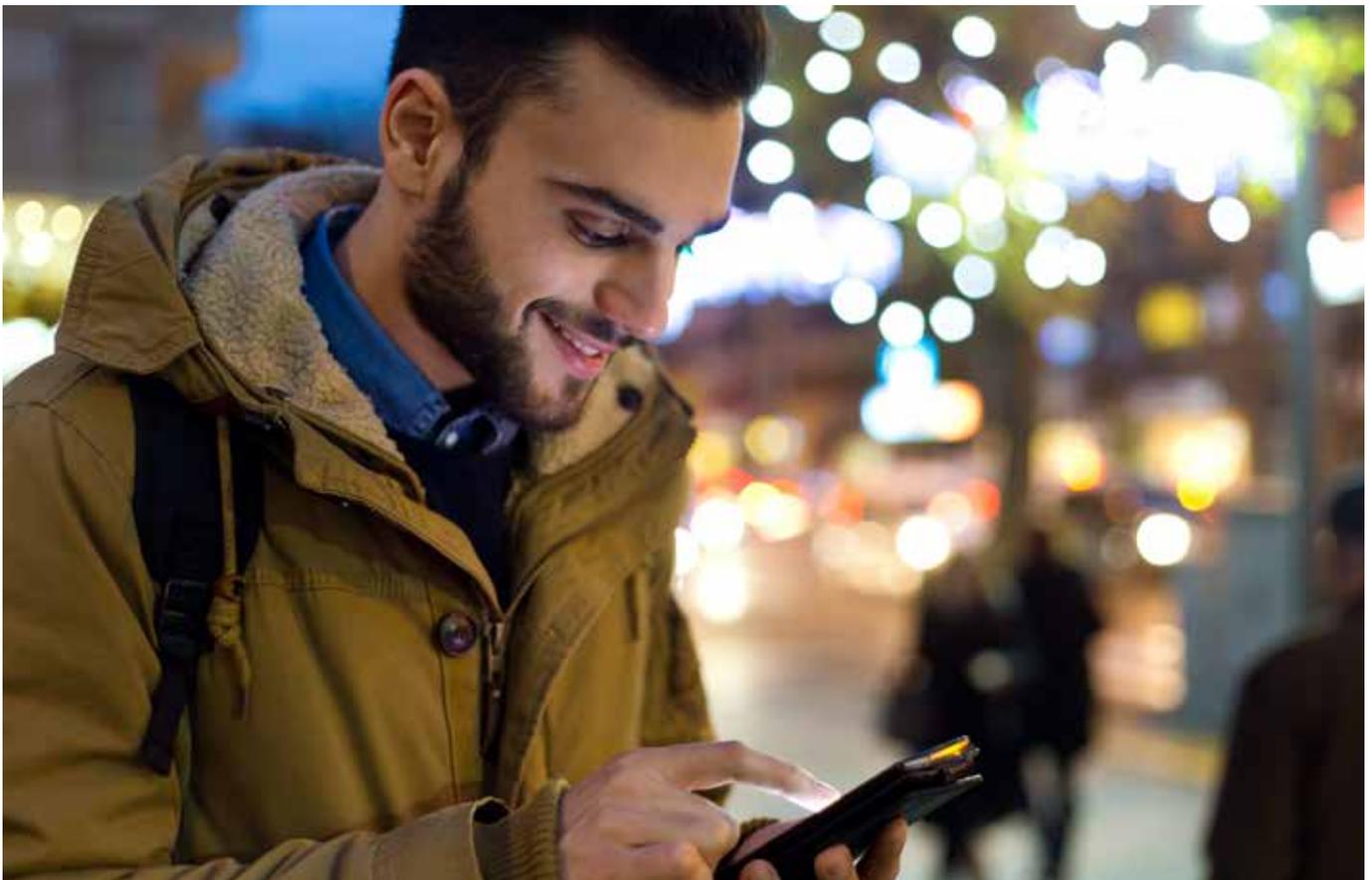
## The Importance of Having an Independent Governance Structure

Could you elaborate on the governance aspects of running Greenfield operations within a large organization?

Given the need to have a fresh approach to the operating model, culture and systems – which will be different from the approach you will find within large organizations – it is important to have a fairly independent governance structure with a Supervisory Board. In our case, the Supervisory Board is chaired by STC Group’s CEO, which ensures smooth working with the wider STC organization

and reduces friction. We are also privileged to have CEOs of other STC Group companies on our Supervisory Board, which gives us access to a broad repository of expertise. Our Supervisory Board is also diversified, with young digital talent, and including a Board member from one of the world’s leading Silicon Valley-based digital firms.

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# Jawwy - How a Saudi Digital Venture is Rewriting the Telecom Rulebook

STC – the largest telecom operator in the Middle-East and North Africa



**USD 13.5bn**  
revenue



**100 million**  
customers

## The Saudi Market = A very Digital-Savvy Population



**67%**

of the population is below 30

**190m**

**You Tube** videos viewed daily

**6** videos/day/citizen, the highest in the world



**Highest penetration of Twitter** among Internet users

## Why Set Up a Greenfield Digital Venture?

Millennials expect a **new kind of experience** - on par with what Google, Apple and Amazon offer

An experience that is **Real-time, On-demand, Online, DIY and Social**

**Not** something that can be offered overnight given the organizational and systems constraints

**Go Greenfield**

**A Lean Startup Approach**

**5 Quarters**  
to Set Up a Greenfield Operator

**&**

**Modest**  
Investments

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*Telecom operators have to figure out ways to keep the exploitation business and the exploratory business apart.*”

## **Incumbent Operators Need to Carve Out Completely Digital Entities**

Telecom operators are struggling with their digital transformation. What do you think are the main reasons and what advice would you offer to large telecom operators in Europe or the US?

Digital transformation is, of course, an arduous task for telecom operators. One wonders if digital transformation is actually an oxymoron, because it requires a change in the DNA of an existing organization.

Existing telecom organizations are essentially in exploitation mode when the digital agenda is actually an exploratory business. In the words of Dr Michael Tushman, my professor at HBS, an “exploitation business kills the exploratory business when they are together.” So telecom operators have to figure out ways to keep the exploitation business and the exploratory business apart.

Operators in Europe and the US are very familiar with the issues they face, and the options they have, in digital transformation. One option is around creating what Dr Michael Tushman and Dr Charles O'Reilly call the “ambidextrous” organization – one organization, two cultures. The other option is to create a spinoff. Or a combination of both. The final solution also depends on the operator’s digital maturity and the regulatory conditions in the local market.

Our experience has shown that with the right governance and operating model, a well balanced team of digital and telco professionals, and the right partnerships, one can make significant inroads and fast.

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Chief Executive Officer, Jawwy from STC

Jawwy is a new digital mobile service that was launched by Saudi Telecom Company (STC) in May 2016. STC is the largest telecommunication services provider in the Middle East & North Africa, with revenues of \$13.52 billion in 2015. It has some 100 million customers worldwide and owns a fiber-optic cable network spanning 137,000 kilometers across Asia, the Middle East, and Europe. STC is the leading telecom operator in the Kingdom of Saudi Arabia and its international presence extends across Kuwait, Bahrain, Turkey, Lebanon, Jordan, Malaysia, India and South Africa.

Subhra Das is the CEO of Jawwy – STC's digital venture. Previously, he was EVP of the Consumer and Digital Business Unit and Head of Innovation at du, UAE's premier telecom operator. At du, Subhra successfully developed and executed an innovation-led strategy to drive du's rapid ascent to a record 45% market share within 5 years from launch in one of the world's most highly penetrated mobile market. Subhra has led 6 mobile operator start-ups in various capacities across the globe and is also a digital entrepreneur. He is an alumnus of Harvard Business School where he studied innovation under leading thinkers such as Dr Clayton Christensen and Dr Michael Tushman.

We spoke to Subhra to understand how a digital-only mobile operator can better meet consumers' evolving needs.

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**Contacts:** **Didier Bonnet**, [didier.bonnet@capgemini.com](mailto:didier.bonnet@capgemini.com), **Jerome Buvat**, [jerome.buvat@capgemini.com](mailto:jerome.buvat@capgemini.com)