



DIGITAL LEADERSHIP

An interview with

Monty Hamilton

Director of Digital Operations at Telstra



A large, semi-transparent graphic of a microphone is positioned diagonally across the page, pointing from the bottom left towards the top right. It has a light blue and white color scheme.

Telstra: Securing a Bright Digital Future for One of Australia's Most Iconic Organizations



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Director of Digital Operations at Telstra

Learning from Five Years of Digital Transformation

How and when did Telstra's digital transformation begin?

We began five years ago with the creation of Telstra Digital as a business unit. We brought together our online, mobile, social and ecommerce initiatives to bolster digital sales and service capability.

We first decided to focus on delivering a much better experience for our customers through digital technologies. Many of our customers actually prefer interacting with us using digital channels. We had to deliver on our customers' expectations of interacting with us digitally. There are also considerable productivity benefits for the organization which can be realized from a digital transformation.

When we started in 2011, less than 20% of our customer transactions were digital compared to 56% in H1 2016.

What have been some of the key achievements so far?

One of our key measures of success is the share of customer transactions conducted on digital channels. When we started in 2011, less than 20% of our customer transactions were digital compared to 56% in H1 2016. We passed the 50% milestone in October 2015. We are now a more digital company than we are a physical company.

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Can you say a word about Telstra Digital?

Telstra Digital is not a separate entity or a separate organization. It's a business unit tasked with the responsibility of helping Telstra transform digitally. It's not about one area controlling the transformation – it's about enabling the digital transformation base plan across the organization. This is absolutely critical as I have seen approaches where a digital unit alienates itself from the rest of the organization. But Telstra's Digital Unit is here to help the broader organization – it is a center of

excellence for digital. It is the very close collaboration between the product or channel teams and the digital unit that has helped us to attain our objectives.

You started by investing massively in IT systems. Why was it so critical for your digital transformation?

Like many incumbent organizations, our IT systems were built for our thousands of team members to use in retail stores and contact centers rather than for our millions of customers. We had to completely transform our systems to enable direct digital interactions.

We initially focused on three core capabilities. First, we had to make sure that our systems would be resilient and support direct customer transactions. Second, we needed a capability in identity management to bring our customers and their product holdings together into a single customer view. The third piece was the customer channel. We provided web and app-based customer services through the Telstra 24x7 app. Today, over 2.9 million customers actively use the Telstra 24x7 app. It's the number one Australian application on tablet, and the second most popular Australian application on smart phone. Our objective is to minimize the effort required for our customers when they interact with us.

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Telstra launched its 'Digital First' program in 2014. What was the objective of this initiative?

We began our digital transformation in 2011 by focusing on the customer experience. In 2014, we started thinking more broadly: how could we use the digital design, build and run model in place with our customer facing digital transformation to change the experience of the Telstra employees, contact center team members or the field technicians who are visiting our customers every day?

Our Customer Advisor Tool (or CAT as it's known internally) took the exact same design principles for customer facing digital apps and applied these to our internal workforce. Today 1,800 of our store team and 7,000 of our contact center team use the Customer Advisor Tool each day. Ahead of traditional CRM interfaces, the application is operated on our digital architecture with a responsive interface so it works on tablets - in our stores we're having conversations on the shop floor instead of behind the counter, the application is also faster and easier for our consultants to get all the relevant information to help a customer saving around 2 and a half minutes on certain call types.

We also thought about how we could truly connect our customers between digital channels and retail stores. Today, over 300 Telstra stores have low-energy Bluetooth beacons installed. When a customer walks into a store with the Telstra 24x7 app and with Bluetooth enabled on their phone, the store is aware that our customer has entered and customers can interact with the store from their phone. We're in the early days here, however we have some great use cases planned to benefit our customers in the year ahead.

Telstra also launched a community / crowdsourced customer support approach. How does it work and how successful has it been?

Crowd sourcing has been part of our digital journey since day one. Today, nearly one million Australians visit our customer community each month. In our digital community, customers help other customers resolve the issues they face. More than 60% of visitors to the community now find the answer to their questions from someone within the community.

Crowd sourcing has been part of our digital journey since day one.

It is a win-win scenario for everyone – less effort for our customers and a productivity benefit for us and our shareholders. And, even more importantly, it enables us to get completely transparent feedback from our customers in a collaborative environment. This helps us improve our products.

60% of visitors to the community now find the answer to their questions from someone within the community.

In the spirit of our 'Digital First' program, we decided to extend this crowd support model to our internal organization. If an initiative works so well with customers, why not create something similar internally? So, we built a peer support community to tap into the knowledge of our employees. Today, over 17,000 of our employees have used this peer support community. It is transforming the way we deliver services and launch our products. It is now easier to train, coach and develop our employees with the peer support community.

If an initiative works so well with customers, why not create something similar internally?

Telstra's Digital Strategy – The Long-Term Organic Route

Telcos have chosen different strategic paths for their digital transformation. Some are launching digital brands or adopting a Greenfield approach. Telstra clearly chose the long-term transformation route. What was the rationale for this choice over say a Greenfield approach or digital sub-brands?

It's important to understand the significance of Telstra as an organization in Australia. We are one of the most recognized brands in the country and there is an enormous sense of national pride in our century-old history.

Our vision for digital was – and still is today – to create a bright future for Telstra in a digital world. It wasn't about building something new and replacing things we've got. We have an incredible brand, culture, history and technology infrastructure. Our mobile network is consistently rated as one of the best in the world. We have an incredible work process. We didn't have a starting point of broken assets. We wanted to build a resilient organization – transform our company for the very long-term.

It was a logical decision to build upon the organization we had rather than through a brand strategy or a Greenfield approach.

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Many companies are going down the acquisition route to accelerate their transformation. Large organizations like Wal-Mart have acquired dozens of startups. Is Telstra considering the acquisition route?

We have and will continue to make strategic investments to help us transform our business. Telstra Ventures, our corporate venture capital group founded in 2011, invests in high-growth opportunities that enable us to offer new products and services to our customers. During 2015, we made nine new investments. Telstra Ventures' portfolio now consists of investments in 20 companies in Australia, the United States and Asia. The end objective is to help our customers through better experience and shareholders in making the right investment.

These investments present an incredible portfolio of capability for us to leverage internally to help accelerate our digital transformation. For example, we're using capability from investments in Box for enterprise storage, DocuSign for contract acceptance, Ooyala for video with our customers and TeleSign for security.

You talked about ventures, could you say a word about your startup accelerator?

We launched our startup accelerator program called muru-D four years ago. ‘Muru’ is an aboriginal word meaning “path” and the ‘D’ stands for “Digital”. muru-D identifies and supports startups to create valuable technology products and services through a six-month acceleration program. We provide the facilities and support such as real estate, technology and access to the resources of Telstra and we take a small equity share upfront in the business. muru-D launched in Singapore in 2015 and we hope to attract the region's best digital talent and successful startups.

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No Digital Transformation without a Change in Culture

In our research, we found that culture is one of the major obstacles to digital transformation. How did you create a digital culture at Telstra?

The culture at Telstra was wonderful but we didn't have a digital culture. And this was clearly an issue. You can invest millions of dollars in technology but if you don't have a culture that enables you to collaborate across the organization, then nothing will change.

There is not one specific activity that enables a cultural change. It is a series of initiatives, be it hiring or new work approaches. For example, one of the changes we enabled in our digital team is rapid prototyping. That was critical as you can't spend three years building something. What you initiated three years ago will not be what a customer wants today. You have to be prepared to rapidly iterate and have a number of release cycles. We operate through an agile model when it comes to our technology and digital development practice. And this has really helped us create a culture of agility and collaboration within the organization.

There is another very fundamental culture change that we implemented in our organization. For over five years now Telstra has put ‘improving customer advocacy’ – measured by our net promoter score – at the top of our strategic pillars. All employees can view the net promoter score for the specific channel they are responsible for on a daily basis. Every morning our executive team receives the net promoter score for the previous day. It serves as a very significant cultural proof point. You don't make decisions without customers' interest at heart. It enables change in traditional decision-making processes.



Telstra's Digital Journey

TELSTRA'S KEY FIGURES

In 2015

\$26.6 billion revenue

36,000 employees

across

20 countries



KEY DATES

2011

Digital Transformation Launched – **Focus on customer experience**

2014 onwards

Leveraging digital capabilities created to improve the experience of employees



SOME KEY ACHIEVEMENTS OF TELSTRA'S 5-YEAR DIGITAL JOURNEY

Digital Interactions



Digital customer transactions were

< 20%
in 2011

56%
in H1 2016



Crowdsourcing – For Employees

Over 17,000 of Telstra's employees have used the company's peer support community

Crowdsourcing – For Customers



60%
of visitors to the community find the answer to their questions from someone within the community



Telstra's Investments in Startups

Telstra Ventures' portfolio



investments in 20 companies in Australia, the United States and Asia

KEY RECOMMENDATIONS

1

Focus on employees and culture first

2

"Rapidly iterate" – customer service app: 29 releases in 4 years

3

Become an enabler to digitization in the organization and not a controller or retailer of digitization

People at all levels of the organization can speak up on the importance of our customers. I would say that's one of our most significant cultural changes across the organization.

Are there traditional companies that you admire for their digital achievements?

I have been impressed by the transformation of the travel industry. Qantas, for example, has been doing some really interesting things on the digitization of their customer experience – connecting their physical presence at check-in, around the airport and on the plane with smartphone apps that make travel easier and more enjoyable – and probably saving them a lot of money at the same time.

What would be your key recommendations to large organizations on how to handle their shifts toward digital?

One, focus on employees and culture first – it is the people and the culture that will enable the transformation and put technology to work. Encourage your team to embrace technology to solve problems and improve customer experience.

Two, rapidly iterate and have a number of release cycles alongside your traditional or legacy IT – experiment with selective customers and industrialize when there is a true need. Our web-based customer service app 'My Account' is a great example – between our IT and digital team, we have had 29 releases of this app over the last four years.

Three, become an enabler to digitization in the organization and not a controller or retailer of digitization. The opportunities to grow and succeed as a result of digital transformation are available to everyone in your organization – not just a digital business unit.

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Telstra is Australia's leading telecommunications company, with revenues of \$26.6 billion in 2015 and 36,000 employees across 20 countries, offering a full range of communications services and competing in all telecommunications markets. It aims to make digital the default channel for all key customer-facing activities, such as billing, payments and customer enquiries.

Monty Hamilton is Director of Digital Operations at Telstra. He is responsible for the day-to-day running of Telstra's Digital business across customer segments – Consumer, Business, Enterprise and Government channels. Prior to joining Telstra, Monty co-founded UBank – ubank.com.au – a direct bank owned by National Australia Bank. At Telstra, he also co-founded the largest digital event in Australia – The Australian Digital Summit.

Capgemini Consulting spoke to Monty Hamilton to understand more about Telstra's shift to digital and the transformation of its customer experience.

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