Incyte Consulting’s Approach to Telecom Sector Product Development: Being Creative in a Corporate Setting

Our approach to product development follows a standard ‘gated’ process, as follows:

**Summary of Incyte’s Standard Product Development Process**

*Permanent price changes, promotions, major changes in non-price terms and conditions.*

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<th>Governance: Steering Committee, Core Product Team, Project Manager, Project Sponsor</th>
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<td><strong>Stage 0</strong> – “Getting the facts”. This stage sets the foundation for the process and involves detailed reviews of the relevant markets and trends, competitors, regulatory assessments, reviews of commercial and technology trends. There is also an ‘internal’ component to this step, which includes a review of the business plan, segmentations in place, previous primary research, wholesale interconnection arrangements, branding and positioning, and existing product roadmaps. The key function of this step is to define the environment into which the products need to be launched, define customer needs, understand targets for the business, get familiar with the existing product infrastructure, and to set the scene for the development of the business case.</td>
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<td><strong>Stage 1</strong> – “Key criteria and idea generation”. During this stage, key criteria are defined on what the new product aims to achieve. Next to financial targets and addressing identified customer needs, this may include churn reduction, usage stimulation, market share development, catching up with competitors, etc. Then a long list of product ideas is generated through an interactive process involving the product team of the client; this can be done through workshops, ‘war games’ or ‘expert panels’. The long list of ideas is then whittled down to a short list by reviewing each idea against the agreed criteria. These criteria may be ‘mixed’ and often trade-off and choices need to be made in terms of their prioritisation.</td>
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| **Stage 2** – “Initial assessment and business case”. Our standard approach to the development of a business case is to use a driver-based, transparent workbook in Excel, aligned with key performance indicators from the business plan, and with a facility to run...
sensitivities and scenarios. The business case tool then allows for a more detailed assessment of the financial projections for the new product, and the extent to which the product is likely to generate shareholder value. During this stage a technology feasibility study is also conducted to ensure any billing or network related restrictions are identified and addressed.

- **Stage 3 – “Final Proposal”**. During this stage focused market research may be conducted to test and amend key product features based on customer feedback. Then the business case is finalised and a final regulatory screen is applied, if necessary. Any regulatory constraints are constantly reviewed during the process to minimise delays and during Stage 3 any formal assessments involving issues such as margin squeeze or bundling restrictions are addressed, in preparation for approvals by the regulator.

- **Stage 4 – “Implementation Plan”**. In Stage 4 final approvals are obtained and a Go-To-Market implementation plan is defined, addressing Marcom and distribution issues and finalisation of internal change requests for the billing and other IT systems. After launch, performance is monitored against key targets identified to ensure future processes benefit from any experiences gained.

Although described above in sequential stages, the process is highly interactive in practice and stages may be repeated several times until the final result has been achieved. Each Stage has a formal end point or “Gate”, during which the product team and steering committee are asked to make key decisions and formally approve progress of the product to the next Stage. The process is fully documented to ensure transparency on decisions made and safeguarding key learnings for future use.

As you can see, Incyte’s approach is highly structured and more or less the opposite of the ‘intuitive’ approach sometimes in vogue in commercial teams. There is a place for intuition and unconstrained creativity – and that is in Stage 1. In practice, once we move through to later stages in the process, intuition and creativity are still required, but within price constraints. In particular, in later stages intuitive and creative approaches are needed to address the problems and challenges that inevitably arise, but within the structure of the overall process. We believe the end-result benefits from this structure and we can point to many recent products developed by our team where highly successful new products were quite different from the original intentions of the client. In short our approach is:

- **Fact-based** – we have a process driven, data-based product development approach which aims to find shareholder-value enhancing solutions for identified customer needs.

- **Creative** – fact-based does not mean robotic or conservative. We can point to numerous examples of out-of-the box, highly creative, and often intuitive thinking by our consultants that have been successfully taken up by customers after being subjected to the discipline of the product development process.

- **Cross-functional** – our experts have extensive experience with marketing and product development, but also with other functions like finance, engineering, regulatory affairs and sales. This allows us to look beyond the development of products into the wider capabilities and constraints of the business.

- **Interactive** – you are the expert on your market, we provide international expertise and previously proven methods. Our approach is interactive to bring out the best of our combined team.

- **Based on international experience** – our consultants typically have 20 year+ experience, you do not pay for training on the job of junior consultants, we do not employ them. This allows
us to utilise international experience to the full, and tailor it to local circumstances through interaction with your team.

Finally, examples of recent projects for clients include:

- Development of product offerings for pre-paid and post-paid mobile services – including basic bundles and rates, and IDD and Roaming offers
- The development and successful implementation of a full new portfolio of fixed line plans and packages for residential customers
- The development and successful implementation of a full new portfolio of fixed line plans and packages for small business customers
- Transitioning from a partially Receiving party Pays (RPP) to a fully calling party pays (CPP) mobile billing protocol
- Compliance with a regulatory decision on the alignment of on-net and off-net pricing for mobile services
- Assisting in the development of IPTV packages – design and pricing, and associated triple play bundling strategy
- Assisting in the development of a 24-month broadband roadmap and the development of a double play product strategy
- Deep financial segmentation exercises on the fixed and mobile subscriber base of one of our clients in support of product development, sales and business case development
- 6 primary research projects (using conjoint analysis) in support of the development of fixed and mobile product offerings.