

CREATING A BRILLIANT DIGITAL FUTURE

TELSTRA'S DIGITAL EVOLUTION

Telstra is evolving into a highly digital organisation. Through a process of automation, virtualisation, integration and mobilisation we are transforming the nature of our entire business. We are now more collaborative, creative and flexible than ever before. Costs are lower and the customer experience is improving.

This paper provides an overview of Telstra's digital transformation spanning our organisation, people and customers. It provides helpful discussion points on the challenges we are all facing along with best practice digitisation solutions.

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Gerd Schenkel joined Telstra in 2011. He has extensive digital experience gained in senior positions at Citigroup and NAB. Prior to that Gerd held global management consultancy roles with The Boston Consulting Group helping multi-national organisations execute expansion and transformation strategies in Europe, USA, South East Asia, Australia and New Zealand.

TAKING LEADERSHIP IN THE DIGITAL AGE

THE DIGITAL IMPERATIVE

OUR DIGITAL FUTURE

- > Digitisation is changing how customers interact with organisations.
- > In response, Telstra has put in place a Digital First approach to our products and services.
- > We are already seeing the benefits of this approach, both for our customers and our business.

The digital revolution is an exciting transformation story. We are seeing global disruptions, where people from all corners of the world, all ages and all levels of society, are connecting in real time. Many of these connections are via small, relatively inexpensive devices.

Organisations must clearly understand and rapidly respond to the changes digitisation is bringing. This is vital for future success.

Greater use of technology is changing customer behaviour and creating the need for new business models. For example:

- There are now more mobile phones than people in Australia. Smartphone penetration is amongst the highest in the world and over two thirds of smartphone owners access the internet daily.¹
- Australians now spend, on average, 24 hours each week on the internet. Nearly 90% of online Australians shop online.²
- The use of social media continues to grow — 3 out of 4 online Australians are active on social networks, nearly half use them daily.³ Over half choose to engage with brands via social media, with 24% doing so weekly.²

The challenge ahead for business is how to best respond to the opportunities offered by a world where everyone, and increasingly everything, is connected.

What is certain is that our economy stands to benefit immensely from this new era of connectivity.

Australian internet access from smartphones¹

Daily internet access (% smartphone users)



Daily users of social media³

(% online users)



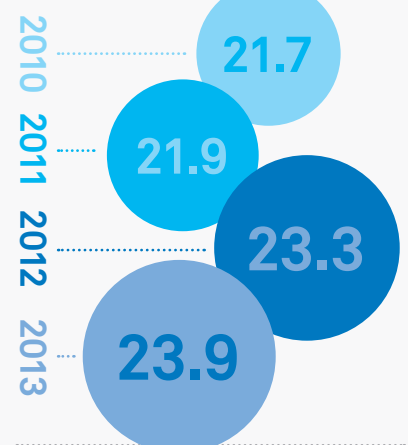
Brand engagement via social networks²

Connect via social networks (% online users)



Time spent on the internet²

Hours per week



1. Telstra Smartphone Index 2013. 2. Nielsen: 2014 Australian Connected Consumer Report. 3. Yellow Social Media Report 2013.

OUR DIGITAL AGENDA – DIGITAL FIRST

PUTTING THE CUSTOMER AT THE HEART OF EVERYTHING WE DO



Telstra's purpose is to create a brilliant connected future for everyone. To achieve this, we're transforming our business to be customer-focused and digitally led at every opportunity.

We're introducing a full spectrum of digital channels right across our organisation to improve and digitally enable our products and services. And we believe this digitisation will give us a competitive advantage if we execute well.

No small change, this Digital First approach will fundamentally change the way we run our organisation and interact with our customers. Digital First will mean all new Telstra products are fully enabled for digital sales and service – not as an afterthought, but as a starting point. Products will also have digital defaults for all key features like billing, payments and customer enquiries.

We have identified more than 200 initiatives as part of this three-year program, which extends our digital agenda across the entire Telstra organisation – from sales, service and marketing to product, process automation, field enablement and collaboration.

Better use of digital channels will result in greater automation. We'll be faster to market, deliver better customer outcomes and improve the way analytics support processes and decision-making.

The Digital First program has three core objectives:

1 Remove steps from, and improve the performance of, customer processes, like activating a new mobile phone. This will save time and effort for our customers, improve their experience with us, and remove cost.

2 Migrate transactions from high-cost physical to low-cost digital channels, making it easy for customers to deal with us through intuitive, real-time tools and channels such as electronic billing and payments.

3 Enable new interactions on digital channels (at near zero marginal cost), giving customers greater control and better products and services. For example, real-time usage tracking and online appointments.

THE JOURNEY SO FAR

Digital across the board

Our journey towards full digitisation of our business is well underway. It is a journey that will help us to better engage with our customers, help our people and achieve a step change in operating efficiency.

We've been enabling our digital sales and service channels for the past three years, allowing our customers to interact with us when they want to, and reducing our costs.

Digitisation work continues right across our operations – from our stores, to our field technicians, to our enterprise customer teams. We are changing from a product-driven engineering company to a customer-focused technology company. We are using technology to inject value into our business by improving connectivity, automating manual tasks, improving decision-making and driving product and service innovation.

Our digital transformation began in 2011, and has been successful in establishing online as a powerful sales and service channel.

Some exciting results

We've seen a significant increase in the percentage of service transactions via digital channels. We now have 44% of all service transactions performed through digital channels, up from 26% in July 2011. And we expect to pass 50% soon.

We have doubled the number of monthly digital customer contacts to 23 million, up from 10 million in July 2011. And digital sales have doubled in the same period.

More than 6.9 million unique customers visit Telstra online properties every month. The Telstra MyAccount service now offers more than four times as many self-service features as it did two years ago.

The take-up of mobile and social media tools – a key pillar of our digital strategy – has seen the Telstra 24x7 App® downloaded 3.5 million times – and it's now used regularly by 1.4 million people. We also have 500,000 followers on our Telstra 24x7 Facebook page, which provides help and support for customers when they need it.

We've expanded the live support we provide our customers via digital channels. There are now over 200,000 chat sessions each month on Telstra 24x7 Chat.

We have nearly 50 people engaging customers and responding to questions via external social media channels and we are one of the world's largest users of Yammer, an internal social media platform, with over 32,000 employees registered.

Digital service transactions

Percent of total service contacts (%)



Digital customer contacts

Contacts per month (millions)



Digital sales

Sales units



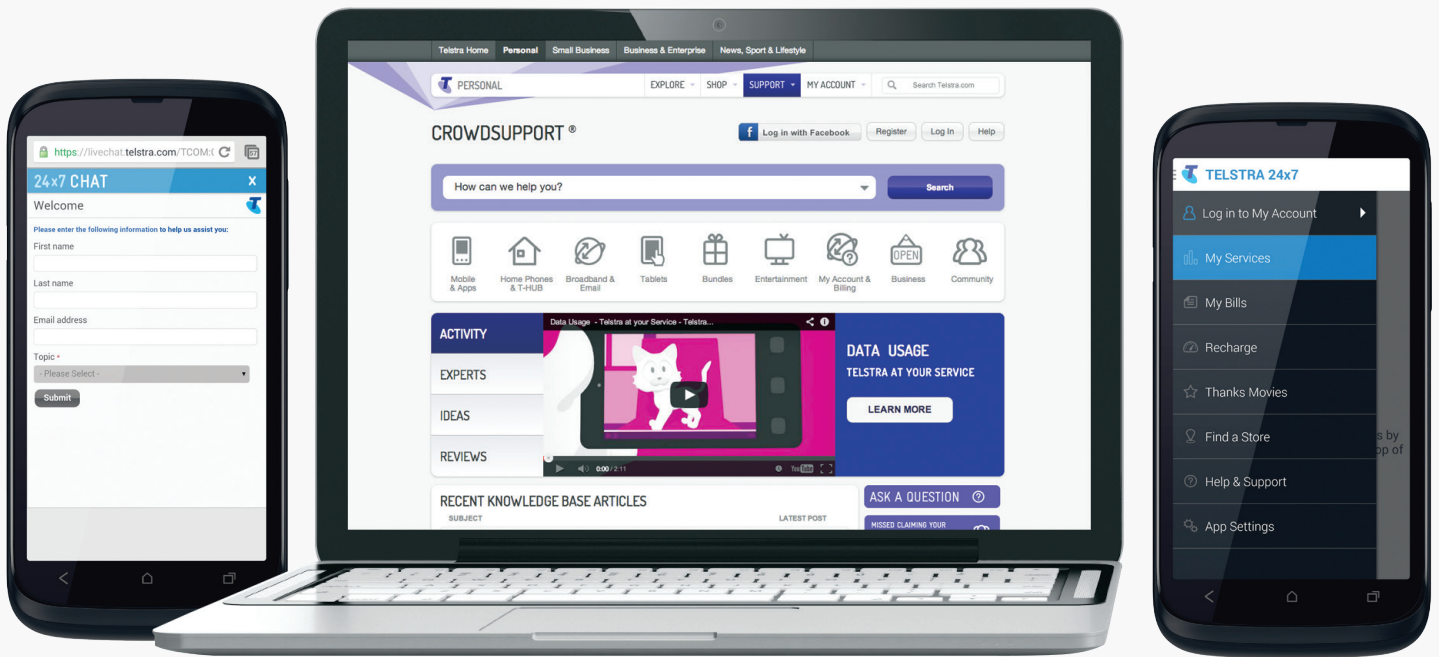
MyAccount users

Unique visitors per month (millions)



TELSTRA'S DIGITAL CHANNELS

SUPPORT, ENGAGEMENT AND COLLABORATION



Telstra 24x7 App®

A mobile app that allows customers to manage their accounts and services when they want, including checking data usage, accessing post-paid billing summaries, recharging pre-paid services and taking advantage of online support services.

Facebook Twitter 24x7 Chat

Live online services that provide continuous information, updates and support for our customers around the clock – 500,000 Facebook followers and 200,000 chat sessions a month.

CrowdSupport®

Telstra's online community where customers can ask for and provide advice and opinions on Telstra products and services – with 140,000 weekly contacts.

Yammer

An enterprise social networking tool. It encourages openness and inclusivity amongst employees. Telstra has the second most engaged Yammer network globally with over 32,000 registered employees.

LinkedIn

A channel to engage the global business community including our business, enterprise and government customers.

THE ROAD AHEAD



Our Digital First program is expanding from our sales and service channels, and now includes seven major work streams.

- Sales Transformation** > Provide a highly effective end-to-end multi-channel sales platform, leveraging data to maximise customer value via reduced cost per order and improved cross-sell and up-sell.
- Service Transformation** > Provide a digitally-enabled, mobile app-based multi-channel service ecosystem, powered by a shared, central data and analytics platform – empowering our customers and our people.
- Marketing Transformation** > Support the sales and service ecosystems via highly personalised relevant offers and content, in real-time.
- Product Digitisation** > Ensure all products in market can be sold, used and serviced via digital channels.
- Process Automation and Digitisation** > Automate key processes to provide a real-time fulfilment experience for our customers and front line people.
- Field Services Digitisation** > Help to create a more dynamic workforce, optimised in real-time for customer service.
- Digital Collaboration** > Through centralised knowledge management, enable faster and more effective collaboration for our people, helping them connect with what matters to our customers.

“Big Data” demands “Big Trust”

With operations across Australia and the world, Telstra touches millions of customers every day. Many of those interactions generate data, which we use responsibly to track our progress, improve our services and inform our direction. Leveraging data allows us to provide a more customised and integrated experience. For example, we want our store staff to be able to quickly access relevant information about customers, including what products they have and their history with Telstra. This is part of our commitment to providing the best service and latest technologies.

We understand that we have a responsibility to ensure all customer data is kept securely and used in a manner consistent with our customers' expectations. We are proud to be an industry leader on network security, and continue to strive to uphold the trust our customers have in us. To help customers understand privacy and security in the digital world, we offer information and advice about online safety and data security on our website. We are also developing more tools to allow customers to better control their own privacy settings.

DIGITAL FIRST EXPERIENCE – EXAMPLE



WE'RE DIGITAL FIRST – BUT OUR CUSTOMERS ARE STILL NUMBER ONE

The digital revolution has unleashed a historic wave of change that is reshaping customer expectations – and the business models that answer their needs.

The pace of change is increasing exponentially – and future opportunities for many businesses will depend on understanding the true potential of digital. Not just a better way of delivering the same products and services, but creating new ways of serving customers on their terms.

Digital First will transform Telstra and deliver outcomes that meet the needs and expectations of our customers. We are building a company that is more responsive, customer-focused and innovative by digitising every part of our business. To do that, we are investing in new digital capabilities that balance scope, cost and complexity to create a brilliant digital future.

We look forward to the journey ahead.

For further information about Telstra's Digital First program, or if you are interested in understanding how a Digital First strategy could help your organisation, please contact us at digitalfuture@team.telstra.com

03/2014

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