

## Our strategy

# Driving operational excellence

Our value creation is underpinned by four strategic pillars

### Customers and Partners



We understand and anticipate the needs of our customers and align our products, services and solutions to meet those needs, leveraging our ecosystem of market-leading partnerships to create a unique and differentiated brand experience.

#### Priorities for 2017/18

##### We aimed to:

- > Introduce new propositions for consumers, business and wholesale partners in our Hull & East Yorkshire market;
- > Enhance the experience of our customers in our Hull & East Yorkshire market by making improvements to buying, fault resolution and billing processes;
- > Develop and launch a refreshed in-home service experience for customers in our Hull & East Yorkshire market;
- > Leverage our track record with key reference clients to win new customers for complex contact and cloud-based projects;
- > Seek to expand further our relationships with existing customers and partners; and
- > Review our long-established partnership with BT to ensure that it remains fit for purpose to meet our future needs.

#### Progress for 2017/18

##### We have:

- > Introduced a refreshed, flexible 'pick and mix' of speed and data fibre broadband packages for consumers, new cloud-based services for businesses and updated our wholesale packages for resellers in the Hull & East Yorkshire market;
- > Exited the outsourced contact centre market following the end of our key customer contract;
- > Secured cloud business with new clients including Jaguar Land Rover and InterDigital;
- > Grown revenue with our top five Enterprise customers by five per cent, including contract renewals and extensions with HMRC and NFU Mutual; and
- > Exited the outsourced managed service contract with BT, and integrated these services within the new operational structure to optimise the customer service experience.

#### Priorities for 2018/19

##### We will:

- > Continue to develop our range of services that leverage our investment in the fibre network in Hull & East Yorkshire;
- > Launch additional cloud-based services to our regional business customers, including offerings based on our partnerships with Microsoft Azure, Cisco and Google;
- > Develop further our relationships with new and existing cloud partners including AWS, Microsoft and Google; and
- > Review and improve contract management around our customers and partners.

### People



We want to provide an environment where we attract, retain, develop and enable all our people to demonstrate, grow and apply their capabilities, offering opportunities for everyone to reach their potential.

#### Priorities for 2017/18

##### We aimed to:

- > Move away from a recognition culture based on length of service and introduce a modern recognition platform that provides more transparent and relevant opportunities for reward and recognition;
- > Make the most of the professional communities we have established to improve workforce planning, succession planning and talent management processes;
- > Develop academies for all our professional communities, providing clear development solutions and pathways to support ownership of development by the individual; and
- > Drive benefit from a broad, company-wide resource pool of skilled talent that allows for focused and effective utilisation and prioritisation.

#### Progress for 2017/18

##### We have:

- > Introduced our 'Stars' recognition portal that allows our people to thank and recognise colleagues for their contribution;
- > Transformed our delivery and project management capability with clearer career paths, consistent ways of working, knowledge management and development opportunities;
- > Continued to refine the operation of our skilled resource pool to match capability and accretion of skills to future customer and proposition requirements;
- > Aligned certain central functions more closely to Hull & East Yorkshire, Enterprise and National Network Services to drive segmental performance; and
- > Introduced a regular feedback and engagement platform which gathers insight from around the business.

#### Priorities for 2018/19

##### We will:

- > Use the insight from our online feedback platform to drive continuous improvement and greater employee engagement across the business;
- > Develop and implement initiatives to achieve greater gender balance across our business to encourage more women to take up leadership positions and to apply for technical and engineering roles; and
- > Continue to develop our delivery community to increase our ability to fulfil complex customer projects, focusing in particular on building our project management capability and our people management skills.

## Systems and processes



Our organisation and customer experience is underpinned by robust processes and systems. The ability to understand, manage and interpret the data we hold is key to developing compelling propositions and providing clear and transparent information on segmental performance.

### Priorities for 2017/18

#### We aimed to:

- > Consolidate and build resilience into our existing IT systems and processes;
- > Invest in technology to improve the customer experience at each customer touchpoint from order to delivery; and
- > Provide greater granularity of segmental performance through the way we allocate costs.

### Progress for 2017/18

#### We have:

- > Delivered system enhancements that improve the experience of customers in our Hull & East Yorkshire market, including an engineering mobility and scheduling system that increases the efficiency of our engineering workforce in Hull & East Yorkshire and improves the experience customers receive during new service installations and fault repairs;
- > Invested in systems that allow us to align our IT system delivery roadmap with business goals and strategies;
- > Continued work to refine the allocation of shared costs to our segments to provide greater granularity and understanding of their performance and value; and
- > Developed an accelerated investment plan to simplify and upgrade our IT estate, to deliver the business capabilities needed to support KCOM as a digital business.

### Priorities for 2018/19

#### We will:

- > Deliver on the first year of our accelerated investment plan to simplify and upgrade our IT systems supporting our focus on customer experience and provide greater clarity around the systems dependencies of each of our segments;
- > Continue the implementation to automate our ordering and fulfilment processes in Hull & East Yorkshire, making more information available to help customers;
- > Begin the delivery of our new ticketing and service management capabilities, adding to our engineering mobility and scheduling, and supporting the further development of our Customer Services Operations Centre;
- > Continue to extend the capabilities supporting our sales team, and our large project delivery teams in Enterprise to further improve our end-to-end business processes; and
- > Make further improvements to the presentation and content of account information for customers in Hull & East Yorkshire.

We are likely to incur exceptional costs in relation to our investment in systems and processes next year.

## Assets



Our offerings to customers are underpinned by our technology platforms. We seek to invest in consolidating and transforming them to deliver new services and reduce operating costs and complexity.

### Priorities for 2017/18

#### We aimed to:

- > Create a single centre of excellence for our first line technical support teams with a new set of diagnostic tools and capabilities within our Customer Services Operation Centre; and
- > Design a programme of network transformation covering all our assets nationwide. This includes a plan to consolidate our data centre estate, simplify our national network architecture and move to a next-generation voice platform in Hull & East Yorkshire.

### Progress for 2017/18

#### We have:

- > Invested £18.0 million in the year in order to pass a further 27,000 properties with ultrafast fibre as part of our ongoing investment across Hull & East Yorkshire;
- > Transferred the first wave of technical support resource into the Customer Services Operations Centre focused on Hull & East Yorkshire and Enterprise technical support;
- > Approved various network transformation cases, contracted with suppliers and partners, and commenced installation and commissioning. Some new next generation technologies are now carrying traffic; and
- > Begun to optimise our existing data centre estate, and entered into an agreement with Hull University to construct a new data centre in Hull, which will form part of the KCOM data centre strategy once operational.

### Priorities for 2018/19

#### We will:

- > Complete the deployment of Fibre to the Premises across our addressable market in Hull & East Yorkshire and offer a voice over fibre integration to eliminate the need for copper cables into customer premises;
- > Continue to transfer resource and skills into the Customer Services Operations Centre, complemented with new systems and processes designed to improve customer service and operational efficiency;
- > Continue the network transformation programme, completing: the next-generation (NG) Transmission, NG Service Creation Platform, NG Value Added Services projects, and migrating much of the voice customer base to NG Voice platform for Hull & East Yorkshire and National Network Services;
- > Continue to optimise our existing data centre estate, collaborate in building a new data centre with Hull University and commence integration with wider operations; and
- > Achieve better visibility of network costs by segment.

Our work in this area is likely to incur exceptional costs next year.