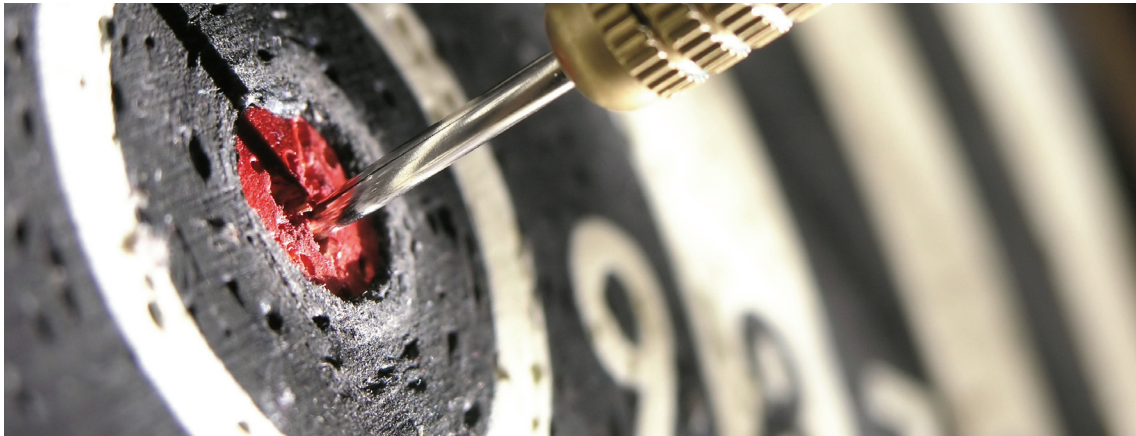


THE LEADING TELECOMMUNICATIONS OPERATOR IN BULGARIA VIVACOM SELECTS ALCATEL-LUCENT TO HELP DRIVE ITS STRATEGIC TRANSFORMATION WITHIN A 5-YEARS OUTSOURCING CONTRACT

VIVACOM AND ALCATEL-LUCENT ENTER A STRATEGIC PARTNERSHIP FOR OUTSOURCING OF THE FIXED AND MOBILE END-TO-END NETWORK OPERATIONS



CASE STUDY

MARKET: **FIXED AND MOBILE OPERATOR**

REGION: **EUROPE**

Bulgarian Telecommunications Company AD, operating under the brand VIVACOM is the largest fixed telephony operator and the third-largest mobile operator in Bulgaria. VIVACOM was the former Bulgarian Telecommunications Company, once a state-owned monopoly and incumbent telecom operator.

In January 2009, the BTC announced the merger with its subsidiary BTC Mobile (vivatel). In September 2009, BTC and vivatel united into a new brand - VIVACOM. The company offers a full range of telecom services - fixed and mobile telephony, fixed and mobile broadband data services, satellite and IP TV solutions. VIVACOM has the largest and best-developed telecom infrastructure in Bulgaria. Converged services are available in over 1 000 outlets of the operator and its dealers throughout Bulgaria.



CHALLENGES

- Over 20% OPEX optimization
- Transition of almost 3 000 employees
- Transfer of more than 40 third-party contracts
- About 100 KPIs and SLAs for continuous improvement
- Transformation of the legacy network and the existing organization
- Change management

SOLUTION

- Outsource end-to-end fixed and mobile network operations, building and maintenance to Alcatel-Lucent
- Outsource network planning and implementation to Alcatel-Lucent
- Customer retains strategic planning and development of mobile and fixed network and customer support

BENEFITS

- Reduced and predictable network operating expenses
- Increased network quality and efficiency
- Faster deployment of new services and solutions
- Focus on core business
- Simplified organization
- Benefit global leader partner experience

THE CHALLENGES

VIVACOM is a key player on Bulgarian telecom market, but its position among the other mobile operators is challenging. The partnership with Alcatel-Lucent is a fundamental step of the development of VIVACOM's competitive offer and the final stage of VIVACOM's strategic organizational and network transformation. As the former state-owned incumbent, the company was burdened with aging network infrastructure and challenges from deregulation, especially new mobile companies eroding its customer base with sophisticated services. To inhibit competition and reduce revenue loss, VIVACOM required extensive technical and customer service transformation, yet realized it could not undertake this change by itself.

Bulgarian telecom market is extremely dynamic – key drivers being the aggressive competition among the operators, the active position of state, international regulators and Non-governmental organizations as well as the decrease of traditional segments of the telecommunication market demand due to the economic situation, specifics of customer behavior and market trends. The high levels of penetration of mobile and broadband services are important specifics of the local market.

In this challenging environment VIVACOM is targeting a higher market share, better service quality and higher customer retention, while reducing OPEX. To achieve these goals, VIVACOM decided to enter into a strategic partnership with Alcatel-Lucent.

WHY ALCATEL-LUCENT?

Before selecting Alcatel-Lucent for its outsourcing partner, VIVACOM considered the offers of several strong companies in the sector. Finally, VIVACOM concluded that Alcatel-Lucent would be able to a greater extent to support the company in finalizing its strategic transformation, while in the same time best fitting in terms of price and service offering.

VIVACOM considered Alcatel-Lucent's global experience gained from designing, deploying, operating, maintaining and expanding more than 85 networks supporting more than 185 million subscribers worldwide a key advantage of the offer. The customer appreciated Alcatel-Lucent's commitment and admitted that Alcatel-Lucent possesses not only the global experience of successful transformation projects, but as well the capacity to fulfill the task in terms of technical equipment, management solution and know-how with excellent experts in the area.

Finally, for VIVACOM was very important that Alcatel-Lucent presented a detailed smart plan of the transition and transformation of the network, showing deep understanding of VIVACOM's current situation and view of future development.

THE ALCATEL-LUCENT SOLUTION

VIVACOM and Alcatel-Lucent elaborated an intelligent structure of partnership to reach both companies' targets. Since the beginning of March 2010 all end-to-end network operations were outsourced to Alcatel-Lucent. The companies divided the responsibilities to be able to create a working process.

VIVACOM retains the strategic planning of the mobile and fixed network, while Alcatel-Lucent takes over all activities, covering the end-to-end maintenance of the network. Specifically, Alcatel-Lucent handles the following:

- Network operations, including supervision, service provisioning and network provisioning
- Network maintenance, including field staff dispatching and tools management
- Spares management, including repairs, logistics and inventory management
- Subcontractor management on equipment installation, commissioning and documentation
- Subcontractor management on network rollout, including construction planning, site acquisition and communicating with local authorities and contractors

ALCATEL-LUCENT IS PERFECTLY EQUIPPED TO MEET OUR NETWORK OPERATIONS REQUIREMENTS WITH GREATER SPEED, FLEXIBILITY AND COST SYNERGIES THAN WE COULD ALONE. AND WITH THIS STEP, WE'RE ONCE AGAIN PLAYING A PIONEERING ROLE ON THE BULGARIAN MARKET.

Bernard Moscheni, CEO of VIVACOM

Under the agreement about 3 000 VIVACOM employees joined Alcatel-Lucent starting March 1, 2010. A transformation program has been designed for this project to achieve the objectives set in the partnership between Alcatel-Lucent and VIVACOM - organization simplification, quality and performance improvement, operational expenditures savings from Day 1.

THE BENEFITS

Outsourcing the network maintenance to Alcatel-Lucent gives VIVACOM a pioneering role on the Bulgarian telecom market. While the other operators are still in the investigation phase for outsourcing network operations, VIVACOM is already benefiting the positives of the strategic partnership.

The customer is now able to focus better on its core business and build a more sophisticated customer offer to address the dynamics of market demand, while reducing costs. VIVACOM is able to present to market a range of on-demand services to develop its commercial portfolio and follow its plan for market expansion.

A great achievement of Alcatel-Lucent and VIVACOM's partnership is the official state authorities' resolution that VIVACOM's 3G network is the best in Bulgaria in terms of network coverage and connection speed.

NEXT STEPS

The partnership between Alcatel-Lucent Bulgaria and VIVACOM would naturally evolve with new upscope projects. Less than six months after the launch of the outsourcing project, VIVACOM has awarded to Alcatel-Lucent the installation and maintenance of satellite TV, in the beginning of Q2 2011 was signed the contract for FTTB installation and more interesting common projects are under finalization.

SUMMARY

The partnership between VIVACOM and Alcatel-Lucent allows VIVACOM to better focus on its core business while increasing network quality and decreasing OPEX. The pioneering role of VIVACOM as the first operator in Bulgaria outsourcing its network operations is giving the company dramatic competitive advantages to support its business objectives.

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