

Guiding Cell C to a Stronger Strategic Position

Comprehensive program to define and execute Cell C's corporate strategy and vision

“Cell C has made tremendous progress over the past 18 months and Capgemini have been true partners in helping us on this journey.”

Jeffrey Hedberg
Chief Executive Officer
Cell C

The Situation

With over 4.8 million mobile subscribers, Cell C is South Africa's third-largest cellular service provider.

Launched in 2001, Cell C witnessed rapid success during the initial years, but gradually began to struggle with changing market dynamics and stiff competitive pressures leading to:

- slowing subscriber growth
- high customer churn
- escalating costs with little scale advantages
- lack of clear focus.

The result, an inadequate growth trajectory, was against a backdrop of substantially bigger competitors with deep pockets. Cell C needed a fast turnaround to pull its business back to stability, and then move towards profitability and growth in line with shareholder expectations.

The Solution

Cell C looked to Capgemini's Telecom Media and Entertainment practice to

help them diagnose the problem and formulate a solution.

Led by Capgemini, a joint team of consultants and Cell C team members worked diligently to assess the market prospects and strategic options for Cell C. Working closely with the Cell C Management Team/Executive Committee, the team devised an inspiring vision and a 5-year corporate strategy to put the company back on the path to profitability and growth. The key elements of the strategy were to:

- focus on operational efficiency for increased service levels and margins
- exploit increased efficiency to offer best value for money services
- aggressively increase market penetration via new pricing
- complement own customer base with targeted Mobile Virtual Network Operators (MVNOs) to penetrate hard-to-reach segments.

“Beyond their solid Telco insights, Capgemini's collaborative approach has ensured that ideas have been transferred from paper to actions...and ultimately to results.”

Harri Rauhala
Chief Strategy Officer
Cell C



The Result

The implementation of the strategy has resulted in significant EBITDA and cash flow improvement without workforce reduction. Positive signs are evident throughout the business, signaling success:

- strategy execution is being driven by the CEO supported by a fully committed executive team
- company-wide clarity on the strategic direction enabling focus
- step-change improvement in customer experience
- improved IT and network operations ensuring service quality.

How Cell C and Capgemini Worked Together

At the outset, highly experienced Capgemini consultants with specific mobile sector expertise conducted a thorough review of Cell C's strategy and future outlook through an intense exercise lasting 2.5 weeks. It became clear that the existing strategy did not take into account the changing market realities. This had led to a lack of clarity and focus throughout Cell C that was hampering growth and profitability.

Cell C's management team agreed with the team's findings, and entrusted Capgemini with the critical responsibility of leading an effort to help develop Cell C's long-term strategy and vision. A joint Capgemini and Cell C team launched a comprehensive 14-week project to redefine the company's corporate strategy and vision. The team started with developing unconstrained views of market opportunities and likely evolution scenarios based on rigorous data-driven analysis. Then having modeled and tested various strategic options, the team was able to develop Cell C's new vision and a promising 5-year corporate strategy.

The recommended strategy was embraced by Cell C's management team and approved by its Board as it offered practical steps towards value creation, supported by clearly defined plans to execute them. Capgemini then continued to support Cell C through key deployment stages of the corporate strategy, working intimately with the company through a phased approach:

Implementation Planning

- identified and quantified opportunities to improve operational efficiency
- identified measures to fix the basics throughout the business
- established implementation plans with benefits tracking, and a clear governance structure.

Channel Strategy

- derived an integrated view of profitability across the existing channel portfolio
- developed clear channel strategy to grow penetration and profitability
- created a detailed implementation program for existing and new channels.

IT Assessment

- assessed IT capabilities to support current and future business requirements

- evaluated sourcing options and determined optimal solution supported by a clear business case
- outlined recommendations to improve quality and operational efficiency.

Capgemini adopted key principles from its Collaborative Business Experience methodology, by working alongside Cell C throughout the corporate strategy development and key deployment stages.

Cell C is delighted with the results of the project and announced promising financial results in 2007; 17% revenue increase, as well as 44% increase in active customer base. Capgemini continues to collaborate with Cell C on its journey to growth and strategic strength.



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of Consulting, Technology and Outsourcing enables its clients to transform and perform through technologies.

Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working—the Collaborative Business Experience®—

and through a global delivery model called Rightshore®, which aims to offer the right resources in the right location at competitive cost. Present in 36 countries, Capgemini reported 2007 global revenues of EUR 8.7 billion and employ over 83,000 people worldwide. More information about our services, offices and research is available at www.capgemini.com.

Capgemini UK
Telecom, Media & Entertainment
C4 Consulting Services
Transformation Consulting
Marketing, Sales & Service

Approved by
Harri Rauhala, Chief Strategy Officer, Cell C

Jawad Shaikh, Vice President, Capgemini

In collaboration with



Cell C is one of South Africa's most empowered Telecommunications Company. Connecting more than 4.8 million subscribers, Cell C is also involved in enriching the lives of citizens through social responsibility

programs and sponsorships. From its team of over 2500 employees, more than 89% belong to previously disadvantaged groups. Women account for more than 47% of the total staff—a figure that far exceeds the industry norm. Founded in 2001, Cell C continues to generate employment for historically disadvantaged individuals and invest funds into the South African economy for the benefit of citizens.

For more information, please visit:
www.cellc.co.za