

IT challenges are closely linked to overall business challenges

Business challenges

Cash-flow demands

Respond more quickly to Market and Customer needs

Increased expectations to Quality of Service from customers

Flexibility to cope with future structural changes

IS' challenges are therefore...

Uncompetitive price levels with high overhead costs

Project delays at peak periods due to limited capacity of legacy competencies and fragmented vendor set-up

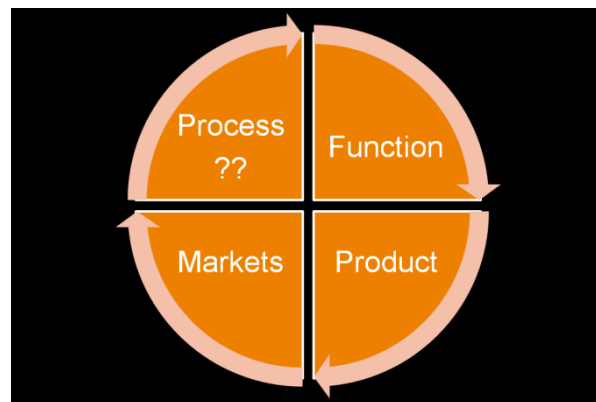
Compromise of quality may occur due to complex projects with short time of delivery combined with fragmented application landscape and complex value chains

Limited funds available for investment in modernization
Dependency on competencies at small providers and individuals increasing operational risk

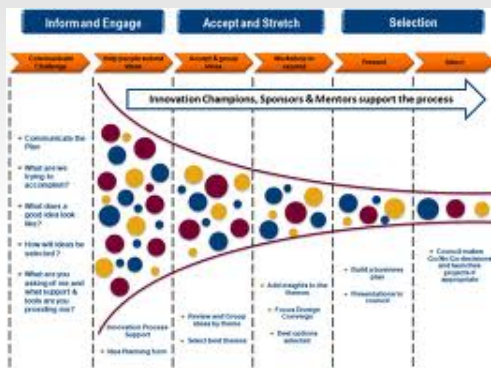
Telenor Norway's expectation to Duplo



Cost Reduction



Agility



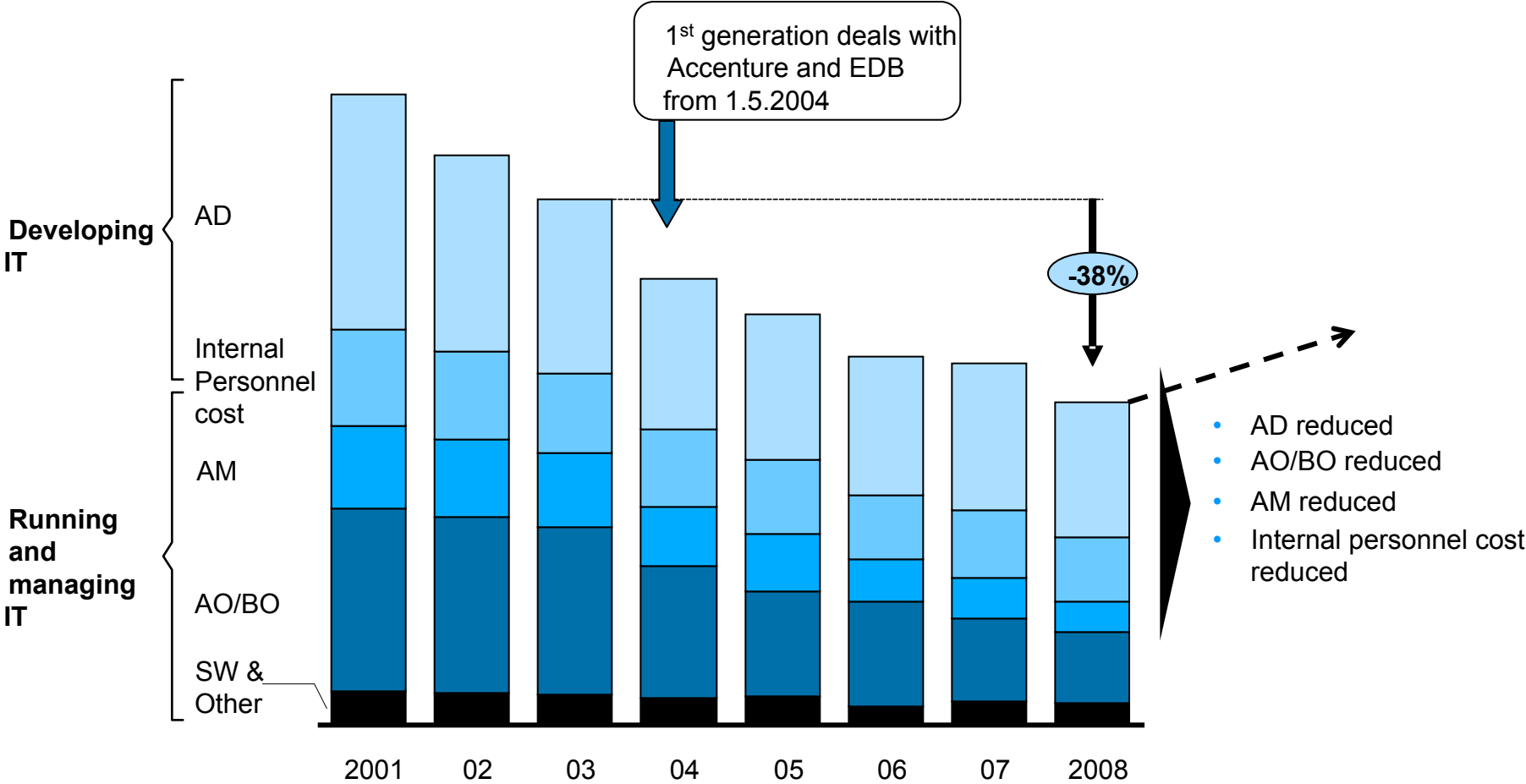
Innovation



Quality

Telenor reduced total IS/IT spend by ~40% with the first generation sourcing deals

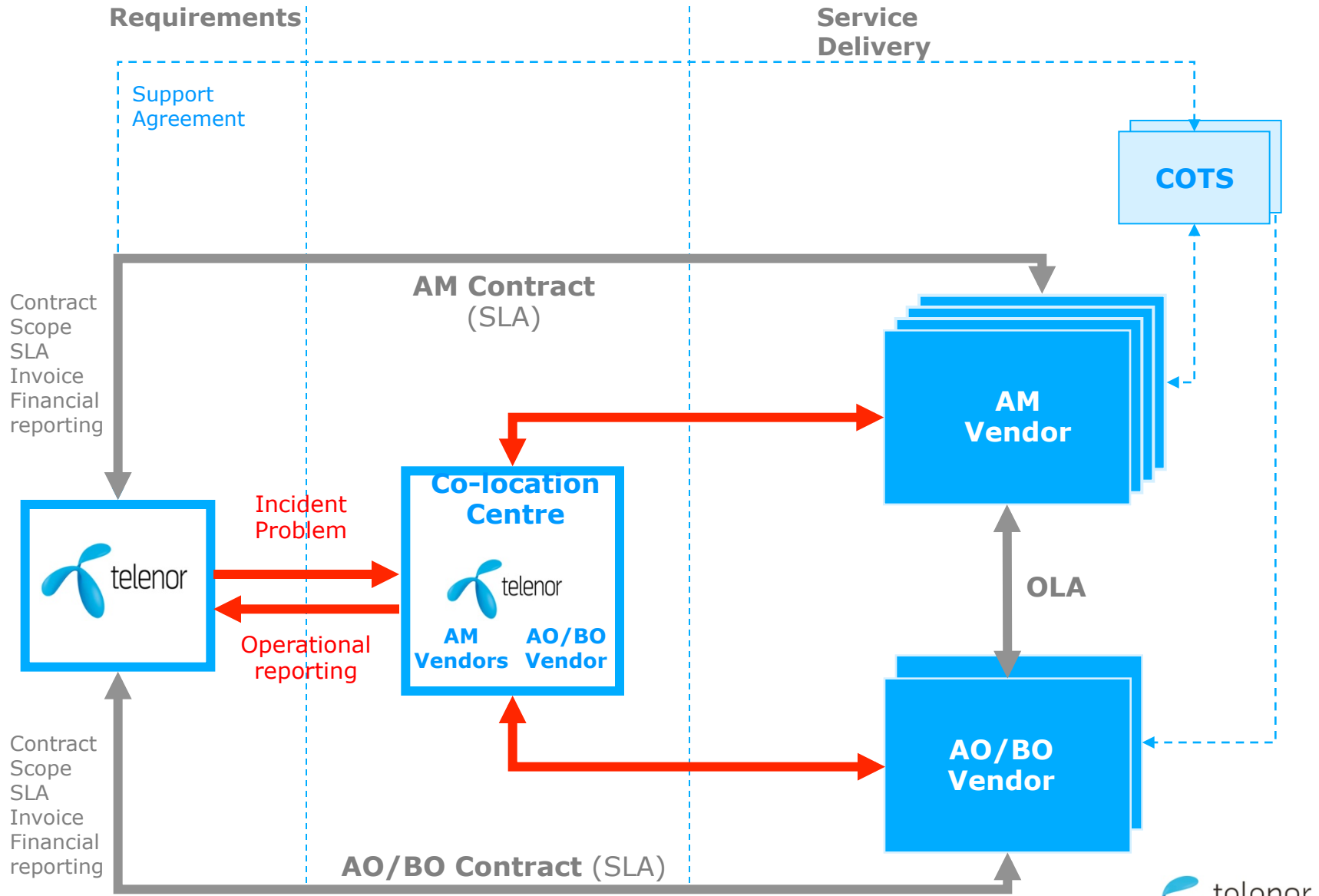
IT spend – OPEX and CAPEX



* Assuming same rate of internal revenue for 2001-2003 as 2004 (not specified in annual report)
 Source: Telenor internal data; McKinsey Telecom IT benchmark



SLA and OLA

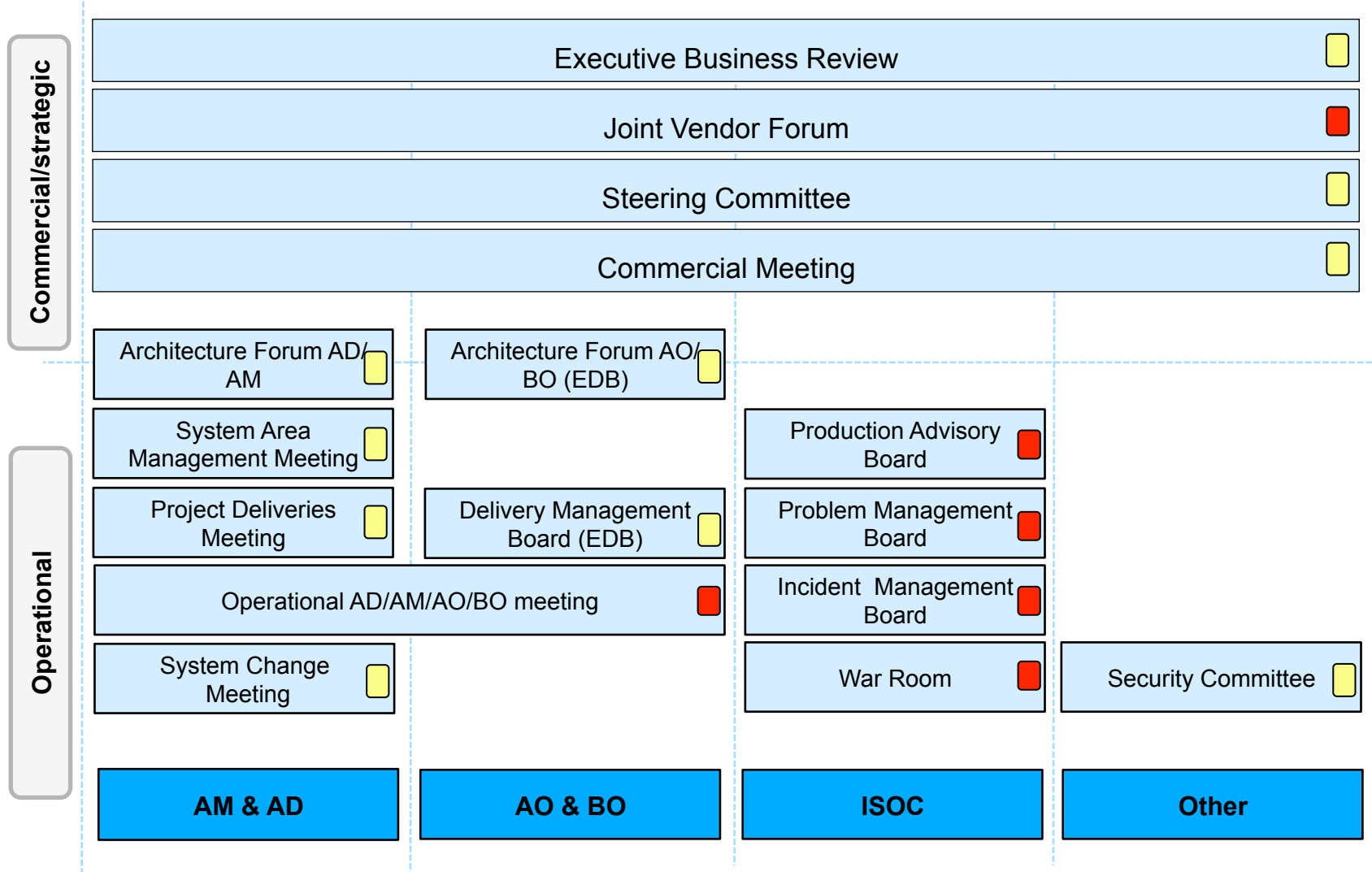
Cooperation model – In the production phase



Meeting structure – Overview

Duplo and EDB/Operations

-  Multivendor meeting with Telenor
-  One vendor meeting with Telenor



Recommendations and lessons learned

- **Four areas are strongly related and should be balanced:**

- Innovation / growth
- Cost and value optimization
- Risk management
- Governance

- **To balance these area you have to make sure:**

- WIN / WIN
- Ballance between contractual vs pragmatic, business and solution oriented approach
- Establish trust through relation management

- **These ideas has to be part of:**

- planning,
- Implementation
- Steady state operation



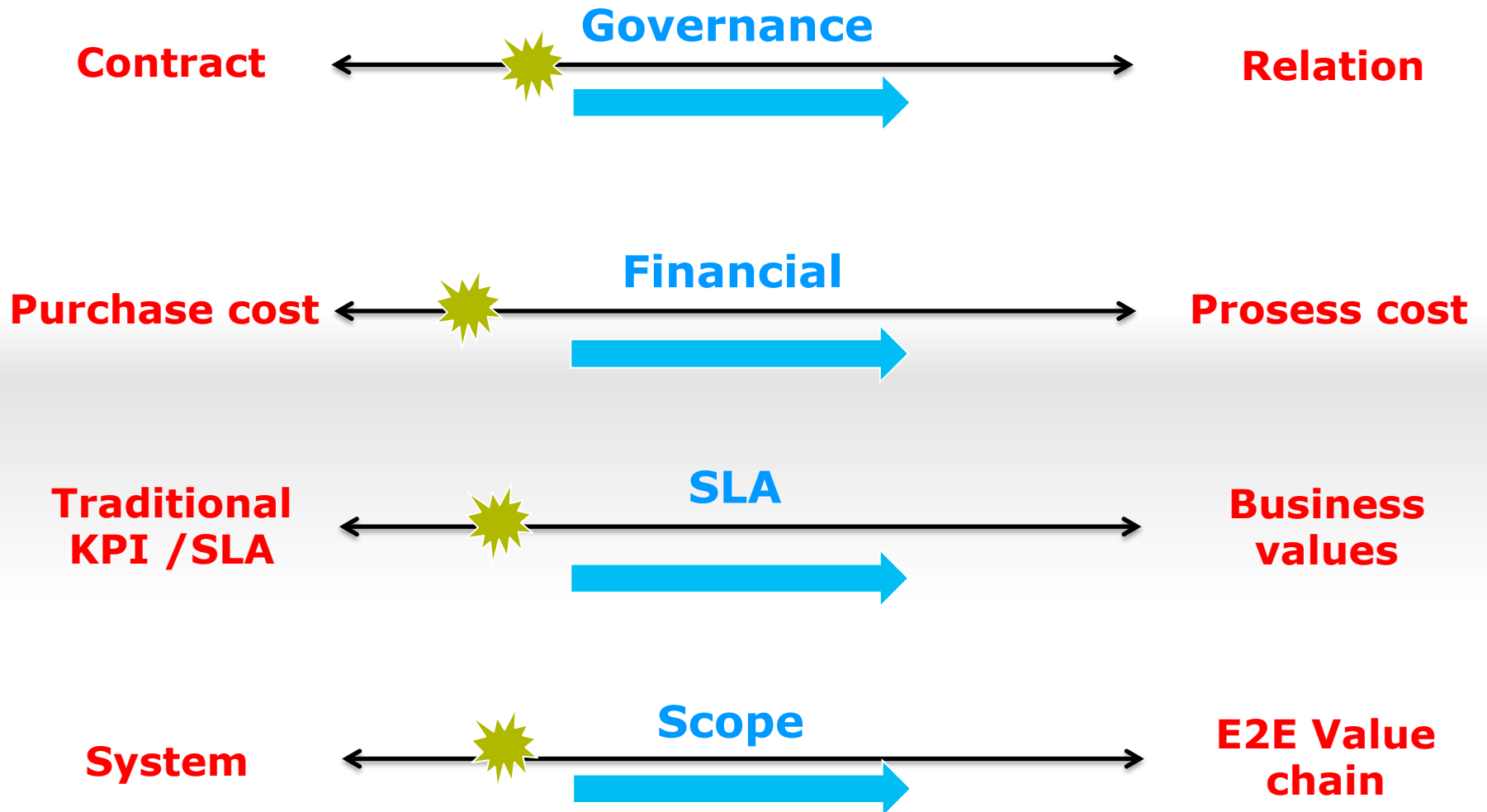
Recommendations and lessons learned

- Sourcing MS represents a big change of business model and processes.
- The transition needs planning, communication and training, and takes time.
- Challenge yourself to be open to new ideas and suggestions from your vendors, they have done this many times. Sharing their knowledge is an important part of the deal.
- The cultural challenge is less than expected and sits more within Telenor than between India and Norway..



“Copy with pride”

Next Phase



Thank you!



Questions

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