



**Paul O'Sullivan, Optus Chief Executive**

**Transforming the customer experience**

**American Chamber of Commerce**

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Good afternoon everybody. Great to have such a phenomenal turnout. Wonderful to see you all here.

I'll explain a bit of the reasoning behind the advertisements as I get into the speech, but first of all I wanted to thank the Chamber and I wanted to thank Duff for hosting us here today. Thank you for having us along it's really wonderful to be here.

I can't help but think as I stand here and you can hear my accent you know there are so many things that Australia has in common with the United States and has a great affinity, and of course as an Irish Australian there are many things that Irish people have in common with America.

We used to joke in Ireland that as you emigrate out of Ireland, as everyone leaves, you turn right for America or left for Australia – you've just got to choose which way you go.

I think there are many things as I turn my mind to that we should be grateful to America for. There is the trivial: Coca Cola and Hollywood. There are perhaps some of the more serious things like the freedom of speech and the whole push for democracy. But I think the Chief Executive of Optus has reason to be particularly grateful to America for the gift of executive talent and leadership that Americans gave to our main competitor at a critical stage in the industry. So thank you so much for that it's been a really important development in the industry.

That ad was all about showing the World Cup soccer on mobile phones and prior to that we showed you the many, many things that people now do with our network. So, if you came along today thinking Paul O'Sullivan is going to stand here and talk to you about customer service, well I will, but actually I'm here to talk to you about a much bigger topic which is all about customer experience. It's a topic I think is very relevant for everyone in the room.

By customer experience I mean a much wider set of concepts than just what happens when you talk to one of our call centres. Many people not only confuse the issue of customer experience with customer service, but a lot of people also say aren't telcos really utilities? It's an understandable confusion because like utilities were required to always be on, people expect us to be available everywhere and so it's now true that people would have that confusion.

But as I will show you in the next 15-20 minutes, I think there are some big, big differences. For example, I don't think there's any utility industry that is undergoing the rate or speed of nature of change that we are as a company.

I think there is one industry that offers parallels to what is happening in the communications industry now and that is the airline industry. You know there was a time when people thought about that as almost quasi utility: it was about getting from point A to point B safely and on time, and that was certainly a very important characteristic for years.

But nowadays, just think about yourself, we all choose an airline these days based not just on the safety record but on the quality of the seats, the food, the in-flight entertainment, the check-in experience, the value of the fare, the loyalty program and even the peripheral stuff like what hotel chains or what car hire agencies they are linked to.

Sure, airline carriage itself has been commoditised, but the overall airline package has, if anything, become more differentiated. I think that's a great part of the talk I'm about to give you now.

Telecommunications is changing at a very rapid speed and whilst we all think about it in terms of coverage, there's a range of extra ingredients that are driving differentiation in how we operate.

One of the biggest challenges we face is that in many respects that change is driving a set of expectations. We are almost in a cycle of expectations. The more powerful and useful our technology gets; the more widespread and pervasive it is in your daily lives; the more people use it and rely on it; and the more people raise their expectations from the technology and from us.

I will talk specifically about five areas that are driving people's experience as they use communications. I am going to talk about devices, the subject probably close to

many of your hearts. I am going to talk about the applications and content that people access using those devices. I am going to talk about the quality of networks. I am going to talk about the importance of integrating the experience across fixed and mobile and all the different devices. Finally, I will talk briefly, very importantly about customer service in the traditional call centre and billing type of way.

What's exciting but what also keeps people like me up late at night is that all five of those areas I just described are going through the most amazing acceleration and rate of change. So, as I close and talk at the end of this speech, I want to raise one last thing which is adding further change to our industry and that is the National Broadband Network, which has been very news worthy in the last 24 hours but which ongoing is going to have a massive impact on all of you on how you do your business and on Australia in general.

## **Devices**

But let me start by having a quick look at devices. I entered the industry in the 1990s and I want to show you a picture of one of the first phones I was involved in supporting. Hands up anyone in the room who actually owned a Motorola StarTAC?

This was the higher achiever status device of the mid 1990s. You had one of these, you put it on the table, you were there.

Many of you will remember it. It was the first mass consumer mobile phone that you didn't have to carry with a big battery on it. It wasn't a brick. It really, really fired up the industry.

Would you believe at a time when mobile penetration would have been in single digits in the developed economies, this phone sold 60 million units worldwide and it gave Motorola a really demanding market share?

Now what's really interesting is yes it has really sleek design you flip it closed and it's thinner than a wallet, but this phone was a big hit and all it did was make and receive phone calls, you couldn't even send an SMS on it.

That came two years after launch when SMS functionality was introduced and even then you couldn't send an SMS between networks, you could only send an SMS within the carrier you were with.

Compare this to the devices most of you will be carrying today or if you walk out of here on the way back to work and go into one of our stores, you will be hard pressed to find a new handset on the market today that doesn't allow you to browse the internet; take high quality of photos – probably with at least a 5 megapixel camera – access applications; watch video; access email; as well as do standard call and text.

So, we've been through an absolute quantum leap in the industry, most of this in the last five years in terms of devices and what they do. It's not just that the device has greater functionality, its processing power has taken off too. The average smartphone today has the computing processing power of a PC around 2005.

It's not just smartphones either that are getting more and more sophisticated. We've now got tablets; we've got wireless game consoles; and we've got fixed phones which operate as IP based video conferencing centres. All of these are becoming more and more sophisticated and intelligent and on top of that they are becoming connected to one another.

It's positive in one sense but it's also a big challenge. Increasingly as people ring Optus into our call centres, they are not calling to find out about their bill or to make a payment, increasingly they're actually ringing to say, "how do I attach this device to my email"; or "how do I sync this device to another device"; or "how do I link it to a major content source such as iTunes"? or any of the other app stores.

Because devices have become more complex, so too has the nature of the calls that come in to our support centres. Today, the average mobile technical support call takes 40 per cent longer to resolve than it did three years ago.

Now if you think about the scale, of almost nine million mobile customers – think about the scale of that in your business – that is enormous. And, increasingly, we are the first point of contact for a problem, even though it may relate to the content provider or to somebody else somewhere in the internet but, of course, we usually resolve it.

As devices become more complex that's raising the challenge as to how you support. In fact we've had to double the number of staff we have in our mobile technical support teams to manage both the increase in volume of customers but very importantly, the increase in complexity of calls leading to smartphones.

The growth in really smart but data hungry devices is also visible in the way we carry traffic on our networks. If you look at the amount of data flowing through our mobile network from handsets and from people using wireless broadband that has increased six-fold since 2008.

If we just look at smartphones and people using mobile broadband in a browsing sense today, we see that mobile data is still increasing at a rate of 50 per cent per year. This is not just a stat that's relevant to me, whatever you're doing in your business this is very relevant to you because this says Australians like to use this stuff and when they're empowered to do it they move to it on mass.

## **Applications**

Which leads to the second area I want to talk about that drives the customer experience which is what people do when they've got the device, the applications and the content.

Today, just think that it is only three and a half years since we saw the iPhone launched and yet all over the world that has revolutionised the way we think about phones. There are now over 300,000 third party apps in the Apple iTunes store. The Google Android Marketplace is not far behind with approximately 200,000 apps. We launched Australia's first local apps store for any of the carriers designed to bring more localised apps to market. We have 2,500 localised apps in our apps store.

What this tells you is Australians like the functionality and capability of apps. Interestingly, this has also changed the way we use a phone. A saying in the industry is that 'applications have moved the phone from the ear to the eye'. You now think about your phone as much as a visual device as a phone device.

Five years ago, our business was about delivering a really first class and reliable voice service. Today, it's also about providing you with useful, relevant and ideally personalised content and services.

That's reshaping the way communications companies think. We've just created a whole new unit in Optus called 'Optus Digital Media', which is all about focusing and providing digital services and apps from people like you to our customers.

For example, we've recently launched an app that allows you to personalise your news and content on your device. Prior to that we launched an app which allows you to leverage off the speed at which all Optus customers are moving over our mobile cells to tell you how traffic is flowing and how you can avoid congestion.

At the business end of town we're working with many of our partners to develop apps that allow them to improve productivity in their business. Everything from proof of delivery for couriers to far more sophisticated apps allowing people to invoice or to send information back in a very real time way. This is an interesting trend across all the business groups we deal with.

Now moving into consumer is a desire to be able to access applications and systems anywhere, anytime, from any device. I might want to get it on my PC at the office; maybe off my tablet when I'm at a meeting; maybe off my mobile when I'm out at dinner that night. And to meet that need Optus and other carriers are developing what we call 'Cloud Services', which host all these applications centrally and allow you to have secure access wherever you are and from whichever device.

A great example of the way we launch those products is in the SME market. We have just recently announced the launch of a new suite of services and applications hosted in what we call the cloud, which includes Google Apps. That's a suite of everything from email to calendar, to Office applications, to video conferencing

security all hosted in the cloud and accessible across any range of devices you choose to access it from.

If we see a great take up of content and apps and we see a great use by business of this functionality.

What are some other trends we see happening with the consumer apart from those we've already described? We see video. Video take up is quite extraordinary and I think will actually be one of the defining characteristics of how people use the screens over the next few years.

A great example is the advertisement I showed at the beginning of my speech which saw Optus build an app that allowed you to download and watch the World Cup soccer in real time. We made a decision that we would give it away free because we wanted to encourage Australians to start using their devices to watch video.

It is quite extraordinary what happened. During the month-long World Cup tournament there were over 400,000 streams of World Cup games to people's phones. What's even more extraordinary is think about the fact that most of those games were watched by customers in the middle of the night.

We've seen apps explode in a more viral way too. A year ago we began streaming the Australia Open Tennis, which we sponsor, on to mobile phones. A year later, in the 2011 tournament, we more than doubled the number of people watching those games live on their phones. There's a strong viral role played by the functionality of these apps.

Whilst entertainment apps are popular, and whilst business apps are popular, there's one more group of apps that has actually proven to be quite a killer app in the industry and I think this is particularly relevant for companies.

We found that putting out apps that help people manage their lives, in our case their Optus accounts, in an efficient way is really powerful. We wrote a series of apps which allow you to look at how your cap allowance is going, how much data you have downloaded, what your latest charges would be and, to our astonishment and delight, there are now a million people using that app on their phones to manage their accounts and getting a good experience while they do it.

## **Networks**

So I've talked about devices, I've hopefully given you a very quick flavour for just how fast the world of apps and content is changing, which is very relevant to you. Let me talk briefly now about the networks that power those devices.

Everyone in the room is presumably a mobile phone user and anyone who has ever had a call dropout will tell you, customers are highly sensitive to networks dropping out and not being available.

Now think about how that world has changed. If you go back to the Motorola StarTAC, if the network disappeared on you for a two or three minute period back in the mid 90s, unless you were on the phone you wouldn't have noticed.

But if the network disappears on you today for say three minutes, that means you have to go three minutes with no email, no facebook, no twitter, no access to news, no texts or calls – you feel cut off and isolated from the world.

A whole requirement to keep in touch has absolutely taken off. I wonder how many people are twittering while I'm standing here?

To give you a sense of the importance of network coverage to us, we've actually seen that as an area that is really critical to invest and to drive ahead. You'll be quite surprised at some of these numbers. Over the last five years we've invested more than \$2 billion in upgrading and improving our network.

In 2010 alone we've increased the number of base stations on our 3G network by more than 15 per cent, including building sites inside the cities to cater for the growth in data traffic.

In fact we've also expanded our mobile coverage geographically and increasingly because we're building ours later than our major rival, we're arriving in areas of demography where Australians have moved more recently. It's not unusual now for us to be the first mobile operator to offer coverage in these communities. A good of example of that is Kyalite in New South Wales.

Our network now covers more than 97 per cent of the population with both voice and high speed data. In fact, we believe we are the only carrier who can challenge the former incumbent in terms of network coverage and depth.

But it's not just about mobile coverage it is also about what that network can do and we've been investing in the capacity of the network too. We've now installed fibre backhaul – for those in the room not familiar with telecommunications, this is when you provide glass fibre to a mobile base station. It basically provides you with close to infinite type capacity – We've now done that to more than 80 per cent of our metropolitan base stations.

Because we want to carry more on the radio frequencies of all this huge growth and data traffic, we've doubled our spectrum holdings over the last 12 months by buying Qualcomm spectrum, which was lying unused. We've also acquired more than 1,000 apparatus licenses across Australia which in regional areas allows us to similarly expand the capacity of our networks.

One of the challenges of being a CEO is you go to the Board and you ask for all this money and at some stage one of these older types who usually sits on your board rocks up and says, "I didn't get the technology bit, where's my money, what have you done with it all"?

So we were particularly relieved and I was especially relieved when the Sydney Morning Herald did a survey three Saturdays ago and took an iPhone from 3, from Vodafone, from Optus and from Telstra and did their own independent survey right across the greater Sydney area to see how the networks compared.

Optus came out just a fraction behind Telstra and well ahead of Vodafone and 3, so I feel suitably safe, at least for the moment, in terms of our investment performance and outcome.

We're not just focusing on mobile of course – and I won't talk a lot about the other technologies – but another example of where we've been investing very heavily for data is our cable network, which we recently upgraded with a technology called DOCSIS 3. That now gives us up to four times greater speeds than we had before. In fact you'll get somewhere between 50 and 100Mb speeds on the Optus HFC network if you choose to buy it today.

## **Integration**

So, I've talked about devices, I've talked about content and apps, I've talked about the network. The fourth thing that drives customer experience is a bit more than a mystery to you all. I'll try and demystify it. It's called 'integration' or inside the industry we call it convergence, which is not a particularly helpful description.

What do I mean by integration? Well I talked briefly about it earlier. It's the idea that if you look at a piece of content and you change it or you store it, that you don't have to physically move it to the next device to look at it be it your PC, your television, your laptop, your tablet or your mobile phone, it will always be the same and a change in one automatically ports in and changes the other so you don't have to keep on changing each time you go in on the four screens.

Some of you will have already seen integration in a more clunky way with billing, you know we'll send you a bundled set of services, that's not what I mean by integration.

Integration means that if I make a change in one screen, if I then watch it on another screen it has changed it there as well and it's always the same.

We've built a platform called N-screens because of all of the different screens to support those trends which allows you to watch your content wherever you go.

We're rolling it out not just in Australia but we've given it to our Thai and our Singapore sister companies as well.

I mentioned it because as the National Broadband Network rolls out and most of your customers and businesses are using that National Broadband Network, integration across device is going to be an incredibly important trend and driver.

### **Customer service and billing**

Finally, I wanted to touch on the fifth driver of customer experience, the one you read about in the media most often which is customer billing and how we handle customer complaints.

Look we were born in competition. We were born to bring competition to Australia. I think most of you would agree that it was a pretty good wakeup call for the incumbent when we arrived and the industry has had to drive quite hard ever since.

That's required a massive investment by all of us in customer care and billing systems and, as I've described in the last short period, in the last five years we're handling an ever greater volume and an ever greater range of complexity in dealing with customers.

One of the things we've read about in the media of course is a sharp rise in absolute complaints in recent years that people make about the telecoms industry, in particular

people complaining to the telecommunications industry ombudsman (TIO). One of the big drivers of that for example is people getting unexpectedly high bills from smartphone usage.

I think what's important to remember is that there's also been an enormous growth in the number of people who are subscribing to communication services. Back in 2007 the industry was at 100 per cent penetration. In the last two years we've added more than 2 million services to the network which shows you the range of growth that we've been experienced.

Despite that growth what I'm very pleased to say is if you actually look at our complaint numbers on a per subscriber basis, we've actually worked quite hard to bring them down and there is a significant reduction in the number of complaints per 10,000 subscribers in that period. So whilst absolute volumes have grown, complaints per subscriber are coming down.

### **Customer experience transformation**

Now how have we done that? Well our key step has been obviously to transform the way we operate inside the company and we started three years ago with a really, really large piece of landmark market surveying, which was a process we brought in from a European operator to ask Australians what really matters; what do you enjoy about carriers; what do you dislike and what's the trade off; you know if I wait for 20 seconds in a call centre queue versus five how important is it to me.

Of course, they gave us the feedback that said there's a range of things that are important to them and we focused on how we drive those. For example, in areas like billing it can be the simplicity of the bill' in terms of price it can be to do with loyalty

as well as price loyalty programs. So we said okay let's get into this and start using that research to attack the areas that we think drive customer satisfaction and outcomes.

We have two phases to this. I'm not going to talk about the second phase which is differentiation – it's quite strategic to us – but the first phase was what we can 'fixing the basics'. As we watched the complaints climb in the industry how could we tackle those and start bringing them down?

To make it work we took the research and we established a centralised team, a small team of about 60 people today, and then began using the Lean Six Sigma methodology across our business.

Today in Optus we've just under 2,000 of our people who have been trained in Lean Six Sigma who have worked on a whole range of programs.

On top of the programs though we also wanted to change the culture and the attitude and the behaviour.

We've got a good DNA, we were born in competition so people in Optus actually wanted to give good service, but even we needed to refresh and reinvigorate that culture.

So, we did a lot of work on changing attitudes and empowering people to be allowed to make decisions at the frontline, to help customers and to find quick ways where we could have feedback loops from people at the frontline who spot mistakes or errors.

We call our culture change program the 'Me We' program inside the company and if you come to our campus we've got a gigantic 'Me' on one side and a gigantic 'We' on the other to encourage people to think about who you balance individual needs with the needs of the customer and the team.

A big step in this program has been to get all of our people to interact with customers.

Yes, about 40 per cent of the company deals with customers day-to-day, but there are a lot of people who support that. One of our big programs is called 'Back to the Floor' in which everybody gets to have a customer interaction directly.

I've experienced it myself. Sitting in our call centres; sitting with our staff; listening to what it is like to deal with us on a day-to-day basis. By the end of this year, in a 12 month period, over 4,000 of our people will have participated in one of these programs.

Another key part of course was transforming our capability in IT. We've spent over a quarter of billion dollars upgrading our IT systems to provide streamlined functionality for knowing who our customers are, knowing their history and of course providing really good functionality online.

Now where will all of this ultimately manifest?

Well I've shown you the complaints but obviously we're about a lot more than complaints, we're about making people happy. Some good examples would be

improving first call resolution into our call centres; we've increased that overall for general enquiries and billing by 15 per cent.

I'm particularly excited that calls into our call centres from customers about mobile post paid calls, you know most mobile operators probably about a quarter of your base calls every month is quite a heavy load, we've more than halved that as a result of the work we've done on process redesign and on going online.

So, as you can see, we've put a huge effort in trying to lift that element of customer experience even though many of the other elements have become more complex.

I've talked a little bit there about what drives customers' experience. Before I finish I want to do two last things, I want to talk to you briefly about well what does all this mean for you, as you go back to your office and think about well I heard this guy he runs a big mobile and fixed communications business talk about these trends, what's it got to do with me?

Well I think there are three big trends that are very relevant to everybody in the room in whatever you do. The first of these we call the increasing trend we witness among consumers of I want it now and I want it everywhere. That's not just a sort of teenager tantrum that's actually the style and behaviour of most Australian customers these days because what they see is positive and beneficial outcomes that come from being able to get access to the internet and to apps quickly.

What's interesting is that as you start developing your network based resources and as apps become available people expect and take advantage of 24 hour access to that sort of content. This would include all of you in the room, I'm sure if you're asking us to support you in some way.

But what we've seen is when an app is available people actively take advantage of it and so 24 hour availability becomes the norm and an expectation but also something you can leverage.

A good example I can think of personally is having to renew car insurance and being incredibly impressed that I was able to do that at 9 o'clock at night, whereas four or five years ago I may not have had that privilege.

Second big trend we're seeing is increasingly everybody believes they have a stake in the network and this is going to be something you will all start to express I'm sure soon.

We're all focused on ensuring as carriers that people have a good experience on the network, but actually as it becomes more critical to your business that actually becomes a really important outcome for the end customer you have as well.

A good example of that might be banks who have had to get involved in providing security to their customers as they access the internet over devices, so the bank is now taking a proprietary interest in how the network performs in the safety and security.

One interesting point, and we have a number of important banks in the room, but I thought it was very interesting just a few weeks ago was to hear similar to what I've been saying today is the Commonwealth Bank said that not only have they moved a lot of their business online but that now 14 per cent of logins to their internet banking operations are being done off mobile phones.

And in fact on top of that they've launched an app which allows you put your phone at a property and it will automatically tell you what is the last value associated with that property and it's really combining their GPS with database with mobile internet functionality. A small example of big trends washing your way.

But of course as people get more into apps, like the CBA example, more and more companies are clearly going to have a sense of wanting to know what the network can do and can deliver and that it's available everywhere.

The third trend then is Government. Believe it or not Government is about to become the big driver of change in our sector. Here and around the world we see that Governments are embracing what the internet can do and what mobile phones can do in a very, very aggressive way.

I can tell you from talking to State Government here, as well as the Federal Government, there is a huge focus on how to leverage the internet on mobile phones and apps to drive big changes and you will see really profound changes in the next few years in Australia in the way we deliver health care, education, taxation, energy management, social services all by leveraging what you can do with mobile phones and fixed high speed internet.

Anywhere where Government is centrally involved in the delivery or has a stake in the outcome, expect to see a massive investment in moving online.

So I've talked about the five drivers of customer experience, hopefully those three trends give you something to think about and to leverage as you go back to work.

## The NBN

I'd now like to turn to the NBN.

I'm sure like some of us are slightly mixed in our views when we see a Government spend big on taxpayers' money. We're excited to see infrastructure getting developed. We're also cautious to want to know it is being spent in a way that will deliver a good outcome and get good value for money.

The good news in Australia is that the Federal Government has embraced the idea of rolling out a high speed broadband network to 93 per cent of homes and a high speed satellite or wireless based network to the remaining, which is fantastic.

We are big supporters of this trend. It future proofs Australia and is certainly a wise way for us to invest for the future.

It's interesting that the Government of the 21<sup>st</sup> century has chosen the communications sector. If you went back a century it would be the equivalent of the Government announcing a major new national freeway program. We think this is sensible and it is the right time to do it.

It's also a major development because the arrival of the NBN will also end Telstra's monopoly in owning the only fixed line network in Australia that is truly national and then being required to share it and open it up to the rest of us. Potentially that's a big step forward for competition.

But, and I choose my words carefully, there are many risks and challenges associated with the National Broadband Network. Potentially we could be creating another

monopoly; one which will exhibit the same monopolistic behaviours of the past, in the former Government-owned telecommunications company.

And as we look at NBN Co and as talented a leader as Mike Quigley is, and I am one of his strongest admirers, even he is going to have a massive challenge with the inherent structure of both Government ownership and a company that is the monopoly provider of all telecommunications services in fixed to the home. All of those could potentially work against him in trying to provide a superior customer experience.

That is why as the leading voice of competition in the sector we've been calling for the necessary changes to ensure that he or his successors have the right governance structure for the NBN Co to make sure we don't go back to the dark days of Telstra.

If the transition from today's environment to the NBN is not handled correctly we could see Telstra's dominance of the industry historically simply transferred to the NBN. And that would not be a good outcome for almost \$30 billion of your money that will be invested.

In fact we know, and history shows, that whenever you get a dominant player and a lack of competition in the technology sector you get slowing of innovation, high prices and poor service.

So there are three key areas where we think it is essential Australians and Government focus on as NBN Co is created and as the NBN is rolled out.

Those are first of all: the Telstra structural separation bill, which will separately the network from Telstra; secondly the deal between the Federal Government, NBN Co and Telstra which will result in paying up to \$11 billion of taxpayers' funds to Telstra; and thirdly the way in which NBN itself is established and set-up.

Let me deal with the first of those which may seem a bit technical to many of you but this is something that is happening in many countries; indeed our sister company in Singapore has already structurally separated.

But to make sure you get structural separation right, it is essential there is a very high level of transparency of the actual terms and agreement between Telstra and the Government. And what we're looking for is that the principles of equivalence are very clearly established. In other words that Telstra itself will get the same access to the network when separated as everyone else and not be advantaged.

Our big worry here is that the people managing the negotiations may not have the skills or experience of having to deal with access as we have in the past. Or that there may be too much pressure to get a deal in a timely fashion resulting in a poor outcome on structural separation.

And that's important because Telstra could leverage a competitive advantage through a poorly crafted structural separation bill into the next round of competition in the industry.

The second thing that's important is to examine and then understand the deal between Telstra and the Federal Government and NBN Co, for NBN Co to use the ducts and passive infrastructure that Telstra is separating and in return for which Telstra will receive \$11 billion.

We think it's critical that this deal is fully transparent and open to scrutiny to the Australian taxpayer. We also think that there's an inherent risk in this deal because Telstra will need to free up the ducts and provide access to NBN Co; it will know before anybody else which areas the NBN is rolling into over what will be a seven year roll-out.

Think about it. That gives Telstra many months of advanced warning to go in and lock down customers, to cross-subsidise, to nuke the territory before any other competitor can get in there.

We think it's essential that there are safeguards on how that information is retained and having just recently won a court case where Telstra took similar information of ours and used it incorrectly which the court actually confirmed recently had happened and for which we are now seeking damages. We think that it's important that there are not just civil penalties but criminal penalties if such information is misused and causes a serious undermining of how the investment in NBN is made.

The third important area, apart from the structural separation of Telstra, apart from the \$11 billion deal between the Government, NBN Co and Telstra, is setting up NBN Co itself. And as I came into the room, we all read this morning's media which highlighted that there is a bill now in the Senate to set up NBN Co and indeed one in which just last night a whole series of amendments were released by the Minister.

Whilst we were surprised with the extensive list of new amendments that the Government has proposed at the eleventh hour, we are nonetheless looking to try and work constructively with these.

We and many in the industry have spent quite a bit of time recently working through the consultation process to provide feedback on the draft bills and the bills that are now before parliament.

To be frank these new amendments have thrown us a curveball but as the leading voice of competition in the industry whilst on the one hand we will say we are very concerned about these amendments, because they are designed to protect NBN Co.

from future claims that it has acted anti-competitively, we are also willing to work to amend these amendments to reinsure that the industry can be competitive.

We obviously can't comment right now because these amendments are quite fresh but we are in dialogue with Government and it would be our hope that in the next 24 to 48 hours we can get the necessary amendments and reinsurances that will allow us to support the passage of this bill through the Senate.

Once NBN Co is established we need to have a proper governance structure and that means as much as possible although it will be a Government owned monopoly to find ways to promote competition and not to hinder it. So we need the Government to be transparent on the bills to support sensible amendments and then also to set up NBN Co with a maximum amount of competitive pressure.

We have proposed that the management should be exposed to as much competition as possible, for example we have proposed that the day to day field operations of NBN Co should be outsourced or conducted by a group of franchisees. These parties would need to perform very strongly to have their franchises renewed on a regular basis such as 3 to 5 years and indeed this is a model I could borrow from the UK in the way that they grant regional television licenses to TV operators.

I recently thought of these ideas and some people were worried that it seemed to go against the idea of being able to ultimately privatise NBN co because we were splitting up NBN in terms of its operation.

I don't see that contrast, I see franchising or getting outside companies to do the field operations as simply moving costs from one part to another and albeit probably more efficiently than NBN Co would provided itself without competitive tension but ultimately even if it did reduce the value of NBN Co I think people are getting confused with what we are trying to do here.

NBN Co is all about getting a great policy outcome by giving Australia high speed broadband with innovative technology and pricing; not about maximising what we can float a company for in five years time.

For example it was certainly true that a vertically integrated Telstra maximised value and look at how much work we've added since then in trying to pick up the pieces.

We feel very strongly that combining the management of NBN Co with strong competitive forces will be very important to getting the right outcomes for us in Australia. We are only at the beginning of the journey to a level playing field in broadband and it's really important we don't screw it up at the start line.

I'm going to wrap up my comments at that point and really just remind you what I've talked about that is the five drivers of customer experience, how complex they are, how exciting they are, what an opportunity they present for everyone in the room.

I've talked about the three emerging trends in our sector, how we can leverage those. And finally I've talked about how we are proposing to spend \$30 billion dollars of taxpayers funds and have we make sure those are spent in a way that doesn't repeat the ugly sins of the past.

At Optus we absolutely believe we stand at the edge of an extraordinary period in Australia. We are lucky to have the resources and funding to build world class mobile networks, world class broadband networks and our corporations are at the leading edge globally in their use of voice and data network technology.

We are very excited about that change and I can promise you that as long as there is a level playing field, as long as we know the rules will allow fair and honest

competition, we will continue to invest billions of dollars annually to drive a great outcome for you and for the end consumer.

Thank you.