



A clear correlation exists between product development maturity and successful business performance

Mobile World Congress 2016

PwC Benchmark Insights: Innovation & Development

Today's leading organizations know how to generate new sources of revenue by turning innovative ideas into new products and bringing them to market quickly. Telecom service providers, however, are currently experiencing slower revenue growth from traditional voice and data services. As they look to introduce new products and services, they are facing off with technology companies considered as innovation powerhouses. Can Telecom service providers keep up with the innovation and agility of the high-tech leaders to compete with them effectively?

What the survey says

- ▶ **Operators realized clear performance benefits from mature product and portfolio management practices.**

Mature product management reduces cost overruns

Average Cost Variance at Launch



What leaders do:

- Always leverage voice of the customer when defining requirements
- Follow consistent processes for making product lifecycle decisions

Strong portfolio management reduces schedule slippage

Percent of Projects Behind Schedule



What leaders do:

- Define portfolio priorities with consistent criteria that align to business objectives
- Review product portfolios at a regular cadence

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connected





What the survey says

Dedicated Product Development staff helps drive faster cycle times

Median Time to Market: Next-Gen Projects



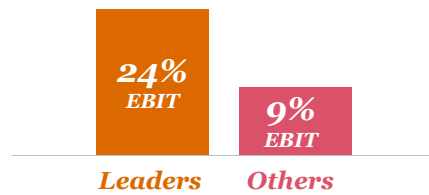
What leaders do:

- Focus at least 40% of their time on revenue-generating PD activities
- Others spread time across the PD lifecycle

► Leaders realized higher margins by managing development costs, and applied a balanced investment approach.

Tighter control of PD cost improves EBIT performance

Average Organization-Wide EBIT



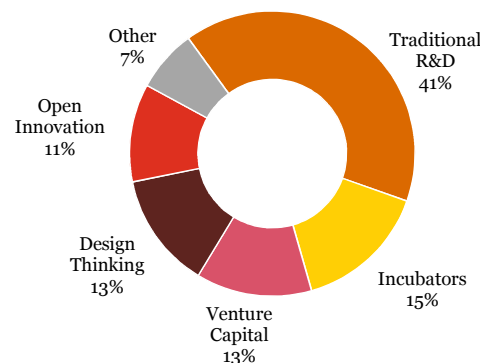
What leaders do:

- Contain cost variance for next-gen projects within 12% variance vs. budget (less than the industry average)

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Balanced investment across innovation strategies

Average Innovation Spend, by Operating Model



What leaders do:

- Operators typically leverage a mix of innovation operating models
- Do not spend more than 60% on any one operating model



What the survey says

► **PwC research has consistently identified a link between product development practice maturity and financial results**

Increasing competition has led to faster cycle times with an added focus on keeping costs under control

- Operators show improvements in execution with improved cross-functional collaboration, centralized architecture development and proactive portfolio management.
- Gaps exist in front-end strategy and early phases of development with struggles in prioritization strategies, decision-making and performance measurement.

Operators need to adopt leading product innovation and development practices to achieve higher performance

- Use a balanced investment approach
- Institute a rigorous and data-driven prioritization process
- Review and align product portfolios at regular intervals
- Leverage voice of the customer early
- Implement a consistent tools infrastructure

About the survey

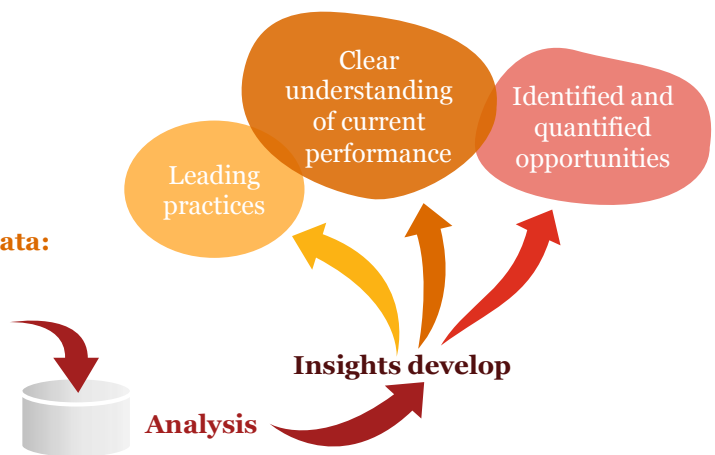
PwC periodically benchmarks the global telecom industry. In 2015, we conducted a refresh of this comprehensive product innovation & development study utilizing PwC’s core Service Innovation framework, spanning strategy through execution & enablement.

Study participants were provided detailed results to assist their internal assessment and improvement programs. Participation covered in-depth operational data, covering a wide breadth of innovation performance and operating practices, reflecting both quantitative and qualitative measures of performance.



Participants provide in-depth operational data:

- Innovation practices
- Development practices
- Operating practices
- Performance metrics
- Financial metrics



Scorecards with overall and detailed results show where participants placed relative to the industry. This objective and quantified view helps achieve better PI&D results and improve bottom-line performance. Further targeted evaluation can amplify internal programs to produce lasting positive change.

Note: "Leader" performance is calculated as the average of all responses better than the benchmark population median



How PwC helps

PwC helps business leaders create a guided, efficient path to breakthrough innovation that is tied to business outcomes. Innovating intelligently is the lynchpin to innovating effectively. We help you develop an effective method to generate superior insight-based ideas, and to select, produce, and commercialize the most valuable and viable results, while staying true to your company's core values. Our team of diverse professionals thinks through the implications across your organization and helps to ensure there is a good discipline in place for success, such as understanding tax implications as well as embedding the right risk and controls. Whether you are trying to create a culture of innovation, reinvent your business model to enter a new industry, create more sophisticated customer experiences or harness digital technologies to your advantage, we help ensure that your innovation efforts are strategically and efficiently steered to make wins more efficient and failures less costly. That's getting extraordinary done.

Learn more: pwc.com/stimulateinnovation

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