

Case History: Embratel in Brazil

How Embratel used the company intranet to facilitate transition to a new, marketing-driven NPD process

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As competition grew, Embratel management wanted to create a more marketing-driven new product development culture, to replace the older, engineering-driven environment. In this case history, Victoria Photos and Joe Rodriguez share the story of how this Brazilian telecommunications giant is achieving this goal, in part through use of a special product management office (PMO) website on the company intranet.

In the middle of 1999, the Brazilian government opened its long distance telephone service market to competition through the introduction of PIC Code dialing. This type of dialing allows customers to choose a preferred long distance provider every time they make a domestic or international call.

Suddenly, as a result of this change, a company which was previously a monopoly, Embratel (Empresa Brasileira de Telecomunicacoes) found itself in a new world in which there was no longer any guarantee that all long distance calls would go over its network.

Embratel owns the largest telecommunications network in Latin America, offering long distance telephony, data, video and text communication, teleprocessing, television, radio and satellite transmission, maritime, and international coverage. It also owns Latin America's

biggest internet backbone, and services the majority of the Brazilian internet market. Embratel was the national telecommunications company of Brazil for over 30 years. It was privatized in 1998, and Worldcom currently holds a 52 percent controlling stake in the company.

Embratel's response

In 2000 Embratel embarked on a series of initiatives to develop new products and services that would protect its existing customer base and expand into new markets. Key to its strategy was the introduction of Embratel-branded telephony products targeted to the residential market, which previously had only been serviced by the local service providers.

At the same time, Embratel planned to expand its service offerings to the corporate market with a series of innovative, advanced telephony products such as a virtual network service and new toll-free service features.

Existing domestic data communication services evolved into global ones, while new scaled-down services were initiated to carry the data traffic of small and medium-sized firms. The company also increased its investments in optical systems, metallic networks, and point-multi-point radio access capacity.

While developing these new products and services, Embratel simultaneously was improving its network and support systems. It was now responsible for invoicing and servicing its customers. So Embratel not only needed to implement a new billing platform and customer relationship management system to handle the increased volumes, but also had to complete a full upgrade of the



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Exhibit 1: PMO website on the Embratel Intranet

Embratel

Program Management Office

Business Case(BC)

- Products With Approved BC
- Products With Unapproved BC
- Delete or Modify BC
- Information
- Display Access Authorizations
- Updates Access Authorizations
- Status Report of BC Reviewed in Last 30 Days
- Status Report of BC Reviewed Over Last Year

Reports

- Print Reports
- Display Access Authorizations
- Display Metrics Reports
- Display Complex Bid Reports
- Display Product Priority

Incentives Programs

- Incentive Program for New Product Development

Documents

- Meeting Minutes
- Products Priorization Back-up
- Materials
- On-Going PMO Projects
- Current Methodologies
- New Product Development
- Methodology Training
- Costs Tracking Methodology

Website Management

- News Update
- Other links
- Talk to us
- Home Page PMO
- Web-Embratel

PMO - Program Management Office

Cre e Incentivo

All Embratel employees now know about the corporate recognition program launched by Human Resources, "Vision 21" in which you all have the opportunity to participate. As the head of the Program Management Office (PMO), I am aware that many employees at Embratel have continually performed beyond expectations in their new product development duties. Therefore, I have decided to institute an incentive plan similar to "Vision 21" which will highlight the positive contributions and recognize the invaluable efforts in the creation of a new generation of services and products for Embratel. Today, I am proud to announce our recognition campaign "Get Creative - Make a Difference", to employees participating in new product development, their managers and directors.

Recently, you received an e-mail with an announcement meant to stimulate your curiosity. It contained an egg, a traditional symbol of new life, which for this recognition program represents the birth of innovative ideas for enhancing and optimizing performance in new product development. This egg serves as the trademark of the "Get Creative - Make a Difference" rewards program. Whenever and wherever it appears, it will be highlighting important information for all. For easy access, the PMO site will also maintain all published communications and necessary information about this program and if you have any questions, you can send them to the following mailbox, incentivos@embratel.com.br, and receive a fast response. Our Program "Get Creative - Make a Difference" begins today. On October 22nd, I will announce in the Intranet the first winners. I await with great expectations your contributions for the remainder of the year. Good luck and let's get creative!!

process was driven by marketing, which was a great change from the old engineering led strategies. This created a necessary internal shift from a technical platform focus to an overall service package mentality.

Additionally, Embratel, having been a state-run monopoly company with no competition to stave off and no shareholders demanding high returns, had traditionally placed little value on standardized and repeatable processes that emphasize meeting schedules and cost tracking.

Although at the executive level there was agreement about implementing the new methodology, much confusion about how to proceed still existed in the ranks of the developers, engineers and information technology (IT) people. Within the functional areas, there was also a lack of strong top-down communication about the need to learn and embrace this new way of working. As a result, the existing NPD process was not dismantled, and requests for development via the informal relationship network continued to take precedence over products being developed on the basis of the new methodology. There were 150 projects in the development pipeline, around 75 of which were New Products and Service offerings. Three months had gone by with no new products entering the marketplace. That's a long time in this industry. Therefore, consulting projects were begun to address this situation.

What was done

Embratel had recently established an executive level Product Management Office (PMO) to bring company-wide management attention and focus to these development efforts. It was composed of the vice presidents of sales, marketing, finance, engineering, and strategic planning, and had the main responsibility for determining the priority of each NPD product or project. A mid-level Managers' Product Management Office (Managers PMO) was later created to function as a forum where issues could be discussed at a more detailed level in order to minimize executive escalations. It evolved into a support structure for the Executive PMO, wherein the Managers PMO functioned as subject-matter experts. For example, the mid-level managers were actively involved in determining the overall capacity of the pipeline, which was found to be around 30 NPD projects. Once the first round of priorities was established on the basis of this capacity forecast, the first 12 projects hit the market within six weeks.

The mid-level PMO established a process project to review the new NPD methodology.

Several teams were launched whose function was to document and improve the existing NPD process and submit it for approval by the mid-level PMO. Each team was set up to define all the activities, detail the inputs/outputs, validate overall ownership for each of the phases, and adapt the methodology to reflect the local conditions where necessary.

The company intranet

Once this was accomplished, the next step was to implement a communications strategy focused on educating the company employees about the benefits of the new methodology and how it works. To do this, Embratel published an updated NPD methodology on the PMO website, which is part of the Embratel intranet. A page of this website is shown in Exhibit 1 on page 23. Now, by going to the PMO website, employees can now download or print part or all of the phases of the new process.

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The PMO homepage also provides a link to the company's e-learning platform, where employees can enroll in an overview course of the methodology. This e-learning module has enabled the company to communicate its updated methodology rapidly. The interactive nature and simplicity of this e-learning experience allows individuals to not only access to content, but also ask questions, make comments, and even suggest improvements in the methodology. Best of all, employees can engage in learning that their own pace, learning during the normal working hours, based on the work plan established by their managers. Therefore, the PMO needed to focus primarily on motivating individuals; they, in turn, are responsible for managing their own personal professional development.

Initially, the overview course was limited to specific target groups that were directly involved in the new product development process. Registration has been managed through the access control tools of the e-learning platform. Later, the course will be offered to anyone in the company and will be required for new hires involved in the NPD process. The course displays the different phases of the development process, plus a pre-phase of ideation and a couple of post-launch review phases. At each step, the screen contains a graphic and a description of

the step and, with the appropriate clearance, employees can access a process chart showing the steps in increasing detail.

Also included will be a glossary, a forum for discussion, a section for questions, and a test to take once the coursework is completed. We are in the process of adding a chat room and developing a final evaluation that will allow employees to be certified in the methodology.

Content of PMO website

The current website as shown in Exhibit 1 on page 23 includes the following information: a listing of all products approved for development as well as those that were rejected by the Executive level PMO; the status to completion of each product in the pipeline; and metrics such as expenses to date and time to date. On the website, the special incentive program — developed to reward employees who are involved in new product development — displays all current awards and all past winners. For both PMO levels, the website also makes available the minutes of past meetings and the agendas of future ones. In another section, the product priorities are listed, along with the scores they got in their Prioritization Review.

Results and the future

What has been the result of the Website and the e-learning course implementation? Basically, communication within and across functional organization has improved tremendously and the confusion that had existed about NPD methodology has disappeared, because we no longer have employees who are — or can remain for long — uninformed about the company's NPD process. What about other accomplishments? The prioritization efforts continue and executive sessions are held quarterly. This has made the resource allocation process smoother and has considerably improved the overall time to market of new products. Development timeframes have decreased from well over a year to an average of six to nine months, depending on the complexity of the product. In addition, more products are meeting planned schedules. The metrics project now continues under the SAP installation umbrella, which is a company-wide undertaking.

Embratel is facing tremendous pressures as the long-distance market becomes increasingly open to all companies in Brazil. The ability to best the competition with new and improved services will in the end determine the long-term success of the company. ▲