



# The digital transformation in full swing

Interview with **Bénédicte Javelot**  
Orange Group Strategy Director



## What are the most notable evolutions in operators' competitive environments today?

**B. J.** Fixed-mobile convergence is shaping rapprochements between players in all of

Europe's national markets, and we are seeing concentration of the mobile market as well. These movements are favorable to investment.

We need to remain alert to the recent successes of cable operators who own very high speed broadband landline infrastructures and aim to become major content and Internet access providers.

In Africa, competition is intensifying, though out of phase with that in Europe. Smartphone penetration, expected to reach 30% within four years, and new 3G/4G networks are engendering a proliferation of over-the-top communication offers that threaten operators' predominantly prepaid voice and SMS revenues.

## Do the network initiatives of web giants (GAFA), such as Google's stratospheric balloons, Facebook's drones and SpaceX's satellites, imply a risk of "uberization" of telecoms services?

**B. J.** No! "Uberization" refers to the exploitation of consumers' own goods – for example cars and drivers with Uber or vacation rental property with Airbnb – as resources by a web company. GAFA initiatives do not fit into this pattern: their prime goal is to win audience. The experimental technologies you mention, which are by no means mature, are intended to bring Internet access to people living in white zones in India, Africa, Indonesia and elsewhere. Their inventors hope to provide an economically viable alternative to costly network deployments in these large regions. However, they can't operate without using operators' spectrum, so operators foresee value creation opportunities through "coopetition". Orange is in regular contact with both Google and Facebook on their projects. On the other hand, we are keeping a wary eye on Apple and Samsung's "electronic SIM card" initiatives which threaten operators. These new-

generation SIM cards, embedded in a device so they can't be removed, will allow customers to avoid being locked to a specific mobile carrier, letting them sign up to a provider and switch whenever they want.

## How do these evolutions overturn operators' business models?

**B. J.** I would not say they overturn our business, but they do illustrate how our environment is in perpetual movement. Our reaction to cablecos must be to guarantee durable access to content in order to increase the value of our high-speed networks and pursue our convergence strategy. To counter the OTT offensive in the AMEA zone, the challenge is to launch abundant, attractively priced access offers, as in Europe, and then monetize data to generate new revenues. Embedded e-SIMs will oblige us to accelerate our convergence actions and mobile "shared data plans" to offer consumers global solutions. The GSMA plans to standardize e-SIM to allow operators to maintain control of customer profiles downloaded on the cards.

*"Our sector is not directly confronted by a wave of 'uberization', but we watch very closely all initiatives that present any risk of disintermediation."*

## How is Orange adapting to this new paradigm?

**B. J.** Open innovation and the "Orange Digital Ventures" fund support our open digital strategy. In anticipation of disruptive market changes, we are buying stakes in startups like Actility, a leader in IoT network, Afrostream, the "African Netflix", and Afrimarket specialized in cash-to-goods money transfer. Agility is vital... and humility too! We are still learning how to pick up weak signals coming in from our ecosystem and how to spot new technologies we could use to enrich Orange's connectivity proposition and services.