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“The risk of doing nothing is bigger than the risk of change”

The overall theme we would like to address is “Strategic Transformation”

Interview transcription Khaled Omar Alkaf, CEO of Mobily KSA

Arthur D. Little Mobily is experiencing tremendous growth in revenues and net profit year over year. Nevertheless you are pushing the organization towards new strategic goals and to enter new business areas. What are the main drivers behind this plan?

Alkaf Our business is still very much centred around consumer mobile voice services. This market segment will not see profitable growth rates in the long term. Hence, we are looking to enter new segments like fixed-line broadband access and non-voice services for consumers. We are also considering moving into so-called “adjacent” services like mobile health. Regarding enterprise customers, we want to offer integrated business solutions and become the ICT player of choice.

Arthur D. Little That sounds like the transformation from a mobile-only to a fully integrated operator.

Alkaf Yes, one could say so. But we want to be more than just a traditionally integrated player. We see clearly the chance to avoid becoming a so-called “bit pipe” by offering new services and products – above and beyond connectivity. We truly believe we can play the differentiation game in a market which is in many regions of the world already pretty commoditized.

Arthur D. Little Such a transformation will require new capabilities that a mobile operator normally does not have.

Alkaf Absolutely. We need innovation capabilities to push new services to meet the changing demand of our customer base. We also need strong partnering capabilities to offer not only services but also solutions. That applies both to the consumer and business customers. And we need to be able to sell solutions and not only products. Two years ago we launched the groundbreaking Mobily App developer community. We have a partnership agreement with Google, which will allow users to get free and unlimited access to all Google websites including their Gmail accounts, GoogleMaps, Google Plus and YouTube. This was the first partnership of its kind signed in the Middle East. The agreement merges the concepts of Mobily Connect and Google to produce the final product, Google Connect. We have also just signed an agreement with IBM as our part-

We want to be more than just a traditionally integrated player.



Picture by Mobily

ner for IT services to offer those services to our Enterprise customers as part of an overall business or industry solution. Last but not least, we have established service differentiation within our network to secure our high-value customers the best service levels.

Arthur D. Little How do you prepare your organization for that change?

Alkaf We follow a long-term strategic plan with the main pillars of growth, efficiency and differentiation. We have set up comprehensive programs for all strategic initiatives under this umbrella. If we do something, we do it right – love it or leave it. We have reorganized into customer-facing units to better understand and serve our customers' needs. We strengthen our partnership and alliances function to better search and integrate new partners who are vital for our future growth. We are saving money in areas where we can become more efficient in order to invest in innovation and growth. We also give a lot of attention to a company-wide change initiative to acquaint our staff with the new mindset we are striving for.

Arthur D. Little That sounds like creating enormous complexity. How do you manage this and how do you manage the relationship between the core and the new businesses?

Alkaf We manage the progress of the various strategic initiatives and their interdependencies very carefully through a strong, centralized program management office.

About Mobily

Etihad Etisalat (Mobily) was established in 2004 by a consortium led by Etisalat, the UAE based telecom conglomerate. Mobily is the official brand name of Etihad Etisalat, renowned as the second mobile service provider in the Kingdom of Saudi Arabia.

The awarded 25-Year telecommunication mobile license was complemented by a subsequent purchase of a 3G license. Mobily is the first Saudi communications company to get an operation license for third-generation services and beyond. In December 2004, Mobily was listed on Tadawul Stock Exchange. Today, Mobily equates to 40%+ market share of the mobile subscriptions in the Kingdom. In March 2008, Mobily was granted approval by CITC (Communication and Information Technology Commission) to acquire Bayanat al-Oula which was a licensed Data Service Provider for a price of SAR 1.5 Billion. And, in November 2008, Mobily acquired absolute majority stakes in Zajil, the leading Saudi ISP (Internet Service Provider). Mobily owns vast majority shares in the Saudi National Fiber Network (SNFN) composed with 12,800 KM of structured fiber cable, panned into 7 fully protected rings covering 35 Saudi cities plus access to 60 major hub sites for telecommunications prime points of presence, and complemented with 20 inter-metropolis fiber loops in major Saudi cities. Furthermore, Mobily is a lead investor in prime global submarine cable projects that are expected to be operational in the near future.

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New businesses get time to become as independent from the legacy organization as possible whilst ensuring close ties between these organizational units. The innovative services of today are the core services of tomorrow. They have to be accepted by the legacy organization.

Arthur D. Little What are the most critical leadership tasks in such a transformation?

Alkaf The most important leadership task is to create followership throughout the organization for this new vision. And I have to push for this change. We are used to taking even bigger decisions rather quickly – we just cannot lose time. The risk of doing nothing is bigger than the risk of this change. We see change as something positive. Our attitude is not “we need to change”, it is rather “we want to change to further stay ahead”. This is part of our culture right from the beginning.

Arthur D. Little Which challenges do you see in this process?

Alkaf I'd like to say in this respect very clearly that this task should not be underestimated since we are adding to our

traditional core business completely new and much more complex products. And as Mobily is a mobile company, the degree of change required is massive. This is very difficult to master and will take time as we have experienced in the past years. Here it takes leadership – you may say “walk the talk” – to get the whole team convinced that such changes are necessary and that they have to be done now. The shadow of the leader and of the whole leadership team is of paramount importance.

Arthur D. Little How did you position Mobily to master this change?

Alkaf Mobily is a very innovative company. We entered the market as a challenger, and we know how to lead. We have also learned how important it is to make things differently and quickly. We have established a culture of values: respectful, passionate, reliable, pioneering, empowering. We will maintain the momentum of innovation, speed and everlasting change to realize our ambitious strategic goals.

Arthur D. Little Would you say you are preparing your company for a new era of telecommunications?



Picture by Mobily

Alkaf Yes, this is our ambition. We want to make our company agile and future-proof. We see the market as much broader than just the traditional telecommunication business. We are using our strong unique position in the Kingdom of Saudi Arabia to prepare our company for new challenges and for a new era of telecommunication. We are doing it by closely watching all major developments in the global ICT market. We use the best available international expertise to learn what works best in

various countries. If possible we improve those solutions further and adapt them to our local market conditions and customer expectations.

Arthur D. Little What role do the employees of Mobily play in this process?

Alkaf The commitment of Mobily's employees and management team provides me with strong confidence that Mobily is able to achieve these challenging goals.

Michael Opitz

Is a Director in the Munich office of Arthur D. Little and is a member of the Central European TIME (Telecommunications, Information, Media & Electronics) Practice.