

# O2 Slovakia – a corporation with a start-up mindset



**When O2 Slovakia started to promote Telefónica's start-up accelerator, Wayra, in the Slovak innovation ecosystem, we were pleased to hear that O2 is often referred to as one of the most successful start-up companies. And rightly so, as O2 entered an already penetrated market and we could only succeed by challenging it with innovative solutions and products.**

## Innovation within the telco sector bypass traditional telcos

The single most important reason traditional telco companies have started looking towards innovation much more than ever before is because they are failing in an area that used to be their exclusive territory. Communication is not restricted to voice and SMS services any more; now it is all about Skype, WhatsApp, Viber, Google, Facebook and other platforms that we call OTT (over-the-top) players. All of these companies build their products over the (network) infrastructure built by telecommunication providers, thus depriving traditional operators of a significant portion of their potential revenue. As one top-level representative of the sector described in an interview for the media, telecommunication operators are heavily regulated, pay extra taxes, bear enormous data protection and security responsibilities, invest millions in new networks, and what do they achieve? A customer that calls for free from their phone using Skype. It is therefore a must for telcos to start revising their old business models by focusing much more on innovation.

## Start-up spirit in O2

Unlike traditional telecommunication operators, an innovative approach was a must for O2 Slovakia right from the very beginning. Based on our experience, we have identified the three main

reasons for favoring an innovative spirit and attitude:

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#### 1. No past legacy and path dependency

O2 entered Slovakia as part of a large telecommunications group; yet, it was basically a green-field investment. Therefore, there was nothing for us to lose, only to gain. There were no incumbent revenues to protect, and no need to repeat the history of the telco sector. There was only an opportunity to be creative, innovative and daring enough to attempt new things and try to stay one step ahead of the market. This approach proved to be the right one, and that is why we continue to stick to it.

#### 2. Anti-hierarchical company spirit

At the beginning everybody knew everybody, and also everyone within the company shared the same appetite for a challenge and had a can-do approach. However, to practically benefit from these

qualities, even lower-ranked employees had to have the possibility of contributing beyond their job description and, at the same time, be truly motivated to do so. An anti-hierarchical and flat company structure greatly enhances such potential since subordinates are much more inclined to express their opinion and challenge their superiors in a constructive way. As a consequence, innovation within O2 has never come from a single "innovation department", but from across the company as a whole. Therefore, even though we are not a small company anymore and our organizational chart has changed a lot, we still try to nurture the original start-up atmosphere.

#### 3. Customer, Simplicity and Fairmode

The word 'innovation' often means many things for many people. It may stand for small, gradual and evolutionary improvements, or dramatic, radical and paradigmatic changes. In O2, innovations are driven by what technology allows us to do and – most importantly – what our customers want us to do. Therefore, the customer has always been at the center of all our innovation activities. We believe technology is here to make people's lives simpler and easier, and telco companies should behave accordingly. That is why O2 Slovakia has only a handful of product

propositions, but we constantly focus on maintaining their innovative edge in the market. In fact, we have internally codified this approach and call it the "fairmode" principle.

## O2's innovative road in the Slovak telco market

O2's innovative model has revolutionized mobile communication in Slovakia. One could cite many of our achievements, from introducing price-per-second tariffication, through products without commitment, to NFC payments. To boost our innovative dimension, we are also actively going out and seeking inspiration from the Slovak start-up innovation scene. We have successfully implemented QR codes on our customer invoices with the help of "By Square", we were the first to bring our customers the coolest charge and data cable by "CulCharge", and we are working on many more initiatives. Most recently, we have partnered with "The Spot" to provide our (potential) customers with a much broader set of know-how and advice about how to start and run their business successfully.

## Wayra

O2's engagement with start-ups and innovations has been mostly perceived through Telefónica's Wayra accelerator scheme. So far, seven Slovak start-up projects have benefited from Wayra, and we are looking forward to seeing more Slovak teams in the future.

Inside O2 Slovakia, however, innovation is very much a natural, inherent part of our DNA. That gives us enough confidence to face the challenging times that the telco sector is going through.



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