tele Phare

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Changing for the better

With the negotiations for membership now underway, the Phare countries have a commitment to adapt to European Union legislation as fast as they can. The aim of the Phare programme in telecoms and posts is to enable beneficiaries to undertake these changes – and where possible – to reap the benefits. This is why this issue of TelePhare features a project to support postal administrations in central and eastern Europe in expanding their operations into the profitable areas of direct mail and mail order. Competition and better quality of service for consumers is another benefit of change. We describe briefly how the Phare countries can benefit from western experiences in the area of interconnection – the main regulatory driver of telecoms competition in both parts of Europe. We take another look at Phare's efforts to speed up the grudging cooperation between the three ethnically-based telecoms operators in Bosnia-Herzegovina, this time in the area of management training. TelePhare is also happy to record the issue of the first-ever postage stamp to commemorate the Phare programme. It is the brainchild of the Programme Coordination Unit of the Phare multi-country programme for telecoms and posts in Sofia and realised with full support from the Bulgarian Committee for Posts and Telecommunications.

The Editor

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Generating revenue streams from direct mai

Change means challenges — and opportunities. Postal organisations in Phare countries have the cap of generating profitable new business to take up the slack. Graham Stubbs of the British Postal Consulta

As the economies and lifestyles of central and eastern Europe become more like those in the west, there are many ways in which the impact of change will be felt. For the postal organisations there is a great deal of change to deal with. They must make progress in the breadth and standards of service they offer, and the way in which their counter offices present themselves and their organisation to the public. They need to make greater efforts in marketing their services to their existing and potential business customers. They must also learn to use opportunities to influence the way in which their customers think and to ensure that the use of the Post is part of that thinking.

Direct mail provides work for him and his colleagues

One Phare project, currently being carried out jointly by P-E Consulting and the British Postal Consulting Service, is aimed at helping postal organisations to develop traffic in direct mail and mail order. Countries participating are Albania, Bulgaria, the Czech Republic, FYROM, Hungary, Lithuania, Slovakia and Romania.

The two traffic streams are often regarded as being one and the same thing. This is not the case but they are often closely interdependent and so the confusion is not surprising.

Direct mail is the use of a written form of advertising which is addressed to a specific recipient and sent by a company wishing to advertise its services. Non-addressed mail, usually a simpler and less sophisticated mailing item, is not strictly direct mail, but it often has similar objectives. Mail order traffic, at its simplest, is the use of the postal service by businesses to deliver goods which have been ordered by individuals or other businesses. Ordering is often by post, but also, increasingly in western Europe, by phone, fax or e-mail. If a mail order company chooses to advertise by direct mail then the two services are very closely linked.

Direct mail is very sophisticated in western Europe and very big business for the various postal organisations. In many of them, more than half the letter items handled are created by direct mailing activities, making a significant contribution to profitability. The mailings themselves are often highly creative and use good knowledge of psychology in the way that they are written and put together. Success is enhanced by the use of well-managed name and address lists which have good demographic and personal lifestyle data. This can avoid sending an advertisement for a gardening book to someone who lives in a flat.

Similarly, mail order is a substantial business. Western shoppers have learnt to trust the mail order companies and the post is seen as a reliable and fast means of moving most if not all types of goods.

In most of the eastern European postal organisations there is a substantial need to gain more business. They usually have an infrastructure which is capable of carrying a great deal more mail than they are currently handling. Their costs are high and largely fixed and there is a need for more investment. Unfortunately, demand for investment is great, and capital is scarce. The only way out of this

and mail order services

city to handle much more mail than at present. The transition to market economies offers new ways cy Service (BPCS) shows how the Phare programme is helping.

The mail train speeds the mail orders

vicioius spiral is to generate additional traffic and revenues – hence the current concentration on direct mail and mail order.

Direct mail is for the most part just letter traffic which the current organisations and facilities can easily handle without the need for investment. But to capture this traffic, the postal organisations need to step up their marketing activities. They must convince companies that direct mail is a cost-effective means of advertising their services, and that the Post is a reliable and responsive carrier.

Fortunately, the more open market environment which is developing means that companies will have to compete in order to gain or retain market share. Much of the advertising which is currently taking place is by television, radio or the press, all of which have their failings. The postal organisations need to help major companies to see the benefits and to become regular users of direct mail advertising.

The 18-month Phare project started in September 1997. The objective is to help each of the participating countries to develop business plans which will set out the way in which they will increase traffic, and then to help them carry out those steps.

The early stages consisted of fact-finding visits to each country to meet key people and to gain a clearer understanding of the current status of the two traffic streams. These visits were followed by a workshop in Prague where the findings from the visits were fed back and a number of training sessions were carried out. The sessions covered the use and structure of business plans and some of the fundamentals of financial planning. It is important that costs are understood, so that increased traffic does indeed lead to increased profitability.

Following this workshop, countries were then given assistance in drawing up business plans, and in preparing for a second workshop which was held in snowy Predeal in Romania. The draft plans were presented and there was also a full day's training on the principles of successful direct mail advertising.

Further refinements to plans followed and led to the Main Project Workshop which took place in Budapest. Completed business plans were presented and there were also a number of presentations from speakers specialising in the sectors of direct mail and mail order. These all helped to show the way things should be done and to provide a valuable alternative perspective.

The remaining months of the project will be spent on the implementation of the various activities within the business plans and also on some further training. The only results which will really count are of course the numbers of additional items handled. We cannot yet quantify this but some postal organisations have already started to target potential users of the two traffic streams and additional traffic has been generated. We hope and expect that this progress will continue and that we will have laid the foundations for improved utilisation and profitability of all eight postal organisations. ■■

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Helping to reconstruct Bosnia-Herzegovina: Th

For the first time since 1992, managers from the three parts of the fragmented telecommunications sect programme set up for them was part of the European Commission's Telecoms Emergency Reconstructi the consultancy which provided the training, gives his evaluation.

Momcilo Divcic, Director of Human Resources of Telekom Srpske explains the background: "During the period of war, it was impossible to make progress and managers from BiH were unable to keep up with the new developments in telecoms technologies and services". Telekom Srpske is the operator in Republika Srpska (RS), the Serb part of Bosnia-Herzegovina. In the other part or "entity", the Federation of BiH, there are two operators. One is JP PTT BiH which is based in Sarajevo and covers the Muslim areas of the Federation; the other is HPT Mostar which serves the Croat areas. Four years of often brutal hostilities had led to the creation of three separate PTTs to replace the single operator serving the whole country which existed before the civil war. One of the aims of the training programme was to try to create joint courses, where appropriate, to be attended by managers from all three operators.

The training project was one of three components in a broadly-based telecoms programme funded by the EC under Phare and co-ordinated under an emergency assistance programme agreed in the wake of the Dayton peace accords. The other two components were:

- The construction of part of a long-distance digital backbone network including links between the RS and the Federation.
- The provision of local access networks.

For the telecoms training project, DDL began its work in May 1997. Mike Bagwell, DDL's resident project manager in Bosnia-Herzegovina, explained the objectives of the telecoms training. "We have to re-develop the management, engineering and business administration skills to support the reconstruction and development of a modern telecoms operator progressing to best international practice".

DDL's teams of experts first carried out a detailed needs analysis of training requirements. A set of 13 courses were developed, and training started in September 1997. The timing was critical because the new digital backbone network, using Alcatel's SDH technology, was just coming into operation.

Key Features of the Telecommunications Training

	Type of Course	Duration	Main Themes
1.	New Telecoms Technologies	2 weeks	Transmission, switching, network management, new voice and data services
2.	Network Planning and Management	2 weeks	Core and access networks, economics, technologies and services
3.	Quality of Service and Customer Care	2 weeks	Meeting international benchmarks for quality, customer choice and competitive services
4.	Operator to Operator Accounting	1 week	Interconnection of different operator networks nationally and internationally
5.	Telecoms Regulation	1 week	The liberalised, competitive model of a telecoms sector
6.	Management Accounting in Telecoms	1 week	Accounting systems and methods for profitable trading
7.	Telecoms Business Planning and Modelling	1 week	High-level control of a telecoms operator
8.	Telecoms Organisations Development	1 week	Managing in a complex, fast changing telecoms environment
9.	Personal Computer-Based Tools	1 week	PC skills for telecoms managers
10.	Telecoms Pricing Policy	2 weeks	Setting prices in a multi-service competitive environment
11.	Telecoms Sales and Marketing	2 weeks	How to introduce successful telecoms products and services in a competitive environment
12.	Telecoms Demand Forecasting	1 week	Providing realistic forecasts of demand for new and existing services
13.	Telecoms Personnel Development	1 week	Recruitment, training and successful management of staff

e role of telecommunications training

in Bosnia-Herzegovina have come together to work as a joint study team. The comprehensive training Programme (TERP) for Bosnia-Herzegovina. Peter Lundy of Development Dynamics Limited (DDL),

In order to maximise the benefits of the training for staff from the three PTTs, courses were held at different locations to suit each of them in turn (Sarajevo, Mostar, Teslic, Sokolac, Tuzla and Vlasenica). Some courses were held jointly, with all three telecoms companies training together. This maximised the co-operation between the managers for topics such as Network Planning, Marketing and Regulation. Other courses were held on demand to suit local managers.

A major target of the project was described by Bagwell: "We wanted a selected group of middle and senior managers to see what has already been achieved in EU countries which are using the latest technologies and management techniques". The high point of the training programme came in January 1998, when 22 telecoms people from all three PTTs in BiH, including technologists, economists and business managers flew into London's Heathrow airport for a one-week course in the UK, followed by another week in Germany.

Katica Hamdo from JP PTT BiH's Sarajevo Centre for Telecoms explained: "The aim of the trip was to introduce us to systems of education in large telecoms companies and to see the training methods they used. We felt that this was a unique opportunity to see western ways of work. We were all together, to make personal and professional contact in one telecommunications team".

The travellers to the EU met with senior telecoms people in British Telecom, Cable & Wireless, Newbridge Systems, Siemens and Deutsche Telekom. Their hosts were Bailbrook College, Bath, UK and DT's Akademie für Führungskräfte in Bonn, Germany. The tough travel schedule was balanced by very relaxed social gatherings, sightseeing and shopping trips.

Katica Hamdo (left) and Tarik Carsinanovic (centre) of JP PTT BiH with Horst Lisowski of Deutsche Telekom in Bonn

All the travellers enjoyed each other's company. and everyone promised to keep in touch at the end of the trip. Antonija Krtlic, Head of Computer Information Department at HPT Mostar, reflected on the experience: "In my personal opinion, I think we in BiH should change our view of ourselves and the world that surrounds us. We should create our own keys to success and find a way to put Bosnia-Herzegovina in a global telecoms world. At the same time we must give a full service of a good range of quality to all of customers". ■■

Telecoms Training - Facts and Figures

Period of training: September 1997 to March 1998
Number of training courses held: 33
Total number of managers attending: 298
Average satisfaction rating: 94 percent

The full team from Bosnia-Herzegovina at Deutsche Telekom's Akademie für Führungskräfte

Interconnection: The key to competition

It may reasonably be argued that interconnection is the key to the development of competition in telecommunications. The spread of competition in fixed and mobile communications in liberalising markets makes interconnection the principal regulatory issue in the EU and in the Phare countries alike. To ensure the widest spread of knowledge and information, the Phare multi-country programme for telecoms and posts (MPTP) organised a major project on interconnection, which ran from mid-1997 to mid-1998.

Project director John Watkinson holds participants' attention at the Budapest workshop

The project drew an impressive number of participants from all 13 of the Phare beneficiary states. The programme itself was organised by Eurostrategies, the Brussels-based consultancy which specialises in providing assistance in telecommunications and posts to central and eastern European countries.

As essential input into the project, Eurostrategies prepared a series of reports on the following subjects:

- An overview of interconnection;
- An analysis of national interconnection regimes in several countries: Denmark, France, Spain, Sweden, the Netherlands, the UK and the United States;
- Technical issues in interconnection;
- Financial aspects of interconnection;
- Review of EU legislation, including interconnection definitions, rights and obligations for interconnection, universal service obligation, principles for interconnection charges, essential requirements, co-location and facility sharing, numbering and technical standards;
- Principles underlying interconnection;
- Interconnection agreements (with separate reports on technical and financial aspects).

These reports were reviewed and discussed at workshops in Bucharest, Budapest and Sofia, where the average attendance was more than 40 persons.

During the workshops, there was a full exchange of information and analysis concerning the Eurostrategies reports, centring on relevant developments in the EU member states and the central and eastern European countries. Participants agreed that the reports should provide benchmarks for developments in Phare countries.

During the course of the three workshops, the participants from the different central and east European countries did change – but a core of representatives appeared at each workshop.

It was clear from the final review session that there was much interest in analysing and reviewing other subjects relating to interconnection. Many participants at the final workshop stressed the need for follow-up programmes, and identified a number of areas in which they were interested. These included fixed-to-satellite interconnection, the enforcement of the interconnection regime, building regulatory competence, investigating the cost bases of interconnection, securing the EU regime in the Phare countries, the linkages between universal service and interconnection, service providers and interconnection, and marketing interconnection.

It is important that these matters are discussed and analysed – if not through the Phare multi-country programme, then through a successor programme. ■ ■

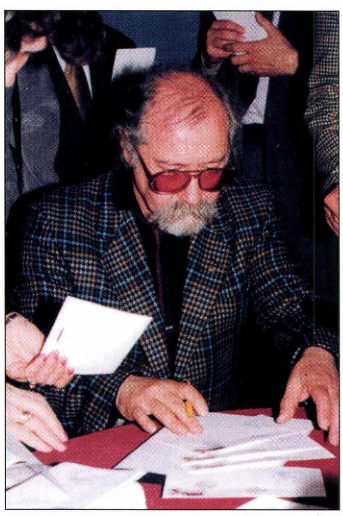
Without interconnection, he would be voiceless

Phare postage stamp carries 'One Europe' message round the globe

Maria Koleva, Information Officer at the programme coordination unit (PCU) for the Phare Multi-country Programme for Telecommunications and Posts (MPTP), reports on the creation of the first-ever Phare postage stamp.

The Phare Multi-country Programme for Telecommunications and Posts (MPTP) has its own postage stamp, formally introduced on April 24th, 1998. The first postal issue commemorating the Phare Programme was produced by Bulgaria's Committee for Posts and Telecommunications (CPT).

It is the specific nature of the Phare programme, combining as it does the aims of the advancement of telecommunications and the development of modern postal services in central and eastern Europe, which prompted the Sofia-based PCU to come up with the idea of the stamp. When we launched the concept in mid-1997, we intended to popularise the MPTP, its achievements and its principal objectives: the harmonisation of telecoms and posts in Phare countries with the practices applied in the EU with a view to preparing them for accession. We wanted the public to learn of the role played by the Phare MPTP in promoting the improvements that make themselves felt ever more tangibly in the rising quality of service in the two sectors.



Master artist Krustev autographs his handiwork at the stamp launch

In September 1997, the head of the PCU, Slava Slavcheva presented the Phare stamp design proposal to the CPT President, Antoni Slavinski, and Stana Hristova, Head of CPT's Postal Communications Department. Thanks to their active cooperation, the project for a stamp featuring the Phare MPTP logo was included in the CPT stamp issuing plan. Meanwhile, permission had to be obtained from the European Commission for the use of the programme's logo and symbols for such an unconventional purpose.

Those unfamiliar with stamp issuing will be interested to know that apart from the actual physical production, some very solid creativity is also involved. We were lucky to pick artist Simeon Krustev, an acknowledged master of painting and poster work with more than 25 years' experience. After a number of meetings and consultations, the design of the stamp, the first-day cover and the special souvenir cachet also passed muster at the Expert Board of Stamp Issuing, which includes prominent artists, public figures and experts. The quantity was set at one million, and the denomination at 120 lev.

As planned, the stamp introduction ceremony was held during the MPTP Steering Committee meeting on April 24, and its participants and guests were the privileged witnesses to the unveiling of the issue. The cover picture of this issue of TelePhare shows Mr Slavinski franking the first stamp. The ceremony turned into a real gala occasion and received headline-news coverage on national television. The print media covered it, too. Even though the Bulgarian Philately and Numismatics Enterprise had printed the stamp back in early March, nobody had the right to own a copy before the introduction ceremony so that "secrecy" could be maintained.

This is, in brief, how the stamp came into being. Now it is circulated round the world, carrying the message of integration and one Europe where "East" and "West" are once more merely terms of geographical, rather then political, significance. ■■

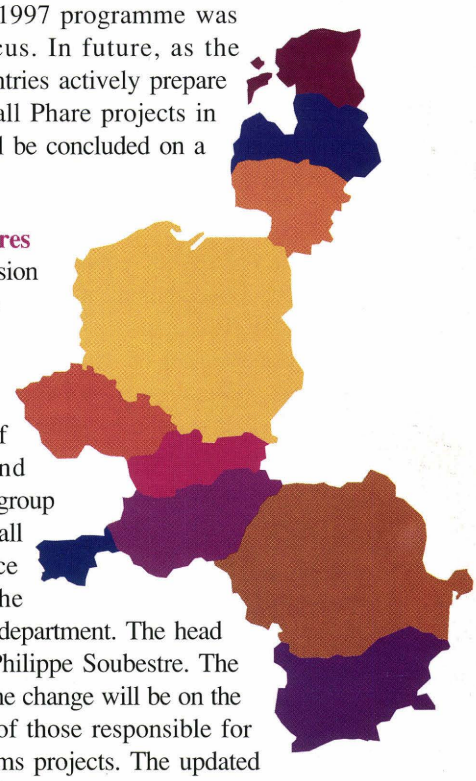
In Brief

Information Society tender

The European Commission has launched a tender to extend its survey of Information Society developments to the countries of central and eastern Europe. The deadline for submissions was September 14th 1998. The purpose of the survey is to obtain equivalent date for central and eastern European countries (plus the Mediterranean region) to that already gathered for the EU's own internal European Survey on the Information Society (ESIS). In this way, differences between candidate countries can be identified in terms of telecoms services, information structures and applications, providing clear messages for policymakers in central and eastern Europe and within the EU

Adieu MPTP

The familiar Phare initials "MPTP" will soon be a thing of the past. As regular TelePhare readers know, they stand for the multi-country programme for telecoms and posts, which has been run and coordinated out of the programme coordination unit in Sofia, Bulgaria. The European Commission has decided to wind down the programme once the 1997 projects have been implemented. Contracts for the final projects are currently being awarded. The first Phare MPTP was launched in 1992 and completed in 1995. Annual programmes have been carried out each year since then. The 1997 programme was worth 6.5 million ecus. In future, as the majority of Phare countries actively prepare for EU membership, all Phare projects in posts and telecoms will be concluded on a bilateral basis.



Commission restructures

The European Commission is restructuring the administrative and operational control of Phare projects in all sectors, including of course telecoms and posts. The idea is to regroup the administration for all EU technical assistance projects throughout the world in one Brussels department. The head of this department is Philippe Soubestre. The most direct impact of the change will be on the names and addresses of those responsible for Phare posts and telecoms projects. The updated list is given below. ■■

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