



> BUSINESS MADE **SIMPLE**

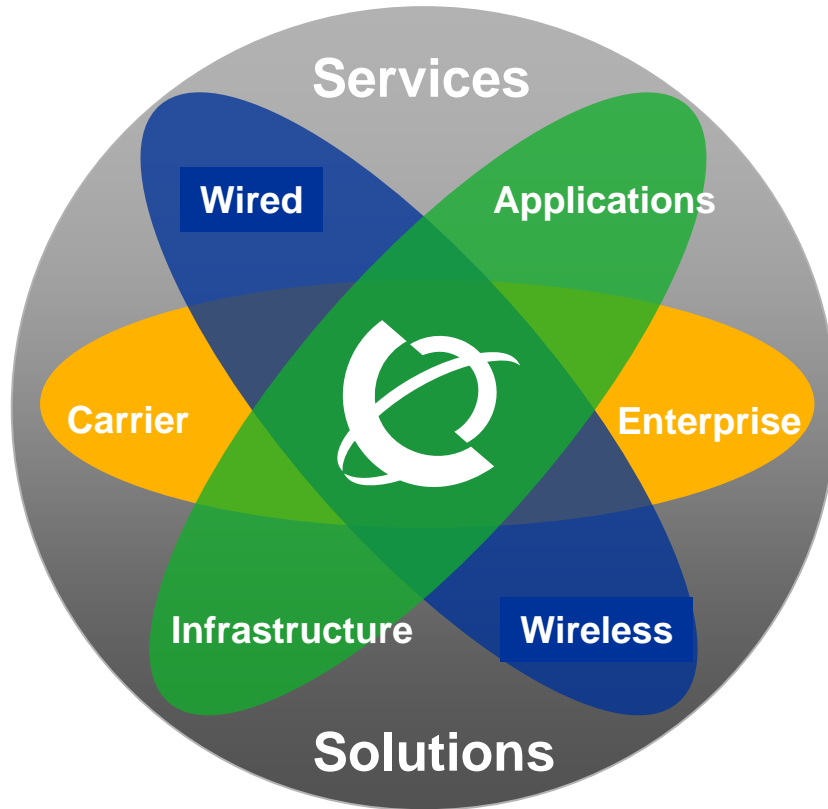
Marketing Operations: A Case Study in Business Transformation

Peter Finter

November 13, 2007

NORTEL

Nortel: Leader in Communications



- **Transformed Enterprise**
- **Next Generation Mobility and Convergence**
- **Services and Solutions**

Business Made Simple in a Hyperconnected World



Nortel Marketing Situation Mid-2006

- > 4 Regions, 4 LOBs, 1 CMO
- > No common global ...
- > ...definition of marketing
- > ...view of marketing people or dollars
- > ...procurement processes, supplier management
- > ...marketing processes (at all!)
- > ...marketing technology platforms

Ineffective and Inefficient!

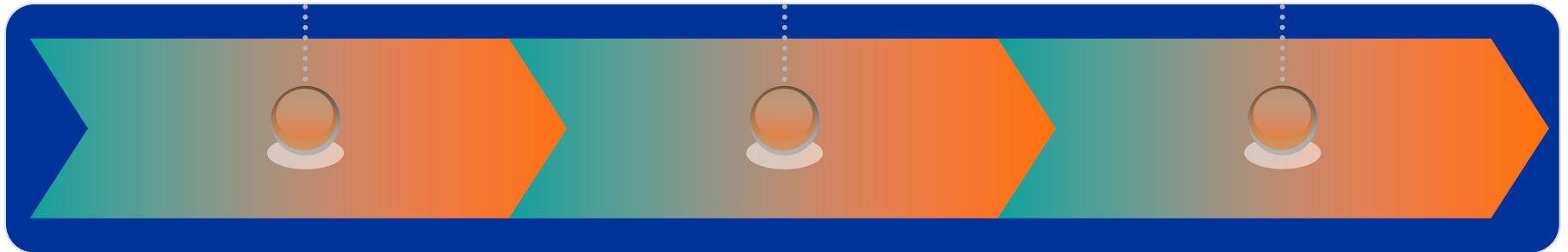
Transforming Marketing at Nortel



Global alignment

Processes and metrics

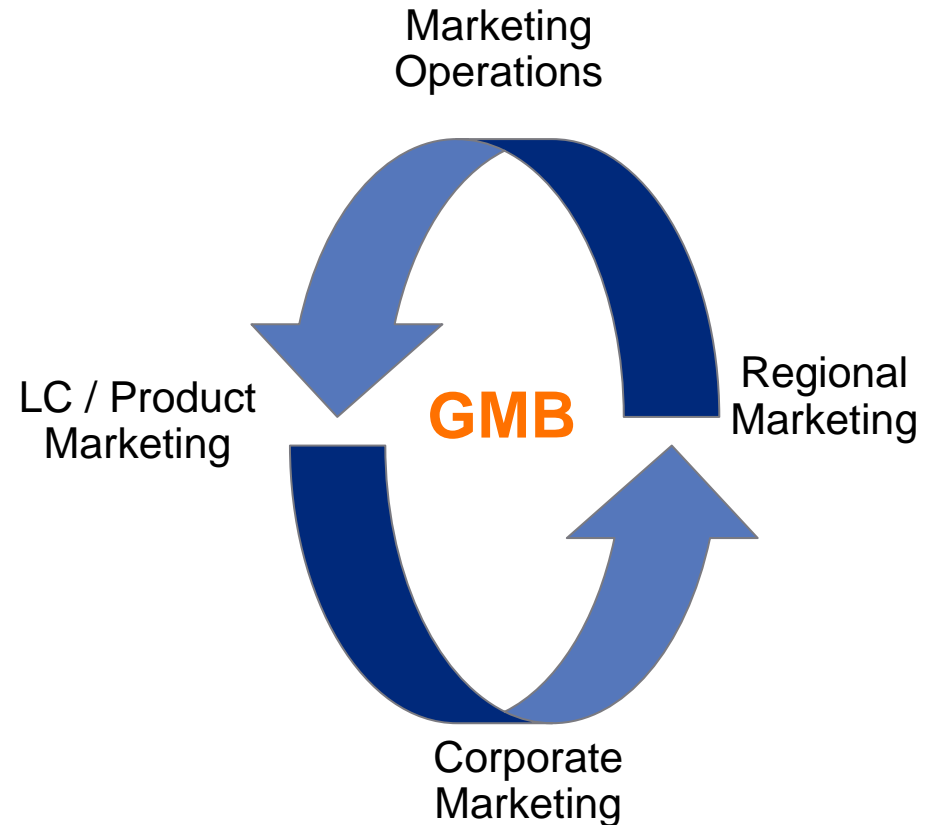
Unified and integrated execution



Global Marketing Board



- Define global marketing strategy
- Position the company effectively for longer-term growth opportunities
- Align Nortel's marketing leaders
- Share best practices and content globally
- Provide global program management of key initiatives
- Drive process around talent development, recruitment and retention



Global Marketing Strategy & Operations

Team Roles & Responsibilities



MARKET INTELLIGENCE

Data to enable & support decision-making

- > Market segmentation
- > Primary research
- > Secondary research
- > Customer value analysis
- > Competitive intelligence

MARKETING OPERATIONS

Marketing planning, governance & execution

- > Marketing planning
- > Marketing budgeting
- > Marketing infrastructure
- > Marketing supplier effectiveness
- > Marketing CSAT

MARKETING EFFECTIVENESS

Building organizational capability & capacity

- > Organisation development
- > Professional development
- > KPIs & ROMI
- > Marketing resource management

SALES EFFECTIVENESS

World Class Transformation of global salesforce

- > Sales & Sales Management processes & tools
- > Pipeline analysis
- > Sales enablement tools
- > SSAT

“TRADITIONAL” MARKETING OPERATIONS

Building a World Class Marketing Function

Objective: Marketing Operations Staff Ratio 3.5%



Action: Establish M.O. core team with virtual members (M.O. Council) extended throughout GMB member community to include regions & business units.

Business Unit / Region	GMB Member	MO Council	Metrics Prime
Integrated Marketing Communications			
Global Marketing Strategy & Operations			
Corporate Communications			
Global Event Marketing			
EMEA Region			
NA Enterprise			
ASIA Region			
CALA Region			
Carrier Networks			
Enterprise Solutions			
MEN			
Global Services			

Marketing Performance Measurement



“Not everything that can be counted counts and not everything that counts can be counted.”

Albert Einstein

Global Marketing Priorities 2007



- Build the Brand
- Deliver Global Tornado Metrics
- Salesforce Effectiveness
- Establish Foundation for Customer Driven Marketing
- Make Ethics/Integrity a Competitive Advantage
- World Class Marketing Function

Global Marketing Dashboard



Global Marketing Metrics Dashboard								
Strategic								
Marketing Objective	Global Quarterly Marketing Metrics	Status	2006	2007 Goal	Q2 2007	YTD Results	2007 Final	Source
Build the Brand	Brand Consideration							
	BMS (Externally)	Strong results available July	7%	8%	Strong results available July 15	Strong results available July 15		External Tracking / On
	Innovation/Thought Leadership							
	Trusted Advisor							
	Unaided Awareness	Strong results available July	24%	27%	Strong results available July 15	Strong results available July 15		External Tracking / On
	PR - % of mediasignal generated by POSITIVE coverage in our top tier publications globally		17%	23%	14%	18%		Market360/Internal T
	PR - % of mediasignal generated by NEGATIVE coverage in our top tier publications globally		19%	19%	13%	31%		Market360/Internal T
	PR - # of positive/neutral FEATURE ARTICLES generated in our top tier publications globally		548	564	86	212		Market360/Internal T
	PR - # of articles globally generated by HYPERCONNECTIVITY/THOUGHT LEADERSHIP campaign		21	242	148	167		
	Track BMS Messaging (Internal)	Strong results available July	30%	50%	Strong results available late July	Strong results available late July		Internal Tracking / On
	Private Events - % of attendees more favorably inclined to purchase from Nortel		N/A	54%	Strong results available globally - 5 subs after global end	61%		Exhibit Surveys / Twice Dec 15
	Public Events - % of attendees more favorably inclined to purchase from Nortel		N/A	24%	Strong results available globally - 5 subs after global end	49%		Exhibit Surveys / Twice Dec 15
	nortel.com User Satisfaction Index	Strong results available late July	78%	81%	Strong results available late July	Strong results available late July		Smartask on-site sur
	nortel.com Unique Users - Monthly average (in thousands)		583K	670K	570	571		
	nortel.com Page Views - Monthly average (in millions)		7.3 million	8 million	7.4	7.5		

Global Marketing Governance

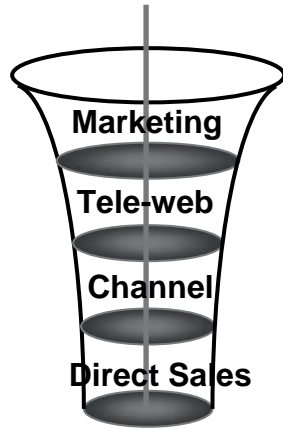
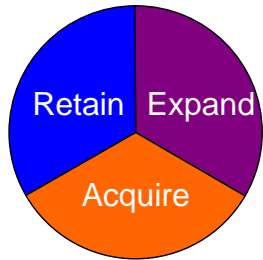
Executed with Rigor



Decision Making Process	Session I	Session II	Session III	Session IV
Prime	HR	LC Marketing	GMB	CMO
Key Input Required from	GMB (budget holders), Finance	LC's Regions CMO	GMB (budget holders), Finance, HR, Procurement	GMB (budget holders), Finance, HR, Procurement
Output	Organization, Talent Plans / Actions	Strategy & Planning Direction	Annual Marketing Plan	Investment Plan / Budget
Governing Process	GMB Operation Reviews	Session II Review / GMB Ops	Session III Review / GMB Ops	Investment Review Process
Execution Responsibilities	All {LC's, Regions, Corporate}	All {LC's, Regions, Corporate}	All {LC's, Regions, Corporate}	All {LC's, Regions, Corporate}

Global Marketing Priorities

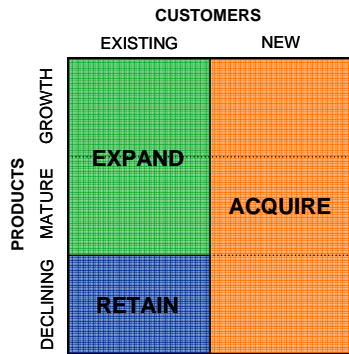
To achieve a revenue goal of \$XBn over 3 years



Expand Nortel's customer base	Grow the pipeline with the right routes	Expand addressable market oppt'y	Grow 2x the market	Reach the right targets with the right tools
-------------------------------	---	----------------------------------	--------------------	--

Marketing Planning Methodology

Steps to Arrive at Country/Region Plans



SI	1. 2008 Revenue			2. 2008 Deal Funnel			3. 2008 Leads Funnel		
	Existing	New	Total	Existing	New	Total	Existing	New	Total
Growth	\$1,386	\$650	\$2,036	12,148	5,687	17,835	152,717	71,815	224,532
Mature	\$927	\$374	\$1,301	8,124	3,277	11,401	102,030	41,195	143,224
Declining	\$321	\$122	\$443	2,818	1,070	3,888	35,406	13,448	48,853
Total	\$2,634	\$1,146	\$3,780	23,090	10,034	33,123	290,252	126,257	416,509

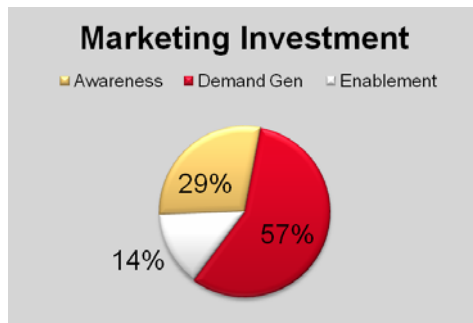
SI	4. 2008 Prospects Funnel			5. 2008 Marketing Spend		
	Existing	New	Total	Existing	New	Total
Growth	613,400	287,669	901,069	\$39	\$65	\$104
Mature	410,213	165,461	575,674	\$26	\$37	\$63
Declining	142,210	54,013	196,223	\$9	\$12	\$21
Total	1,165,823	507,143	1,672,967	\$74	\$115	\$189

		Sources of Revenue				TOTAL
		Face 2 Face	Channel	Telesales	Web	
OPPORTUNITY IDENTIFIERS	Sources of Leads	Face 2 Face				
	Channels					
	Telesales					
	Web					
	Campaigns					
	Influencers					
	Others					
	TOTAL					

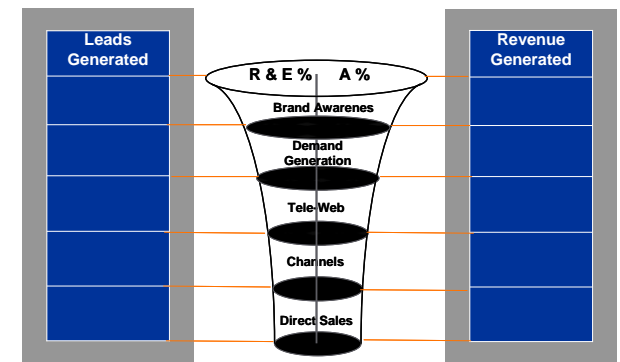
1. Market Opportunity Analysis
Solves: Revenue contribution segments A,X,R

2. Demand Generation Required
Solve: # of deals, leads, prospects required in Step 1.

3. R.T.M. Summary
Solves: lead & revenue commitments for each route to market



4. Marketing Investment by Market
Solves: Brand, Demand Generation & Channel Enablement investment required from Steps 1-3



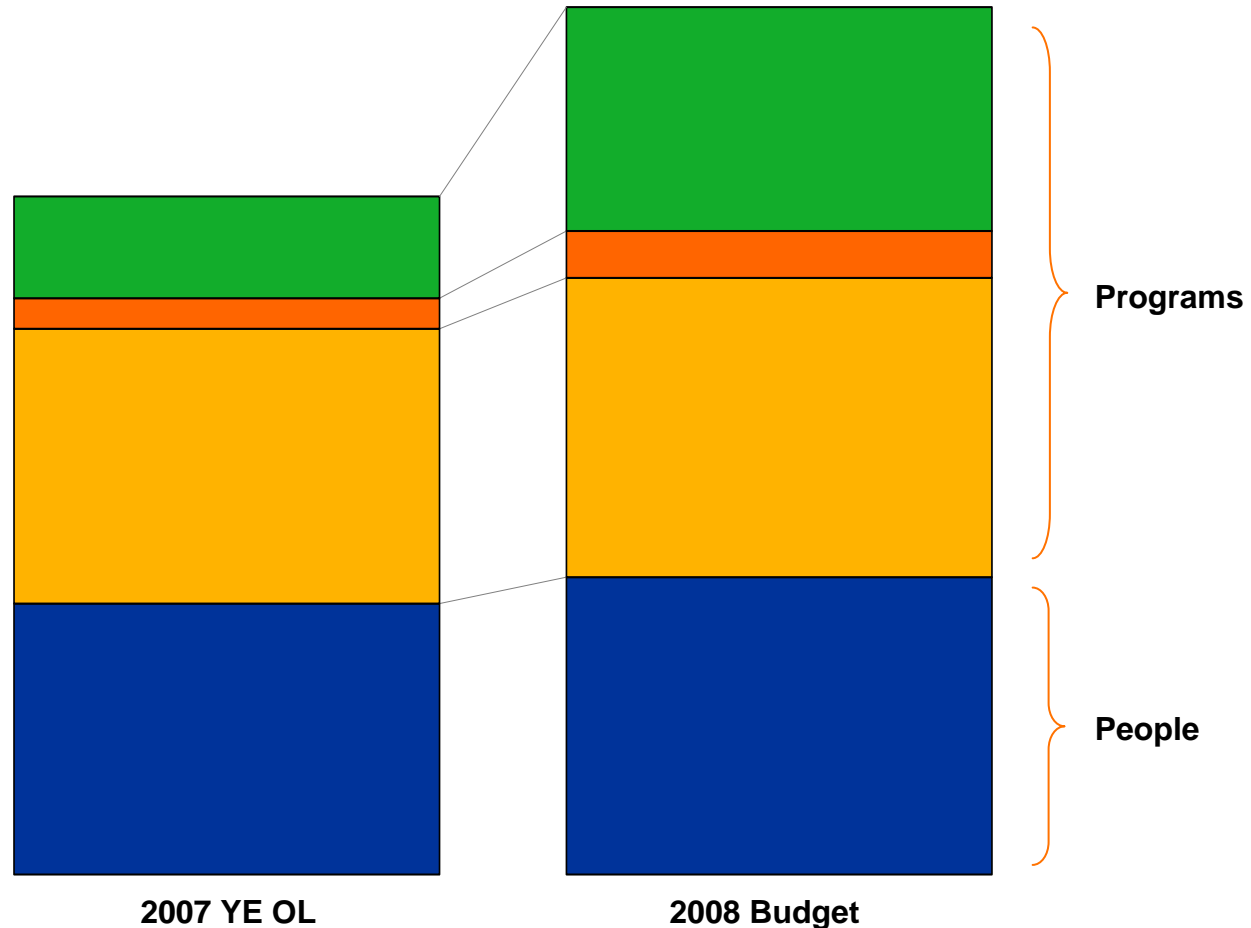
5. Pipeline View
Solves: Expresses the market assessment visually

2007 to 2008 GMB Investment Plan

Re-vector to drive growth & new capabilities

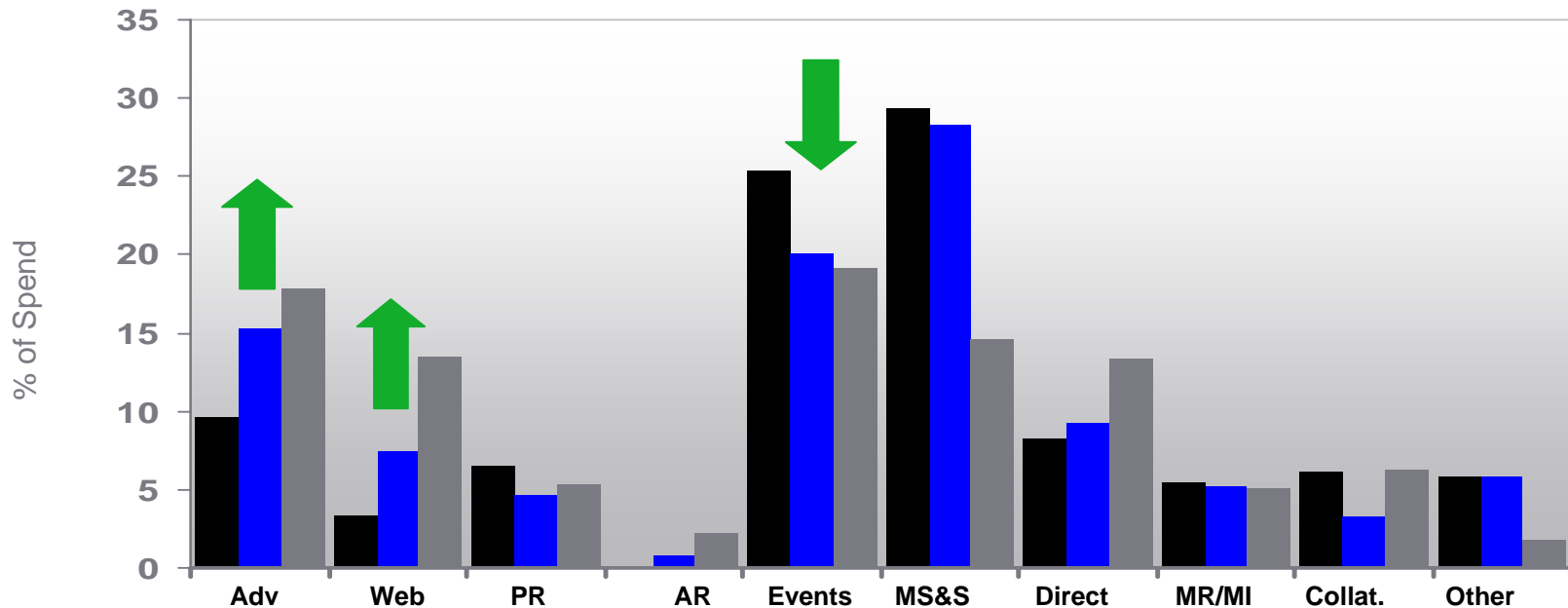


- **“Growth” areas:**
 - Advertising
 - Lead Generation
 - Web
 - S.I.s & Alliances
 - Olympics
- **“New Capabilities”**
 - MI & Analytics
 - Learning & Dev.
 - Tools, Infrastructure
- **“Core”**
 - Collateral
 - Events
 - Sales Conference
 - Channel
 - Sales Enablement
 - AR, PR, Comms.



Nortel 2008 Investment Plan Mix

Comparing Nortel Program Spend to Industry



2008 Plan more closely aligns with industry benchmark investment mix

■ Nortel 2007 Program

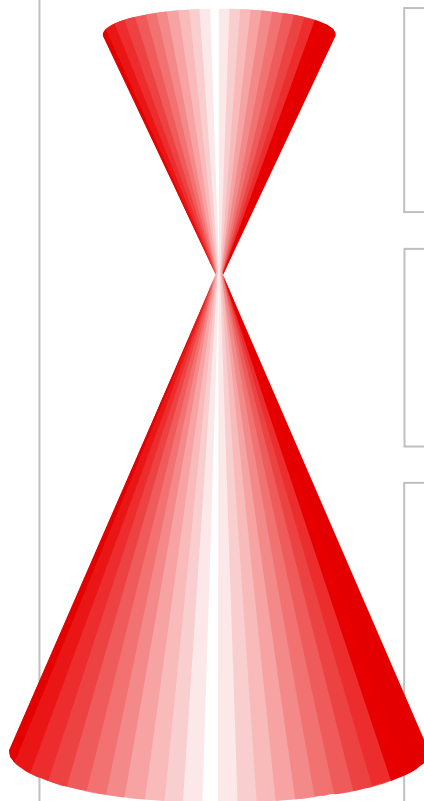
■ Nortel 2008 Plan

■ IDC 2008 Benchmark Rec.



Global Marketing Execution Model

- Develop an execution model that gets the dollars into the regions/countries
- Wherever possible deploy with FTEs and Shared Services
- Focus team on results, outcomes & contributions, not tasks, not job descriptions
- Identify areas for consolidated execution and align dollars accordingly (eg., advertising, web)
- Have all Marketing Professionals carry "teaming accountabilities" within Priorities



Team

Deliverables

Product Marketing

- Offerings with differentiated value
- Value propositions
- Compelling ROI business cases
- Market needs analysis
- Sales enablement content

Corporate Marketing

- Video & branding assets
- Global media strategy & execution
- Campaign content development
- Nortel.com & BizSphere
- Market analytics

Regional Marketing

- Lead generation campaigns
- Localized web content
- Direct mail, email, telemarketing
- Customer engagement events
- Channel programs & enablement
- Sales kits, 'Anatomy of a Deal'
- Media relations
- Employee communications

“Orchestrate Team Contributions & Shared Services to Drive Productivity”



Nortel's Marketing Job Families

SOLUTIONS/ PRODUCT MARKETING	FIELD MARKETING	CHANNEL MARKETING	MARKET INTELLIGENCE	COMMS	IMC	MARKETING STRATEGY & OPERATIONS
Solutions Marketing	Demand Generation	Channel Marketing	Competitive Intelligence	AR PR	Web Marketing	Marketing Strategy & Operations
Product Marketing	Database Marketing	Offer Development	Market Intelligence	Employee & Executive Comms	Events Advertising/ Branding	
Pricing Strategy	Field Marketing				Marcomms	
Technical Marketing						

Created 7 discrete job families to define clearer view of Marketing profession at Nortel

SOLUTIONS/ PRODUCT MARKETING	FIELD MARKETING	CHANNEL MARKETING	MARKET INTELLIGENCE	COMMS	INTEGRATED MARKETING COMMS	MARKETING STRATEGY & OPERATIONS
Fin. Acumen (K)	Fin. Acumen (K)				Fin. Acumen (K)	
	Market Seg- mentation (TS)		Market Seg- mentation (TS)		Market Seg- mentation (TS)	
Competitor Analysis (TS)			Competitor Analysis (TS)	Competitor Analysis (TS)		
Analysis (KS)			Analysis (KS)			
Bus. Acumen(K)			Bus. Acumen(K)			
			Industry Knowledge (KS)	Industry Knowledge (KS)		
Creative Thinking (KS)					Creative Thinking (KS)	
	Global Training Needs Analysis					Strategic Planning (KS/TS)
	Mkt Research & Intellig. (TS)			Mkt Research & Intellig. (TS)		
		Nortel Products & Services (KS)			Nortel Products & Services (KS)	
			Lead Teams (K)		Lead Teams (K)	
				Influencing (KS)	Influencing(KS)	
		Measure Mktg Prod. Eff. (TS)		Measure Mktg Prod. Eff. (TS)		
Program/Proj. Mgmt (KS)					Program/Project Mgmt (KS)	
			Business Case Analysis (TS)		Business Case Analysis (TS)	

Marketing Learning & Development Pillars



Leadership Development	Comms	Career Management	Priorities	Training	Cross-Functional Training	Best Practice Sharing
360-degree Feedback Leadership Academy 1 Leadership Academy 2 Leadership Edge New Grad Leadership Program On-Demand Leadership Training	Global Marketing Forum Marketing Micro site Skip Level Meetings "Get Connected" All Marketing Managers Calls	Job Pillars Job Descriptions Mentor & Intern programs Career Paths Marketing Skills Database	Objective Setting Development Plans Mid Year Reviews End of Year Assessment	Marketing Exchange General Skills Training General Product Training Marketing Training Needs Analysis Marketing Skills Training Leader Interviews Manager Training & Accreditation	Job Shadowing Job Rotations Stretch Assignments Peer to Peer Training	Competency Benchmarks External Conferences Workshops & Events Access to External Agencies and Websites External Agency/Best-in-class presentations

Marketing Learning and Development Schedule

June to December, 2007



Timing		Content
June 11	★	Reputation Management – Weber Shandwick
June 27	★	Innovation in Tech Marketing – IDC
July 10	★	Effective Lead Management – IDC
August 14	★	MRM – MTS, Beth Weesner
September 5	★	Media 101 – Weber Shandwick
September 24	★	Social Media – Weber Shandwick
October 3	★ ★	IMC Prof. D. Shultz, Northwestern University
November 7	★ ★	IM Prof. Robert Lauterborn, UNC - Chapel Hill
November 19	★	Investor Relations – Internal
December 5	★ ★	PR – Prof. Elizabeth Dougall, UNC - Chapel Hill

★ Video Webinar (1-2 hrs)

★ Audio Webinar (1 hour)

★ Face/Face (1-2 hrs)



Marketing Supplier Consolidation

THEN: 2005 Activity

- > 1,668 suppliers
- > 80% spend with 72 suppliers
- > 28% of the portfolio spend commissioned through Non-PO activity (check request / treasury payments)

NOW: 2007 Activity

- > 306 suppliers
- > 80% spend with 29 suppliers
- > 2% of the portfolio spend commissioned through Non-PO activity

- 98% visibility to global Marketing investments
- Total number of Marketing suppliers down significantly
- Driving greatest majority of Marketing investments to select few, versus the masses

Marketing IT Architecture



- Orders
- POs
- Invoices
- Forecast
- GL

Marketing Technology Domains



- Strategic Planning
- Financial Mgmt
- Production Mgmt
- Metrics & Analysis



- Portals
- Digital Asset Mgmt
- Content Mgmt
- Document Mgmt
- Social Networking



- Segmentation
- Buying propensity models
- Database marketing
- Campaigns



- Lead qualification
- Lead distribution
- Dialog Marketing



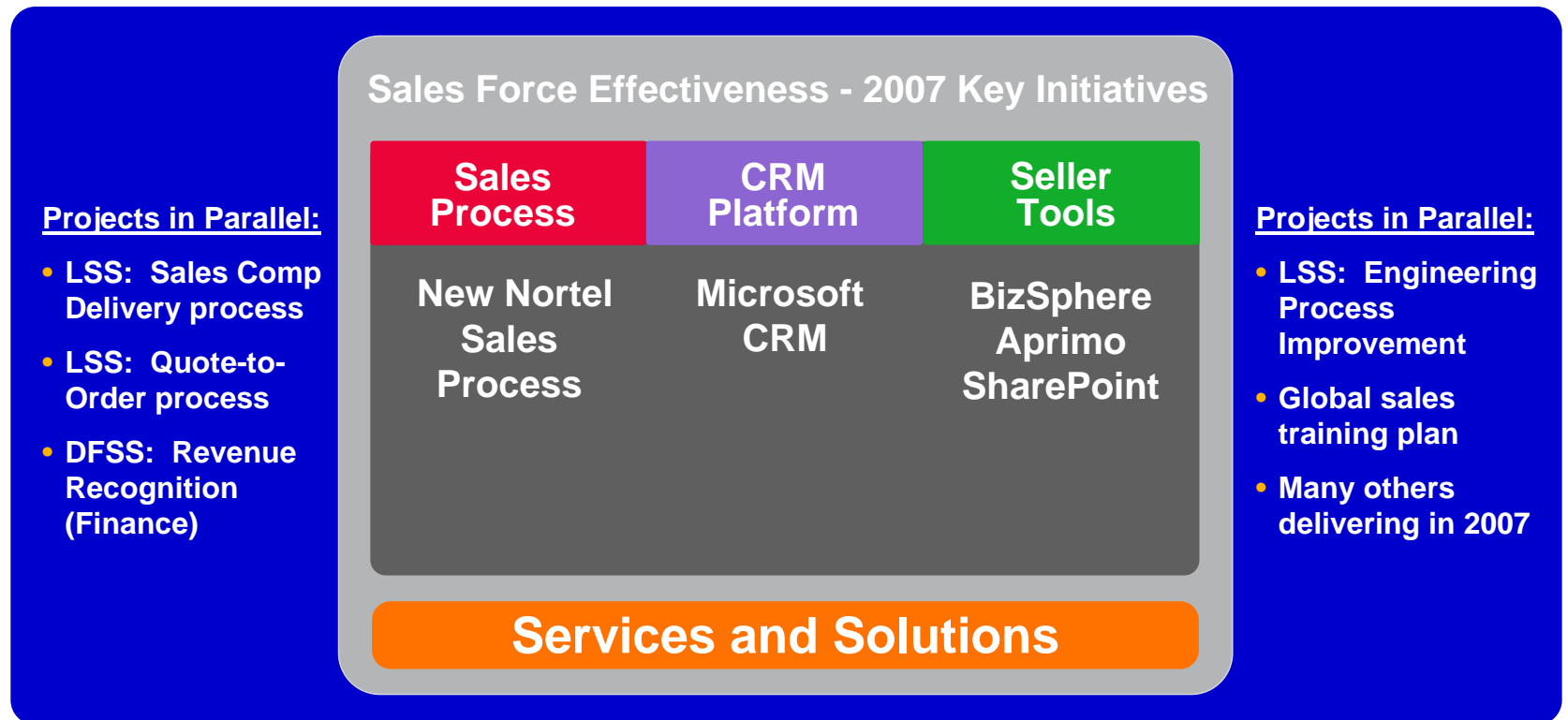
- SFA
- Channel Mgmt
- Call Centers
- Customer Support
- Repair / Returns

Business Intelligence

- Data aggregation
- Master Data Management
- Report Management
- Dashboards

Driving Sales Transformation

A New Role for Marketing Operations?



Right tools, right opportunities... right results



Challenges & Opportunities

- > Defending & re-vectoring the budget
 - > Marketing Resource Management
- > Delivering marketing productivity gains
 - > Metrics, Insource / Outsource, Low Cost Countries
- > Standardizing & optimizing processes
 - > Lean Six Sigma / Design for Six Sigma
- > Overcoming resistance to change
 - > Change Acceleration Process, led by Mktg Ops Council
- > Aligning with support functions
 - > SLAs with Finance, IS, HR, Procurement
- > Marketing structural alignment
 - > Right people, right formation, right outcomes



NØRTEL