

Telefónica



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Important Notice:

Although we try to accurately reflect speeches delivered, the actual speech as it was delivered may deviate from the script made available on our website.

This is not a robot that's going to give a presentation, but I give a little demo later. If you thought it was tough sitting down there listening to the presentations for this length of time, imagine how difficult it was sitting there waiting to come up and give a presentation.

So good news, bad news. Good news story is when I am done, everybody gets to go and have a glass of wine and a nice dinner. Bad news is, I am from Ireland and God knows Irish people can talk.

So I'm an Irish guy. I have, my story is I've lived in Silicon Valley for the last 16 years or so with my family and worked for some great companies.

If you've ever checked out online or bought something online, you probably saw one of my products. The Verisign e-Commerce secure checkout. You'll see the check mark online.

I also worked with PayPal and built three companies.

But about five years ago, I got together with some really great people and started this company we're going to talk about, which is called Jajah. And about 14 months ago, Telefonica acquired the company.

So I'm going to talk a little bit about what is Jajah, what were you guys up to, why did Telefonica acquire this company and what was the purpose? When it happened, I think a lot of people on the outside were wondering what are they going to do with this asset? And then what we plan to, what we've done to date. So have we done some good stuff? And what we plan to do and where we're going.

And at the end, I'll show some demonstrations.

So you'll see Jajah on the screen here, this is actually, I had to go back into old PowerPoints to find this image. But this was the first version of our product. It was really, really simple. And it was born out of the fact that we thought it was really silly to wear headsets to make a phone call.

So everybody was using Skype to make Voice-over-IP calls and we thought, why the hell would you want to wear a headset? You have to go buy it and then you have to go download something and you have to install it and then you have to tell your friend be online while you want to make a telephone call to them.

And then when they're present at the PC wearing their silly headset and you could wear your silly headset and you can talk.

So we said, that's pretty dumb.

And what we came up with was this website, you'll see here, you simply went there and you entered your telephone number, you entered your friend's telephone number and you clicked the call button.

Then your phone rang, your friend's phone rang and you talked.

The recipient didn't even know that they were receiving the phone call over a VoIP connection. It was incredibly successful for those reasons.

And I worked everywhere in the world and I always remember sitting down with the founder of the company. I was not the founder, but I was there after, I was number fourth employee.

I was told a lot of lies before I joined the company.

And I asked them, I said, okay, this product is great. What's the business model?

And he said, it's free.

And I said, well, I said, free doesn't pay. I mean, have we got some ads or is there some freemium model or some premium model?

He said, no, no, no. Absolutely. Telephony should be free. All telephone calls should be free.

And I said, look, our first decision is we're going to focus on high-quality interactions and we're going to move on day one, to a paid model. Because you know, we learned, very early, in 2000, that if you stand on a corner and you give away free ice cream, everybody's going to take the ice cream. So it's a paid model and our CFO is very happy about this at Telefonica now.

The product expanded to be a complete platform. We realized that just connecting calls was just not enough. Developed a world-class billing system. We built this from scratch. Actually, because we had built the cash register of the Internet and everybody told us that telco billing systems were very, very complex, we decided, look, we'll just build a new one and we'll do it in a new way.

So on the Jajah product, on any one day, there's 15,000 SKUs. They can be changed overnight. Pricing on particular routes can be changed daily, hourly, within seconds. High flexibility in the billing system.

It was global from day one. You know, as the guys from Tuenti and Terra know, when you're online, you don't have a home market. Your home market is global.

So it worked in over 221 countries and we built in functionality to do that. And then it scaled to support hundreds of millions of minutes.

Now everybody's talking about local and couponing, but two years ago, everybody was talking about platform. If you became a platform, you would go global, you would expand, other people would use your technology to build their products. And we did that and the Jajah platform expanded globally and very large companies, like even Yahoo, with their Yahoo Messenger here, it's a Skype competitor product, uses the Jajah back-end and the Jajah platform to power their telephone calls and their messages. And I'll show that a little later.

So good story, but why did Telefonica acquire?

So first of all, our products can be delivered as new products to the operating business. So we're a new flow of new product development to the OBs.

Secondly, to leverage our core platform, as technology inside Telefonica, but we'd also built up these wonderful relationships with the likes of Yahoo and Microsoft and others that could be leveraged in the world of technology.

We're a very innovative bunch. In fact, sometimes we're probably even too innovative and we come up with too many products and it's tough to keep our focus, which is one of our core things we try, always try to work on. So bringing new innovation to Telefonica.

And then finally, our talent. Our core DNA, our domain expertise in blending Internet technologies and telecommunications technologies and our presence in, probably, what is two of the best entrepreneurial markets in the world, Tel Aviv in Israel, where we have all our engineering, and Silicon Valley in California, where we have all our products and business development.

So how did we do? I think we did really, really, really well. A lot of acquisitions come out of the gate, fail to launch products early, fail to integrate early. Jajah launched three new products in the first year in two different markets. Actually in three different markets. My apologies. In Spain, in Germany and in the UK.

Very healthy revenue run rate, over \$100 million now of run rate. Massive expansion. I think we're only a five-year-old and five years ago we had our first year of revenue, which was just under \$1 million. So incredible success. Doesn't have the B yet for the front row, but we're working on the B.

Great new customer experience for Telefonica customers. And we're charging. So many people associate IP communications, unified communications, Voice-over-IP, whatever label you want to put on it, with free calling. But what we have proven in the marketplace is that if you provide a very high-quality experience, and you do it from somebody's mobile, you can charge when others can give the same type of thing for free.

So quality and convenience really pays. And superb quality.

Not to be outdone by the three launches in Europe, our colleagues in Latin America have now joined, got on the bus and we're going to launch in six new countries in Latin America.

One of the facts I'm really most proud of is the fact that in Mexico, the same products that we launched in the UK and in Germany will be launch in Mexico. Obviously it's not going to be launched in German, it's going to be launched in Spanish. But it's the exact same code base.

And that's very, very cool. No bespoke development, commonality in our source code.

We'll also launch in production in Spain in June. We have a pilot running in Spain right now. And we just launched a new product in the UK and we will launch a new product in Germany next month.

I'll talk a little bit about our partnerships. Tomorrow, it'll go out on the wires, a big relationship with Microsoft and Jajah.

Microsoft could have went to any company in the world to choose who was going to be the communications back-end for their new product, Microsoft Lync. Think of Microsoft Link as Microsoft Office in the cloud or hosted Office. And as part of that product, in Outlook, in PowerPoint or in Word, you'll be able to reach out to friends through the address book, click to call, etcetera and all of those calls will be carried on the Jajah network and on the Telefonica network. Very cool story.

A deal that we've been working on for probably three years or so, and it was sort of a blue day, but a good day, when one of the executives at Microsoft told me, look, you've been awarded to deal, but you wouldn't have got it unless you had gotten acquired by Telefonica.

So it's a great example of synergy.

I would have liked to have beaten my chest and thinking that we could have done it on our own, but I think it's a great example of the fact that the partnership with a larger company, a larger mother ship, really works very well.

So we're going to bring that core technology to our small to medium businesses around the world and not only to our customers, but the customers, other customers of Microsoft, for their Microsoft Lync product.

Heard a lot about social today. Obviously incredibly important. We, too, have not been left behind in this area. Today, we launched the new product, Facebook Calling, on the Android platform. What it means is that if you're on an Android, the Jajah app on Android, and somebody else is sitting at their computer on Facebook, you can call them

directly from your mobile to their Facebook account and they can answer the call, blending mobile communications and social communications.

Also a very cool product I'd like to mention is our Twitter product. I think this is a great product. You go onto Twitter, you send a tweet and you say, @ call @ John.

John is the user that you want to call.

You don't have to know John's telephone number. You don't have to know whether John's online. You simply do @ call @ John and your phone rings, his phone rings and you talk.

Never have to remember telephone numbers again.

It's amazing how, if I tell you my telephone number now, which I won't, because you might call me. But if I tell you my telephone number now or I tell you my email address or my Twitter handle, you'll remember my Twitter handle, you'll remember my email address, but you'll probably forget my telephone number. And this is a new technology where we think the world will move.

So why does all this matter?

So first of all, all those calls, Facebook or Twitter, are all paid for, okay? So nothing is free.

But it also moves massive amounts of calls onto the Jajah network and onto Telefonica network. More communications interactions means better experience for our customers and also, obviously, more revenues.

So just before I go into some demos, and I'll show you some demos of the product, a little bit about where we're going to go from here, as you, as the announcement mentioned, taking on another role this year, which is helping in Europe around innovation.

And around innovation, we hope to come back to you, this time next year, and talk to you about this formula, the C-Cubed formula, blending content, communications and commerce over our 280 million customers that we have globally. And I think it's great to see, today, Zaryn from Tuenti, Fernando from Terra and myself from Jajah, a perfect blend of content, commerce and communications.

So we'll roll the next slide here. And it's my last slide. So I think we've done pretty good. And I think that, you know, in the past presentations, you've seen from the Chairman, either in London or in New York, always talks about leading Telefonica into the digital age.

And the key message I want to leave with you is that Jajah can really help Telefonica lead into the digital age. We've done so, so well so far, three products in year one. New products just launched. And a lot more in the pipeline. I look forward to speaking to you all again soon.

Thanks for your attention. I appreciate it