

## Corporate Clients

Throughout 1996, the area of the Telefónica Group's Corporate Clients continued to adapt to its new competitive environment, improving quality and developing a policy to satisfy, still further, our customers' product and service needs.

### Commercial strategy

The challenge that the Telefónica Group faces is that of satisfying our customers' ever-increasing demands. In order to achieve this, the Company has launched a commercial strategy which focuses on the introduction of market oriented business lines and the achieving of customer loyalty through the implementation of such steps as:

- The development and launching of «made-to-measure» solutions.
- Improved after-sales services.
- Improved management of one-stop-shopping.
- Personal attention.

### Corporate clients

Telefónica's growing range of products and services on offer, and its commitment to providing global solutions have been possible thanks to the high stimulus channelled into our commercial network. The Telefónica Group is more than aware of our competitors high degree of activity in this business segment, something that has not prevented us from increasing the revenue derived from this sector by 28.36% and has confirmed our desire to lead the telecommunications market.

Regarding our Corporate Services, the Ibercom service extended its market scope to assist our customers in such areas as: management, configuration, administration, computation control, alarms, graphical presentation of the telephone network's topology, statistic reports and local electronic voice mail servers.

The Intelligent Network continued to reflect growth, both in its number of customers and its range of services on



offer, having introduced the Tele-voting service which is controlled by the customer himself from his PC, and the enhancement of statistic information in order to improve customer attention.

Leased circuits have increased their speeds, therefore raising the digital transmission capacity.

Concerning Data Communications Services, not only have we confirmed our position in the marketplace with such services as those offered by our networks, Iberpac, Iberpac Plus and the Red Uno, but we have also consolidated

the Frame-Relay service providing our customers with high speed transmission of above 256 Kbps. Services such as Data&Voz have also been developed to integrate voice and data over Frame-Relay, along with the Datafono Redelta service and that of Telealarmas Redelta which provide companies with Data Over Voice technology and high-security networks.

In order to promote the usage of the ISDN network, access to InfoVía was completed and new digital telephones and network terminals were launched. The package «Novacom Básico» was also launched, which is vital for connection to the ISDN network and, along the same lines, the package solutions «Novacom Reto» and «Novacom Office» which offer integrated communications solutions to companies. These were not the only new services. Multimedia  
Videoconferencing was also introduced, which permits the customer to use his/her PC to exchange data, voice and image, and to access such services as Teleemployment and Telemedicine, among others.

The infrastructure necessary for the Autonomous Regions to access the Emergency Service was also introduced. This service provides emergency attendance throughout the whole of the European Union through the dialling of the number 112, wherever the person may be.

**Solutions for small  
and medium-sized  
companies  
(PYMES)  
and professionals**

If we take into consideration the number of companies in this segment, combined with their turnover, it can be easily deduced that this represents an expanding market. Telefónica has drawn up a strategy that besides making customer care a priority, has also taken the following steps:

- Business Offices which offer our customers one-stop-shopping, along with direct marketing and customer visits. At the end of 1996, there were 28 of these offices in Spain's major towns and cities.



- Alternative channels for the marketing of Telefónica products and services to PYMES, with 56 registered consultants offering our products and/or services.

- More than 100 seminars, with both an informative and educational focus,



promoting the Telefónica Group's products and services.

### **The Telefónica Group leads Spain's technological changes**

The new advances being made in telecommunications technology result in the introduction of new products and services in the market, thus allowing the Telefónica Group to further improve its attention to the millions of customers that place their trust in us, enabling us to offer them more adequate solutions to their specific needs.



Telefónica I+D has continued to provide all the Group companies with the most varied array of technological solutions to fulfill the customer's needs, at the same time as taking an active role in the European Union's research programmes and attending the most significant international and national events taking place in the sector. It should be underlined that since 1996, Telefónica I+D has presided over the R&D Committee within the Unisource Alliance.



## The Telefónica Sistemas Group

Within the objective of enhancing the products and services on offer to our corporate customers, the Telefónica Sistemas Group has concentrated on providing the answer to the demand for high value added services. This has been achieved in close collaboration with all the Telefónica Group's operators, particularly in Portugal, Chile, Argentina and Peru. Since 1993, Telefónica Sistemas has headed a group of companies that operate the infrastructure for public networks, communications services and networks via satellite and systems engineering, to name but a few of our activities. This group is made up of production units that can be called «project factories» as they develop specific projects such as corporate networks, Intranet applications, professional services, applications for mobile services, multimedia, etc. The technology they offer is aimed at telecommunications operators, public administrations, defence, banking, security, transport, distribution, construction, small and



medium-sized companies and the general public. This active presence in the principal business sectors is further strengthened by the participation of the Telefónica Group in the leading markets, permitting alliances with the leaders of each sector.

The Telefónica Sistemas Group is made up of the following subsidiaries: Telefónica Servicios Avanzados de Información, Telefónica Sistemas de Satélites, Telefónica Sistemas Ingeniería de Productos, Telefónica Sistemas Ingeniería de Productos Seguridad, Telefónica Gestión de Sistemas y Telefónica Sistemas de Información Geográfica.



### The creation and updating of the network

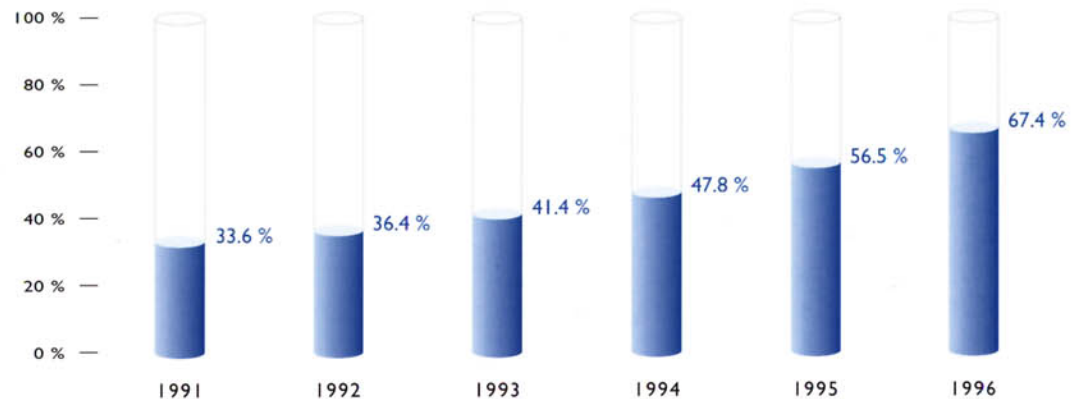
In response to the demand for new services, both by the general public and companies, Telefónica increased its effort to modernize the network, achieving the installation of 2.25 million digital metropolitan lines, 20.5% more than the previous year. Digitalization of the access plant reached 67.4%, while the whole of the transit plant is now digital.

At the same time, the transit network was totally modernized, increasing the

number of trunks in service which permit the carrying of integrated telecommunications services traffic to all the exchanges within the aforementioned network.

We also continued the modernization of our analogue exchanges, initiated in 1995 which, over the year affected more than one million lines in 78 exchanges. This, combined with the increase in digitalization, allowed us to offer itemized billing to 14.1 million basic telephony lines of which 12.7 correspond to the basic telephony

### Network digitalization



network (9.4 million lines in 1995) and 1.4 million to ISDN, Ibercom and Rural Telephony through Cellular Access lines. Throughout 1996, the figure of one million kilometres of land fibre optic cable was surpassed since the initiation of the laying of this high technology cable, capable of carrying all types of services.

Finally, over the year, an important step was taken in the development of the multiservice basic network, with the completion of the new network structure with one single transit level, based on double exchange nodes which offer communications with a higher degree of quality and reliability.

Regarding international networks, in December 1996, an agreement for the construction and maintenance of a Panamerican underwater cable was signed, along with the contract for the provision of this underwater cable. This cable will link Chile, Peru, Ecuador, Panama, Colombia, Venezuela, Aruba and St.Croix (the Virgin Islands) with an extension to the island of St.Thomas. Another significant item was the laying



of the Barcelona-Savona underwater cable by the cable-laying ships «Teneo», belonging to our subsidiary Temasa, and the Italian-owned «Teliri».



