telenet

Solutions30

Solutions for New Technologies

VESTED® For Success Case Study

Innovating in the Telecom Industry:

How *Telenet* and *Solutions 30* are Transforming Telecom Service Operations to Deliver Innovation

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EXECUTIVE SUMMARY

In 2016 Telenet found itself in a fast-changing Telecom world. Senior executives chartered a task force to embark on a six-month effort to review the changing landscape of how increased commoditization and digitization would impact how Telenet operated. This strategic review also included assessing core competencies and determining what areas to consider for more strategic outsourcing.

Telenet quickly realized it would be extremely beneficial to take advantage of the experience of service providers in the marketplace. What began with a simple Request for Information from 14 potential suppliers, ultimately culminated with Telenet selecting one strategic partner - Solutions 30 - to provide a new way of contracting for customer-related and network maintenance services.

After a 4-Day workshop led by the University of Tennessee and the Dutch Association for Purchasing Management (NEVI), both parties saw the positive value of using a Vested business model to co-create the rules for their strategic partnership to transform Telenet's network operations.

The Vested Outsourcing contract between Telenet and Solutions 30 started in July 2018 and is in its fourth year at the time of writing this case study. John Porter, the CEO of Telenet, is glad the parties took a path to a Vested partnership: "Putting together the partnership with Solutions 30 in 2018 is one of the best things we have done. The partnership enables Telenet to accelerate the delivery of differentiated customer value propositions and an outstanding user experience."

This case study consists of 7 parts, which cover the following aspects:

- Part 1 shares the **background** and explains why Telenet was seeking a new **company strategy** for their network operations
- Part 2 highlights how Telenet approached a **tender process** to find a potential partner that could help them transform their network and service operations
- Part 3 provides detail in how Telenet and Solutions 30 **crafted their Vested agreement**, giving highlights to how they followed each of the Vested Five Rules
- Part 4 profiles how the parties approached not only the physical **transition** of work, but also how they onboarded over 300 Telenet and 350 Solutions 30 employees to a Vested mindset
- Part 5 gives several rich examples of how the parties are driving **transformation**
- Part 6 provides insights into how the parties flexible relational contract enabled them to **successfully pivot** to address the drastic changes brought on by the **Covid-19 pandemic**
- Part 7 shares a brief summary of the results

We conclude the case study with **lessons learned** that will benefit other organizations as they embark on a Vested journey.

PART 1. BACKGROUND AND COMPANY STRATEGY

About Telenet

Telenet is Belgium's second telco provider. Telenet was birthed out of the Flemish Government - then led by Minister-President Luc Van den Brande - to create a second telecommunications network alongside Belgacom. The idea was to approach a foreign telecom operator to develop and manage a telco network in partnership with Flemish groups and the Regional Investment Company of Flanders (GIMV).

The idea became reality on September 23, 1996 when shareholders signed an agreement finalizing the establishment of Telenet Holding. The following years were used to establish the infrastructure, build offices, and design the corporate structure and customer offering. On January 1, 1998 Telenet launched its first telecom products and became known as the day the Belgium telecom market was liberalized. Over the years, Telenet expanded by taking over UPC Belgium and SFR, extending its coverage to the Brussels area and a part of Walloon.

About Solutions 30

The story of Solutions 30 is equally interesting. For almost two decades Gianbeppi Fortis had been watching how a myriad of technical devices crept into the lives of everyone and every company by the early 2000s. It was a cloudy day in the autumn of 2003 when Gianbeppi found himself with like-minded colleagues pondering how to improve the human touch side of customer operations around high tech devices. Shortly after, Solutions 30 was founded in October 2003 with a clear goal to serve the evolving needs of computer and digital device users. The name Solutions 30 lent itself well to the company vision: to find a solution for a client's digital needs within 30 minutes. And from then on Solutions 30 has relentlessly followed one vision: to provide excellent service at a fair price while making life easier with new technologies.

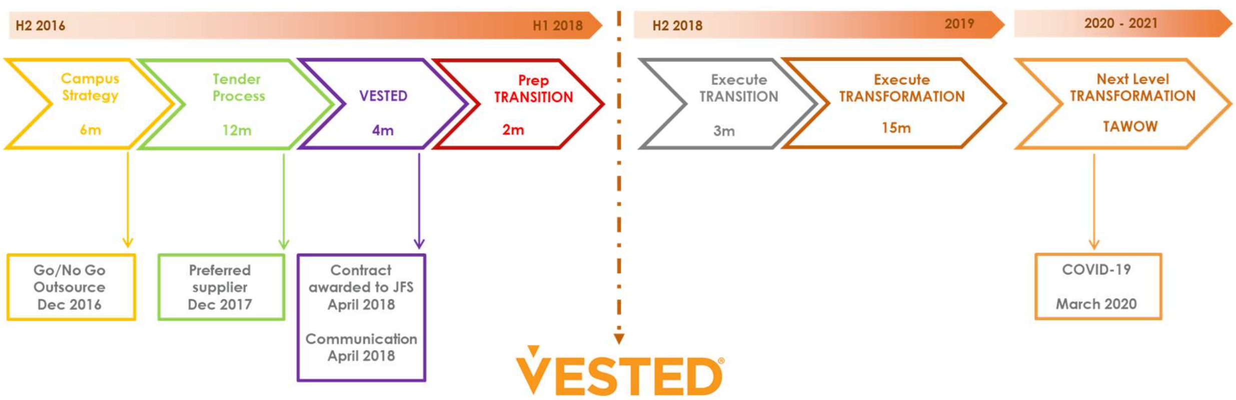
Since its inception in 2003, Solutions 30 has proven itself to be a trustworthy partner, one whose growth is based on its ability to provide high quality services, faster, better, smarter. Today, Solutions 30 is the European leader for new technologies, offering a complete range of rapid-response multi-technology services that are currently available across six business sectors: Telecoms, Energy, IT, Retail, Security, and the Internet of Things. With more than 30 million call-outs carried out since it was founded and a network of more than 15,700 local technicians, Solutions 30 currently covers all of France, Italy, Germany, the Netherlands, Belgium, Luxembourg, the Iberian Peninsula, the United Kingdom, and Poland.

The Journey Begins

In 2016 Telenet found itself in a fast-changing Telecom world depicted by increased commoditization and digitization. What started with internal soul searching of their corporate strategy ultimately ended with a highly collaborative strategic partnership with Solutions 30 to drive innovation and transform how Telenet delivered network operations.

Figure 1 illustrates Telenet's journey, which is broken down into seven phases. This case study summarizes each phase, including how the parties used the Vested methodology to create the foundation for their strategic partnership and create a Vested agreement.

FIGURE 1: STEPS IN THE TELENET JOURNEY



Phase 1 centered on defining Telenet's strategic direction. Telenet created a task force team to understand and challenge how Telenet operated. The task force was boundary spanning across all Telenet divisions and included representatives from various departments. The task force met twice a week in Brussels and was chartered to address two essential topics:

1. Determine how Telenet could stay ahead of its competition
2. Assess Telenet's core competencies and recommend areas Telenet should consider as a prime candidate for more strategic outsourcing

One area that came under scrutiny was how Telenet approached its network operations. For starters, Telenet's existing network operations were expensive (Telenet spent €68,3 million a year). Second, it was big, including over 300 internal Telenet FTEs spread across three significant areas including: Residential and Business Install (part of the Residential Sales Call Centre Organisation) and Residential and Business repair and Hybrid Fiber Coax (HFC) Network Maintenance which were both part of the Technology and Information (T&I) group. In addition, there were 13 subcontractors. Third, it was complex; a self-assessment revealed highly fragmented operations with limited improvement opportunities. While Telenet was doing a great job meeting the goal of Customer Excellence, the fragmented operations led to higher than necessary costs.

The task force set out to complete a comprehensive assessment including getting input from suppliers on how things could be done differently to reach better results. The assessment showed multiple back offices and duplicated work across the business units. There was suboptimal planning with no end-to-end ownership which was not fit to support Telenet's aggressive growth targets. Table 1 summarizes the fragmentation and duplication of processes.

TABLE 1:
SELF-ASSESSMENT RESULT OF FRAGMENTED AND DUPLICATION OF WORK IN OPERATIONS

	Customer Care Install	Repair (Technology and Information)	Network (Technology and Information)
	Insourced and outsourced	Insourced and outsourced	Insourced
Forecasting	X	X	
Dispatch		X	X
Quality Control	X	X	X
Technical Helpdesk	X	X	X
Contract Mgmt	X	X	*
Improvements	X	X	X
Business customers		X	
Field Activities			X

* Subcontractor contracts for backfilling technicians and for keeping the network alive.

Telenet executives were questioning whether it would be beneficial to go to market with a tender process to learn if the service providers had ideas on how Telenet could create a win-win scenario. For example, could service providers work in a different operating model or drive transformational efforts which would lower Telenet's operating costs which could then be reinvested in Telenet's growth initiatives?

Micha Berger, CTO of Telenet, clearly remembers the dilemma. "Field Services was considered a valuable asset for Telenet, but Telenet did not have the flexibility or company culture to grow this part of the business or to provide technicians the opportunity to expand their careers."

After the six months of soul searching one thing was clear: doing business the way it had always been done would no longer work. Telenet would need to ***transform*** and change how it worked so they could ***fund*** the additional investments to continue to ***lead*** the market and fuel its cycle of sustainable growth. By the end of 2016 two big decisions were made. First, Telenet created the following vision:

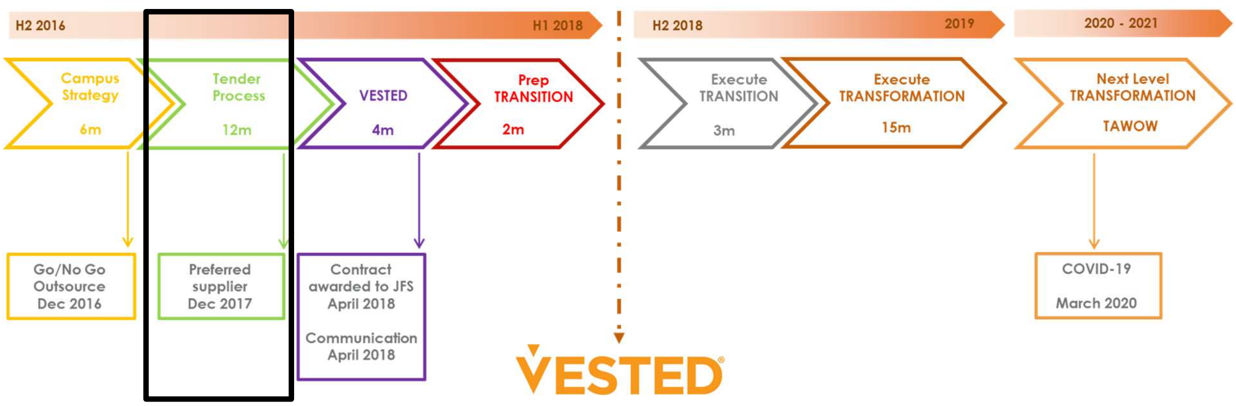
"To be the leading converged connected entertainment and business solutions provider in Belgium"

Second, Telenet executives decided to go to market with a tender process to find a strategic partner that could help them transform their network operations. The initiative was known as Project Newton. Project Newton had a simple goal: Find a service provider who could deliver on the power of AND; delivering field services operations at a lower cost *and* increase quality *and* expand flexibility in adapting to a changing landscape.

PART 2: THE TENDER PROCESS

Telenet kicked off Project Newton in early 2017 with a tender process designed to help them get a better grip on market trends and the capabilities that service providers could offer.

FIGURE 2: STEPS IN THE TELENET JOURNEY - TENDER PROCESS



Preparing for the tender took them about six weeks and was followed by two major phases – a Request for Information phase and a Request for Proposal phase. In total the tender process took just under one year and led to Telenet choosing Solutions 30 as their strategic partner.

Request for Information Phase

The Request for Information (RFI) took six weeks. The goal was to cast a broad net, seeking to listen to service providers who had experience in supporting Telco operations. Telenet selected 14 companies to participate in the RFI process with the expressed intent to have high-level and strategic discussions about how external service partners could best assist Telenet in achieving its goal of delivering field services operations at a lower cost *and* increase quality *and* expand flexibility in adapting to a changing landscape such as developing solutions for evolution of the IoT (Internet of Things) market.

The RFI included asking service providers six open-ended questions and then sitting back and listening:

1. Describe your approach and operating model in general for the activities in scope
2. Describe how you could create a win/win situation where we save money to reinvest in growth, while offering the appropriate quality of services
3. How can we use our customer assets to generate new business for both of our companies?
4. How can we manage cultural change to minimize silo mentality?
5. How can we reduce non-value adding activities, assuming Telenet takes an outcome-based approach to contract management?
6. Do you see extra opportunities?

The RFI garnered key information indicating Telenet could reap significant benefits by making the shift to a more strategic outsourcing effort. Expected benefits included:

- Better price/quality relation
- Higher flexibility
- Improved scale with the opportunity to use the partner’s size
- Ability to leverage the expertise of external partners and talent growth

The RFI also included four decision criteria to help Telenet decide which of the 14 service providers were the best fit to participate in the next phase to receive a formal tender. The four factors were:

1. A deep understanding of delivering a world-class NPS
2. A capability, IT systems and process that deliver increased operational efficiencies
3. Innovation in IoT services to support new revenue opportunities
4. A willingness to work together in developing a long-term relationship with common goals in an ever-changing environment

Three of the 14 service providers were ultimately selected to participate in the RFP: Cyient, ESAS and Solutions 30.[1]

It was during this early stage in Project Newton that the concept of using the Vested methodology first emerged. Marc Slegers - the then Vice President of Procurement and Facilities - had attended a presentation on the Vested methodology in Amsterdam as part of a procurement-related conference. He was fascinated by the concept of creating a win-win partnership using a flexible formal relational contract and shared the Vested concept with his Telenet colleagues.

While many of the Project Newton team were intrigued by the Vested methodology, several others were skeptics. Ultimately Telenet decided to move forward with a more traditional Request for Proposal instead of a Vested Request for Partner approach. The logic was they could always investigate the Vested methodology during the contracting phase with the down-selected service provider.

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[1] *During the initial part of the tender process Telenet worked with Jansen Field Services (JSF). Solutions 30 had already acquired a majority stake in JFS in May 2015.*

Request for Proposal Phase

The positive response from the RFI gave Telenet confidence to make bold decisions regarding outsourcing during the RFP process.

First, Telenet decided it would seek to find a single provider. Project Newton would optimize Field Services by consolidating 13 existing subcontractors and 300 Telenet employees at one partner.

Second, the scope of what was outsourced would significantly expand. The scope would not only include the work provided by the current service providers but would also include transferring all three significant scope areas - Residential and Business Install (RSCO) and both Residential and Business repair and HFC Network Maintenance which were part of Telenet's Technology and Information – to the new outsource partner. This would mean the potential new partner would take over technical network field services, customer 2nd level help desk, quality control processes, workforce dispatch and Telenet's Network Quality Monitoring center. The potential partner would take responsibility for over 800,000 customer installations and 180,000 repair activities yearly and would support the network maintenance of 1.6 million homes. In addition, the potential partner would transfer over 300 resources responsible for the services and would need to guarantee the performance of 600 trained technicians working at multiple service partners.

As part of the RFP, the Newton project team identified 10 criteria to help them select the best potential partner (Table 2).

TABLE 2: RFP CRITERIA

Question
1. General operating model for the activities in scope
2. Describe how you could create a win/win situation where we save money to reinvest in Growth while offering the appropriate quality of services
3. How you can use our customer assets to generate new business for your company and/or Telenet?
4. How are you managing culture change to minimize silo mentality?
5. Cost-saving opportunities / How you will reduce non-value activities, assuming Telenet takes an outcome- and service-level-based approach to contract management?
6. Deployment and scalability (current technicians)
7. Quality
8. HFC (Hybrid Fiber Coax) knowledge and maintenance program
9. Innovation capabilities
10. IT & Tools & Reporting

As the RFP evolved, two of the three service providers emerged as potentially good fits. While both were capable, Solutions 30 emerged as the service provider with the best overall fit. Simply put, Solutions 30 offered something the other service provider did not – a willingness to be transparent combined with an innovative “win-win” spirit and a very agile and open mindset.

During the RFP both Telenet and Solutions 30 realized that to get the most out of the delivery process improvements proposed by Solutions 30, both partners would need to adopt a highly collaborative approach to service delivery. The more Telenet and Solutions 30 talked about the need for collaboration, the more Telenet felt the need to rethink the possibility of using the Vested methodology for creating a formal relational contract re-emerged.

In December 2017 Telenet formally selected Solutions 30 as their partner of choice and set out to enter the contracting phase. Ton Bosters, the Procurement Director/Category Lead Network at the time, was in charge of the RFP and also took on the lead role in managing the contracting process for Project Newton. Ton reflects, “As we evolved through the bid process it became apparent the only way Telenet could achieve our goals was through a highly collaborative partnership which would shift our traditional buy-sell vendor relationship from with focus on transactions to an outcome-based model with a focus on results and innovation. Creating a Vested Agreement made more and more sense the more we looked at it – however, there were many skeptics.”

As part of the process, the parties agreed to formally explore using the University of Tennessee’s Vested® methodology. The companies engaged NEVI (the Dutch Association of Purchasing Management) to host a four-day Alignment Workshop to kick start their journey and determine if using the Vested methodology would be a good way to expedite their contracting efforts (see Part 3 starting on the following page for the detail of how the parties created their Vested agreement).

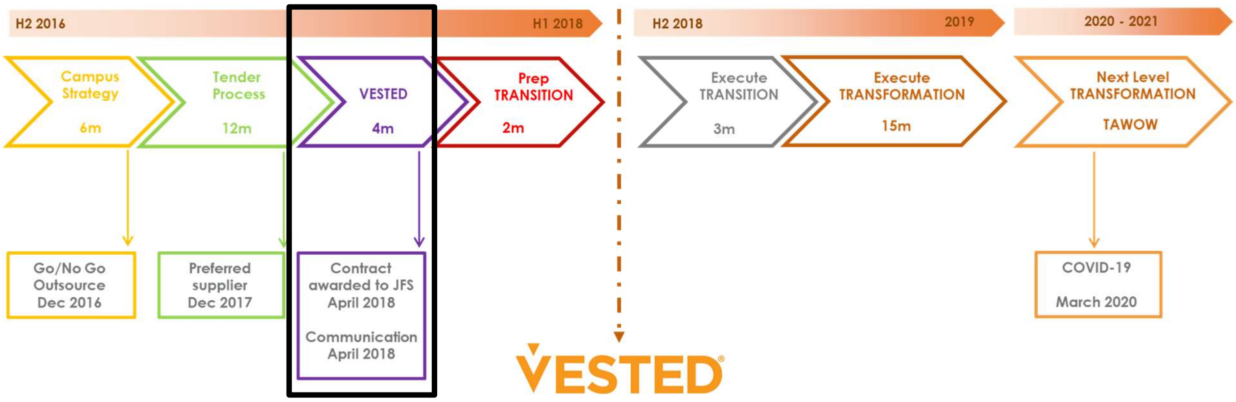
As discussions evolved during the contracting Phase, Telenet and Solutions 30 decided to create a joint venture to facilitate their partnership. The new company, called Unit-T, went live on July 1, 2018. Telenet has a 30% stake in the company while Solutions 30 owns the remaining 70% of the shares. At that moment all teams involved moved to the new company.

For this case study, we refer to Solutions 30 and Unit-T as Solutions 30.

PART 3: CREATING A VESTED AGREEMENT

The third phase of the Telenet journey was the contracting process (Figure 3).

FIGURE 3: STEPS IN THE TELENET JOURNEY - CONTRACTING PROCESS



As mentioned previously, creating a Vested agreement was not originally on Telenet's radar during their strategic review in 2016. However, through the tendering process it became apparent the a Vested sourcing business model would be highly beneficial to help the parties adopt a contract that aligned with their intent of creating a win-win agreement based on outcomes and transformation.

While Ton Bosters and Gianbeppi Fortis (Solutions 30's CEO) liked the idea of using the University of Tennessee's Vested methodology, there were some skeptics. To help them make the final decision, Ton Bosters had an idea: invite UT's lead faculty for Vested (Kate Vitasek) to come to Belgium and introduce Vested to the broader stakeholder community. Vitasek teamed with NEVI's Sibrecht Diender to conduct a four-day Alignment Workshop.

Alignment Workshop

The Alignment Workshop was designed to not only bring a broad group of key stakeholders up to speed on Vested – but also get bought into Vested. The workshop brought together over 30 cross-functional key stakeholders to participate in laying the foundation for the Telenet-Solutions 30 partnership. As part of the workshop the stakeholders would jump-start the contracting process by creating several key foundational deliverables:

- Creating a formal shared vision and the high-level Desired Outcomes (Rule 1 of Vested)
- Creating a gap analysis to determine a baseline about how well the existing subcontractor agreements were already capturing components of Vested
- Developing guardrails for the rest of the contracting process

At the start of the workshop many participants were skeptical. Nathalie Verrijken – Telenet's legal counsel – remembers being a sceptic. "I didn't really know what to expect, but looking back at it, the idea behind it is very intelligent. To have people from all different angles and with different perspectives on things, create and define their objectives together. It's basically a fabulous team-building exercise designed to gain alignment."

Having a large group of stakeholders involved in the alignment workshop was uncommon to many participants, but was broadly appreciated later on. Micha Berger shares his perspective about the workshop. "There were people from all backgrounds and departments. There were lawyers, finance people, business people, technical professionals, the Solutions 30 CEO, and the Telenet CTO. Getting all this input ranging from all levels of both organizations was a very powerful exercise to draw the complete picture."

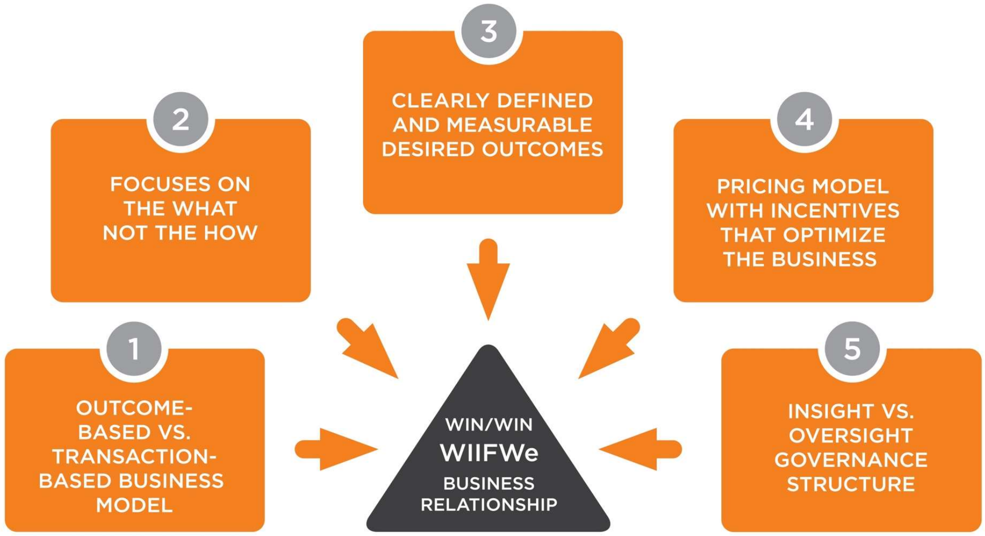
The feedback after the alignment session was very positive. Solutions 30's sales manager, Luc Brusselaers recalls "We never spend this much time 'team building' with a client before at the start of a collaboration. It was very helpful to jointly determine success so openly upfront with a larger group of stakeholders. This was a very special way of kicking off a strategic partnership to drive alignment."

Together, the Telenet and Solutions 30 key stakeholders jointly shaped the vision and underlying strategy for the future partnership. Els Jacobs, contract manager of the Vested contract and Financial Controller during the contracting process, began to see first-hand the positive value in using the Vested methodology for their partnership. "I look back now at the Alignment Workshop and the powerful work we did in such a short timeframe. It really kick-started the understanding of being in the same boat, creating a solid foundation of trust and transparency and a genuine partnership feeling."

At the end of the four-day Alignment Workshop a sub-team of stakeholders in the workshop presented their recommendation to the Executive Steering Committee and were given a green light to use the Vested methodology for the contracting phase. This meant consciously choosing to move forward with a formal relational contract with an outcome-based economic model. Nathalie explains the impact from a legal perspective. "From a legal perspective, this was a big change for both parties – neither of whom had ever created a formal relational contract. This was especially true for Telenet since we were accustomed to using contractual templates and guidelines for contracts. Making the shift meant that we would need to let go of tried-and-true clauses and start drafting the contract from a blank piece of paper that was more bilateral in nature and focused on the relational aspects of what would make this strategic partnership work."

A key next step was to use the University of Tennessee's ***Creating a Vested Agreement*** online course to work through how they would create a contract to follow the Vested 5 Rules and 10 contractual elements (Figure 4).

FIGURE 4: THE FIVE RULES OF VESTED



The Vested methodology includes creating a core “Deal Architect” team who work side-by-side to translate the intent of the relationship into a win-win contract that follows the Vested Five Rules. Mike Hellemans and Ton Bosters led the team from the Telenet side and Koen Verbergt, Luc Brusselaers and Gianbeppi Fortis from Solutions 30. With the Deal Architect team in place and relationships fostering, creating the Vested agreement became the target. Together, the Deal Architect team worked through each of the Vested Five Rules, co-creating how the parties would work together.

Rule 1: Focus On Outcomes, Not Transactions

Most business relationships follow a transaction-based business model where the service provider is paid for every activity performed – either per activity or bundled into a fixed price. For Telenet and Solutions 30 this would mean developing a contract around a few critical Desired Outcomes rather than a long list of activities to be performed.

Rule 1 was completed as part of the four-day Alignment Workshop with the larger group of stakeholders. After learning the basics of Vested, the smaller deal architect team members began to work on Rule 1 where they co-created a joint vision and high-level Desired Outcomes for their future partnership. The companies started by brainstorming keywords that expressed how they envisioned their future partnership to be like (Figure 5).

FIGURE 5: WORD CLOUD OF FUTURE PARTNERSHIP

The companies used the keywords as inspiration to develop the following shared vision and Desired Outcomes:

Shared Vision

"WE excel at servicing our customers' connected world with passionate people and smart solutions."

We will accomplish this Shared Vision by achieving the following ***Desired Outcomes***:

- Provide amazing customer experience (ACE)
- Operational Excellence in the services we provide
- Create economic value through inspiring partnerships
- Innovate to bring smart solutions
- Develop and attract talent in an open culture

The order of the Desired Outcomes is not accidental; the customer comes first. Second is an underpinning focus on operational excellence. Next comes economic value creation which is called out as a clear goal. Economic value goes far beyond simple cost savings/avoidance, but also includes new opportunities which incorporate ideas that can stem from innovative, outside-of-the-box thinking. The fifth desired outcome completes the package by emphasizing the importance of the human elements essential for success.

The shared vision is augmented with formal agreement to abide by six guiding principles and seven intended behaviors. In other words, the companies describe how they will deal with each other and what behavior they expect from each other. Together they form the Statement of Intent which is formally included in the contract.

Guiding Principles

The Guiding Principles are a key part of the Statement of Intent and are agreed upon in Rule 1. Guiding Principles are proven social norms that serve as informal rules to govern the behavior of the partnership. By defining the 6 Guiding Principles together, parties jointly define and agree on how to act and behave with each other when establishing and living the relationship.

Telenet and Solutions 30 jointly defined the 6 Guiding Principles as follows:

- **Autonomy:** One plus One is greater than Two. We combine our strengths to lift the partnership to a higher level. Our goal is to create a win-win culture through respect, responsibility and trust.
- **Honesty:** We commit to having an honest and open working environment, being transparent and truthful in all interactions. We encourage authenticity and empower each and every person to speak up. We promote fact-based decision-making (#nofakenews).
- **Reciprocity:** The foundation of our relationship is based on mutual respect. Always and in all ways.
- **Equity:** In our fast-changing world, we will tackle the challenges we face with proportionality, both in terms of risk and rewards & pain and gains. We are not waiting for the storm to pass, but we learn to dance in the rain.
- **Loyalty:** Our partnership stands together through the good and the bad. We dare to speak up and encourage to rise to the challenges we face. If we stand by each other during the bad time, we deserve to be there during the good times.
- **Integrity:** Integrity is not only talking the talk, but walking the walk: thoughts, words, decisions and actions are consistent and aligned with our shared vision, values and guiding principles. We commit to the highest ethical standards, do what is right and not what is convenient, always keeping the common interests in mind.

Intended Behaviors

The Intended Behaviors support the Guiding Principles by encouraging healthy behaviors. They are not researched and proven as the Guiding Principles are, but are informal behavioral norms that define the relationship culture the parties want to promote. They are typically unique to the relationship.

Telenet and Solutions 30 jointly defined the following 7 Intended Behaviors:

- **Courage:** WE encourage our people to trust and entrust, to step backward to go forward, to compromise, to focus on the long term and above all to dare make mistakes
- **Innovation:** WE are ready for tomorrow's challenges by continuously improving today's way of working. Failure is an opportunity to innovate
- **Flexibility:** WE demonstrate flexibility to support our customers' needs in a fast-changing world
- **Winning:** WE go the extra mile to excel in the service we provide and amaze our customers
- **Pragmatic:** WE take decisions based on facts and common sense, eliminate unnecessary complexity and focus on our targets
- **Collaboration:** WE work together in a transparent problem-solving way
- **Fun:** And WE have fun doing so!

Nathalie remembers sitting in the room as the companies created their Statement of Intent. "This also was something that was completely new to both parties. To be honest, as a lawyer it felt a bit silly at first. However, looking back now it makes a ton of sense for contracting parties to address the intent of the partnership right up front. In fact, Telenet has begun using the key concepts of a Statement of Intent in other larger deals."

Rule 2: Focus on the What, Not the How

Rule 2 is where the parties define the scope and responsibilities for the partnership. The purpose of Vested Rule 2 - Focus on the What, not the How - is to make sure the service provider is not constrained by pre-described mandates. In a Vested agreement the buying organization shifts from developing a prescriptive "statement of work" (SOW) specification to a more flexible taxonomy and workload allocation. The more flexible approach to documenting the scope of work allows a service provider to explore innovative solutions that will meet the mutually defined Desired Outcomes. Their job is not to simply perform the work the way it has always been done, but rather to challenge the status quo to drive better, faster, and cheaper ways to achieve the work to ultimately help the parties achieve the Desired Outcomes.

For Gianbeppi this was also one of the biggest advantages of the Vested approach: "In transactional contracts it is often very weird that on the one hand side clients say; 'okay, here's the scope of work – we want to subcontract it to you because you are a specialist', but at the same time every day, they tell you what you have to do." Luc Brusselaers also stresses Rule 2 is very crucial for Telecom operators. "Telecom operators want to keep control close to their reach of influence. Letting go of a detailed SOW is perceived as giving up control."

From a broad perspective, the Telenet – Solutions 30 contract spells out three high-level work scope areas:

- *In-home install and repair.* This includes technical helpdesk, dispatch, quality control, 2nd Line Field Services, training, logistics and the Field activities at customer premises

- *Business to Business install and repair.* This includes dispatch, quality control, 2nd Line Field Services training, logistics and Field activities at business premises
- *Hybrid Fiber Coax (HFC) network maintenance*. This includes dispatch, Network Intelligence Centre (NIC), 2nd Line, Field Services, training and logistics

From the tactical perspective, these high-level workscope areas are then documented into a taxonomy and workload allocation. In the case of Telenet and Solutions 30, the workscope was captured in a simple six-page Excel spreadsheet that became a Schedule in the actual contract. The goal of the taxonomy and workload allocation is to define the end-to-end work needed to accomplish the Desired Outcomes and clearly define who does what. The level of detail is relatively high-level as the goal is to not fall into the classic trap of endlessly describing how the work is executed, but rather to eliminate duplication of work and optimize the allocation of work between both parties. This gave Solutions 30 the freedom to organize how they did work in their own way within the boundaries of the desired results.

As the parties progressed through the contracting phase everyone knew that trust is the keyword to accomplish this. Ton Bosters shares his opinion. “If there is no trust, the tendency of the buyer is to micromanage the service provider. Providing the freedom to Solutions 30 to work autonomously by trusting their expertise and judgment was scary in the beginning. But the Vested methodology helped calm nerves by enabling the parties to really work together and co-create the new ways of working.”

A good example of this is the fact that Telenet used to have two different teams to perform the work; one team to do the installation, and another team to do the maintenance. Gianbeppi immediately recognized the inefficiencies. “Telenet was managing work scope this way for quite a while, but they weren't able to change it because of internal constraints. During the transition phase, this was one of the first things Solutions 30 changed, and it proved to be the right thing to do, and it resulted in immediate savings.”

Benedikte Paulissen, executive vice president data, digital and customer journey at Telenet and steering committee member for the strategic partnership, shares the power of Rule 2. “Telenet had become a rather large organization, where the decision-making process could take quite some time. Through the more start-up like mentality of Solutions30, our Vested partnership created a much more agile and responsive organization.” Micha Berger shared a fun anecdote: “Just a few days after the workforce moved into a new building in Mechelen, I visited them to see how things were going, and one person excitingly shared ‘I needed office suppliers. In Telenet I had to go through an extensive process, issuing a ticket just to get a pencil. Now I just ordered it.’ The new Solutions 30 company was much more agile, like a real start-up.”

Rule 3: Clearly Defined and Measurable Outcomes

Alignment is a key Vested concept. Vested Rule 3 - Clearly Defined and Measurable Desired Outcomes - ensures the appropriate metrics are aligned to the Desired Outcomes. The Deal Architect Team used a tool in the Vested toolkit known as the Requirements Roadmap to help them cascade their shared vision and Desired Outcomes into measurable objectives. Figure 6A provides insight into how the parties began to map metrics to the Desired Outcomes.

FIGURE 6A: REQUIREMENTS ROADMAP

Desired Outcomes	Performance	
	Objective	Standard
Provide amazing customer experience (ACE)	The solution is delivered	FTR (Cost saving initiative for tech and cuca)
		On time delivery (wait/disponed/process throughput time) (Target is the same with a lower cost model)
	Customer delight	Repair mechanisms stay the same
		Install mechanisms stay the same
Create economic value through inspiring partnerships	TCO (cost decrease for TLN)	Yes – YOY cost reduction structure?
	Upsell, Cross-sell (Arpu increase) and New Leads (business)	Yes – leads / touchpoints and/or sales / leads
Operational Excellence in the service we provide (Keeping the engine running smoothly)	Service Quality	NQI – already set for XXL frequency
		# of interventies / # of RGU's
		Performance Tools
	Compliance with procedures	Don't break the law / VCA / negative exposure by press (still needs a more detailed description – parking and speeding tickets not included)
		Telenet internal procedures
	Continuous improvement	X% of all registered initiatives are implemented (program)
Innovate to bring smart solutions	Business enabler for Telenet (new solutions, work packages and regions	Relationship assessment survey
	Service model innovation	Relationship assessment survey
Develop and attract talent in an open culture	Employee Satisfaction	Yes – People satisfaction survey
	CSR (HSE, Legally compliant, Positive imago, social relations)	Yes - Ecovadis

For each metric, the team agreed on the appropriate goal (standard) and identified incentives. The Requirements Roadmap maps a quality assurance plan for each metric which shows who is responsible for reporting on the metrics, the calculation, data sources and frequency. Figures 6B illustrates an example of how the team began to further build out their Requirements Roadmap for one of the objectives.

FIGURE 6B: EXAMPLE OF ONE OF THE OBJECTIVES

Desired Outcomes	Performance					Incentive
	Objective	Standard	Metric	Tolerance / AQL	Critical Failure	
Provide amazing customer experience (ACE)	The solution is delivered	FTR (Cost saving initiative for tech and cuca)	Install	98% PIP <97% <95% severance (contract Breach)	**Yes**	Cash 1% of Monthly Cost
			In Home Repair	TBD		
		On time delivery (wait/disponed/process throughput time) (Target is the same with a lower cost model)	Install	5%	**Yes**	Technician Event
			In Home Repair	TBD		
	Customer delight	Repair mechanisms stay the same	Target is the same NPS Level with a lower cost model	TBD	Yes	Automatic renewal
		Install mechanisms stay the same	Target is the same NPS Level with a lower cost model	TBD		

Ultimately the finalized Requirements Roadmap became an integral part of the actual contract.

A Vested Agreement is, by design, a flexible contract framework that allows the parties to keep pace with the dynamic nature of business. Through their governance structure (further described under Rule 5) the parties regularly review their Desired Outcomes and Objectives to validate their collaborative efforts supporting their goals and Shared Vision. In some cases, it may mean the parties achieved an objective and needed to come up with a new objective. In other cases, it could mean increasing or decreasing the measurable target based on changing business needs. In this spirit Telenet and Solutions 30 decided to update their Objectives halfway through 2021.

For example, the original Requirements Roadmap called for a Desired Outcome of “Amazing Customer Services” with one metric being on-time delivery for both the in-home and install business focus areas. By 2021 the scope and business strategy had evolved and the parties added on-time delivery for business-to-business, in-network service, and network-repair focus areas.

Rule 4: Pricing Model with Incentives to Optimize the Business

In conventional outsourcing, companies purchase services for a transactional fee (cost per hour, unit, per shipment, per pallet storage, etc.). In a Vested partnership, buyers and service providers develop a pricing model with incentives that reward the service provider when mutually defined outcomes are achieved. In short, the service provider is *vested* in the buyer's success – and vice versa.

As Telenet and Solutions 30 discussed how they wanted to structure their pricing model, one of the important starting points was to create an economic structure that would align with the Desired Outcomes. Ton shares his perspective: "Many contracts suffer from perverse incentives and the law of unintended consequences, and the team wanted to prevent that from happening. Still, however, reaching a pricing model was a tough job and took quite some time. This might actually have been the hardest part of the process, but in the end, also the most important part to drive the right behavior."

Creating the open book mechanism was an especially scary exercise for both companies, as they perceived it would put both of them at risk. For Telenet, the worry was around uncertainty around the cost-pass through nature of the pricing model. For Solutions 30 the worry stemmed from the hyper-transparency on the cost structure behind their bid. Gianbeppi remembers his initial concern. "Coming out of a bid process you are pitted against your competitors and it is still 'us vs them'. As such, creating this level of transparency was a big hurdle to take. However, since we went down the Vested path, we knew we had to trust the process and the methodology. As we spent time in the Vested workshops co-creating the agreement in Rules 1-3, we had built significant trust. We could then build on the trust we had as we entered in Rule 4 where we developed the pricing model."

The parties started their pricing model discussion with a few important elements. First, they would make sure their pricing model honored each parties' guardrails which had been developed at the start of the process. They then performed a risk analysis which formed the basis for genuine discussions on how to handle the risks in the best possible way for their joint company. And last, they aligned on the input assumptions that would affect the cost structure. Two key input assumptions included were:

- Telenet employees had to be transferred under the local labor law;
- Telenet Warehouses and local offices had to be transferred.

The next step for the team was to decide on the overarching pricing model framework. Figure 7 (following page) shows how the Pricing Model framework is broken down into four "buckets": base services, other services, governance and transformation.

FIGURE 7: PRICING MODEL FRAMEWORK

Service Delivery			Transformation
Base Services	Other Services	Governance	Transformation Projects
Cost Pass Through + X% Y1-2 and X% Y3-Y7 Margin 1. Direct cost Field TLN incl Direct overhead • In-home Install • In-home truck rolls / Unhappy • YH visits • Network Maintenance • KA • TB • KAW (future) 2. Management Fee • SG&A fixed fee 3. IT license – fixed fee 4. Incentives tied to Critical Success Factors. maximum X% additional bonus on desired outcomes as described in Schedule 3.1	**Above Base Scope of Work + X% Margin** **One off projects** • Transition fee - fixed BAFO • New acquisition integration • XXL support • IT development (not part of transformation) **New Services introduction** modus new Base Services • New IOT services • SFR BAU activities **One offs without Margin** • One off transformation • Severance cost • Upsell, Cross sell and New Leads	**Fixed Governance Fee (X%)** • Incentives tied to 7 “discretionary governance” indicators Guardrail • X% margin (1-2-3) – Margin trigger X%	• Continuous improvements Shared Savings for Beating Budget • Shared value for transformation projects (Investment based) • All savings up to X% - margin compensation • X% Telenet • X% Partner • <X% PIP • All savings between X% and X%- margin compensation • X% Telenet • X% Partner • Above X% - margin compensation • X% Telenet • X% Partner

The Telenet-Solutions 30 pricing model followed the design principles as taught by the University of Tennessee. First, they used a cost-pass through pricing model for the base services with the service provider's profit being tied to a below-market margin management fee. The pricing model designs in the flexibility for non-budgeted items (other services) and has significant upside for Solutions 30 for transformation projects. This meant including an incentive structure to drive transformation by using a Value Sharing Formula (Figure 8):

FIGURE 8: VALUE SHARING MECHANISM

Incentive Model	
Total Value from Project	TV
Implementation Cost	(A)
Margin Compensation	(B)
Transformation Incentive	(C) = TV - (A) - (B)
JFS Share of Benefits	(D) = X% Unit-T * (C)
Telenet Share of Benefits	TLN = TV – (D)

When Solutions 30 reduces costs, Telenet uses a simple formula to reward them

- The Total Value is used in the allocation of the incentive repeatable across multiple years
- The model compensates Solutions 30 for the cost of implementing the project, lost margin on the reduced cost of service, an additional incentive to drive transformation and share benefits with Telenet
- Value share is computed for each project based on each agreed-upon business case

While it took a lot of work to get the pricing model right, both Telenet and Solutions 30 report the pricing model has served them well. Micha shares his view of the benefits of the pricing model. “The greatest benefit is that the pricing model assures that parties win together and lose together. Through this mechanism, both parties automatically work towards the same goals, rather than each side trying to get what’s best for them. The profit-sharing mechanism also triggers new business opportunities. When we create value – we share the value.”

Rule 5: Insight Versus Oversight Governance

The glue that holds any Vested agreement together is a governance structure in which the parties jointly manage the relationship. In Vested, the mindset shifts from one of oversight to insight. The focus shifts away from managing the supplier to managing the business with the supplier. In addition, the governance structure addresses the dynamic nature of the business by addressing both how to manage for today and the future.

Following Rule 5 meant that Telenet needed to refrain from keeping a shadow organization where Telenet team members would micromanage Solutions 30 team members. A key part of this meant transferring over 300 Telenet employees to Solutions 30, leaving only a small retained organization behind. The mantra? Manage the business with Solution 30 versus managing Solutions 30.

The parties set out to design a governance structure following the Vested design principles. One of those design principles is to have a tiered governance structure with separate roles for service delivery, transformation management, commercial management and overall relationship management.

The parties adopted a 3-tier governance structure for Strategic, Tactical, and Operational levels. The Strategic level (Tier 1) represents the top-to-top executive level of governance. The Tactical level (Tier 2) and Operational level (Tier 3) are the heart and soul of the governance team and are divided into separate roles.

1. *Manage the Relationship:* manages the overall relationship and governance process, including escalations, and ensures overall service excellence and transformational efforts. This role is also responsible for effective and efficient service delivery, customer engagement and management, and ensures statutory, regulatory and internal policy compliance. Recently the governance structure has been slightly updated to include a Steerco in Tier 2 (managing the relationship) which meets every other week. This enables changes to be approved faster, leading to faster implementation.

2. *Manage for Tomorrow*: manages overall process stewardship (approval of changes), leads transformation initiatives, shows thought leadership, market intelligence and benchmarking, and ensures statutory, regulatory and internal policy compliance. With Telenet and

Solutions 30, both parties committed to having a dedicated person for transformation management, which is crucial to driving transformation against the Desired Outcomes.

3. *Manage for Today:* drives service excellence and transformation through appropriate commercial management processes, and manages the commercial and contractual aspects of the agreement. For Telenet and Solutions 30 this included six people, a 2-in-a-box for each of the three business lines.

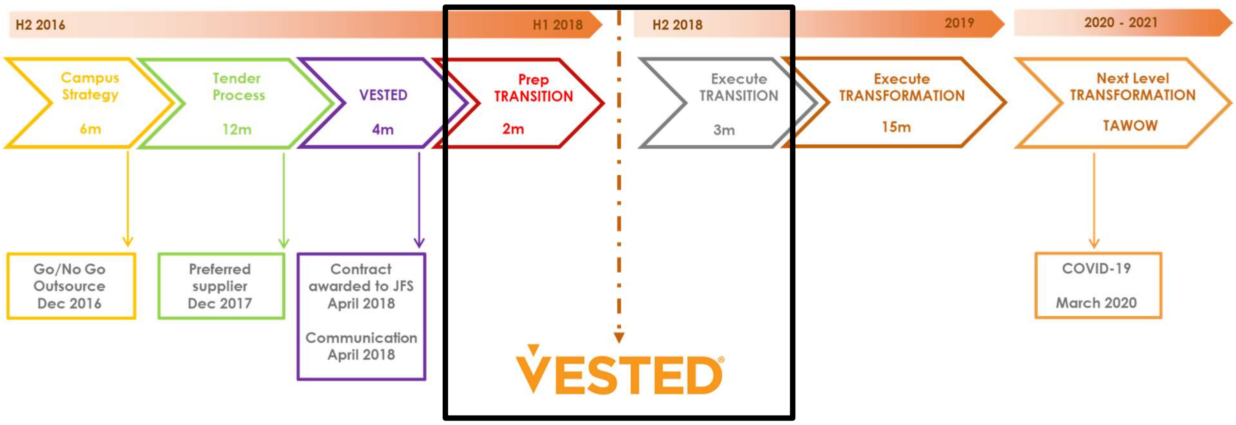
Each tier has defined responsibilities and cadence with the Operational tier meeting daily to weekly and the Strategic level meeting in formal Quarterly Business Reviews.

Rule 5 is where the parties live into the agreement and make sure both parties are following Rules 1-4. The parties do a great job of keeping the governance structure alive, and documenting all conversations and decisions properly onto a shared digital environment that all stakeholders have access to. At this platform, they share all notes, decisions, and track performance on their KPIs and Desired Outcomes. Gianbeppi is pleased with how the governance works in practice: "The parties are really working together as a whole. Everybody knows they are not working against the client, discussing transactions, but rather seeing the same thing, making decisions with the best possible outcome, since the rules have been defined. Therefore, it is very comfortable since no one is hiding anything, everything is on the table and the rules are clear. Hence, working in a Vested way is very efficient because you get quickly to the point; if there are problems, we get them on the table, and jointly agree on the best solution. Simply put, we are not wasting any time with a useless negotiation game."

PART 4: TRANSITION

With the contract in place, the parties shifted their focus to the transition phase. This included prepping for the transition and executing the transition.

FIGURE 9: STEPS IN THE TELENET JOURNEY - TRANSITION PHASE



Overall, the transition was one of the biggest successes of the deal, however, it wasn't always a smooth ride.

A key to the success of the transition was grounded in an extensive planning phase. Ton shared some insight. "Change management was a very big and important part of the transition plan. It is easy to focus mainly on the administrative and technical parts of the solution. However, it was equal if not more important to keep a constant eye on managing the people side of the transition, to make sure it went smoothly."

The transition included the transfer and onboarding of well over 1000 employees that touched the work. This not only included 300 Telenet and 350 Solutions 30 employees but also included several hundred employees at external partners. In total, more than 70% of the work force changed in some fashion. When the decision was first announced to the workforce, it was not well received and there was a lot of resistance. It even resulted in a strike by the workforce.

Micha, the Telenet CTO, explains the importance of the people side of the transition. "The transition was a huge deal. But the hard part was the physical change for employees. A lot of the workforce worked for Telenet for over 20 or 30 years. It was considered a job for life. You have to be very respectful of the fact this was a huge personal change for hundreds of people. A large part of what they were used to, their context and certainty were taken away, and they were suddenly part of a new company with a totally different DNA. In addition, the location changed to Mechelen. This meant some people had to physically move to Mechelen - or instead of cycling to work, they now needed a car."

Gianbeppi is pleased to see the union relationships have made positive progress since those early days. Also, the former Telenet and Solutions 30 employees have experienced a vast change. Personal development was prioritized which created new opportunities, and a high-quality level of knowledge sharing for internal people, including an academy to train the technicians for new services. The following employee quotes from last year's employee survey show their commitment and the great working culture that Unit-T has established:

- "Dynamic organization for which people are important"
- "Growing, ambitious company with a lot of potential"
- "Good atmosphere, everyone is accessible and approachable, let's do it"

Ton shares the importance of getting communication right. "Communication was a crucial part of the transition process. We showed and explained the benefits of this strategic decision to team members - over and over again. The strategic reasoning behind this decision and the opportunities for every individual were continuously stressed. We especially wanted to highlight the opportunity for people to develop their professional skills, creating new career opportunities, and the freedom to be creative and agile – something not possible when the employees were at Telenet."

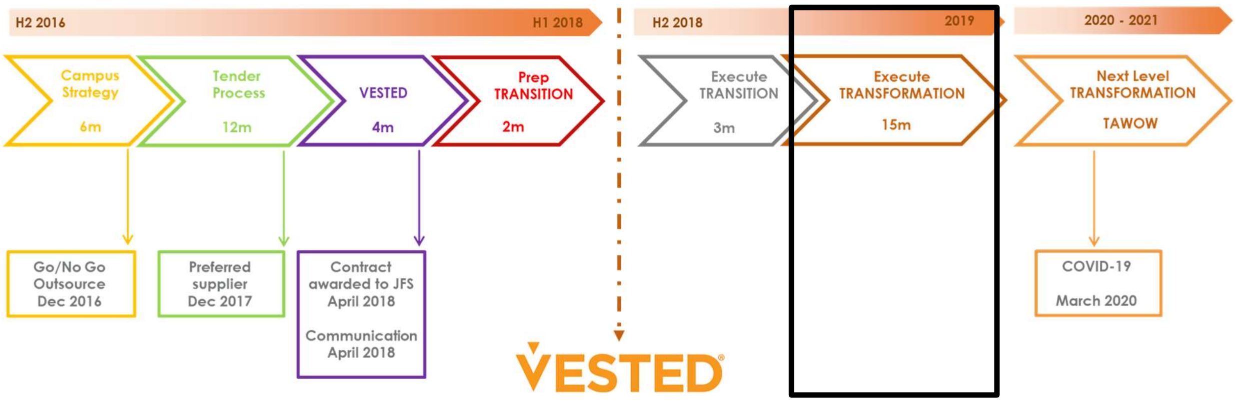
A critical part of the transition was making sure all personnel were onboarded to the new way of working. This meant helping all team members understandthe intent of the relationship, the Desired Outcomes and the new Vested way of working. A dedicated onboarded team was established - forming what was known as the 'gang of 8' (4 from each party) who jointly presented the new way of working to the various departments through a roadshow. Telenet's Benedikte Paulissen reflects on the importance of good onboarding. "It is very hard to unwire behavior learned over so many years. Solutions 30 still has to work every day to help team members live into the Vested mindset by helping individuals make the shift from a delivery and execution mode into a broader value and opportunity-driven behavior."

Today the parties look back on the transition as one of their biggest achievements. To go through such a vast transition that resulted in a full functioning new company meeting and exceeding the defined KPI's without harming the customer satisfaction is a tremendous job well done.

PART 5: TRANSFORMATION

With the Transition behind them, the parties could turn to the Transformation phase in the journey. The initial Transformation phase lasted 15 months (See Figure 10).

FIGURE 10: STEPS IN THE TELENET JOURNEY - TRANSFORMATION PHASE



In a Vested agreement, success is measured against the parties mutually defined Desired Outcomes. With Telenet and Solutions 30, there were five Desired Outcomes. In a Vested agreement, the role of the Transformation Manager is crucial and is a formal role designed into the governance structure (Rule 5). In the case of Telenet and Solution 30, each organization had a dedicated full-time employee chartered to work on transformation initiatives. One of these Transformation Managers was Ton Bosters – who made the shift from Telenet to Solutions 30 after the initial transition. There were several reasons for Ton to make the switch, but ultimately this new role gave him the chance and the perfect position to bring all his ideas and opportunities into reality.

A key role of the Transformation Managers is to continuously challenge the status quo to create value towards the Desired Outcomes. This is not an easy task, since some initiatives might be politically sensitive or might affect people's jobs. However, if this role is not (rightfully) fulfilled, the transformative change will be hard to be accomplished, and expectations might not be met.

Together, the Telenet and Solutions 30 Transformation Managers hunted for Ponies. A Pony is a transformative initiative that contributes to achieving the parties' Desired Outcomes. While the Transformation Managers are the change champions, everyone in the partnership creates value by challenging the status quo and coming up with ideas that can create value. Ideas poured in for how the parties could best achieve their Desired Outcomes. In the first two years, the parties implemented 85 transformation initiatives and continuous improvement initiatives. The following provides an example of four of the Ponies.

Example Pony: Create "all-around" Technician. Originally Telenet used various sub-contractors which all had their own specific expertise. One of the first transformative initiatives was to combine all expertise and create all-around technicians, through which one team of technicians could solve various technical issues at one location, rather than having different technicians visit the location at different times. For example, when the technicians were in the field, they previously had to go through a bureaucratic process issuing paperwork to get in a subcontractor with a shovel to dig. By granting the technicians more autonomy, they could have the flexibility to self-perform some of the work themselves. This resulted in a 30% reduction of cost through efficiencies, shortening travel time and eliminating administrative cost.

Example Pony: Centralized Logistics and Dispatch. The existing Telenet contracts were set to end by February 2019. This enabled the Solutions 30 management team to change the sourcing mix and renegotiate the contracts based on the adjusted model to fit into their Vested collaborative contract structure. The logistic and dispatch activities became centralized which enabled to optimization of travel time on all In-Home activities and minimized logistic warehouses (6 to 1) including movements from the Telenet Central Warehouse.

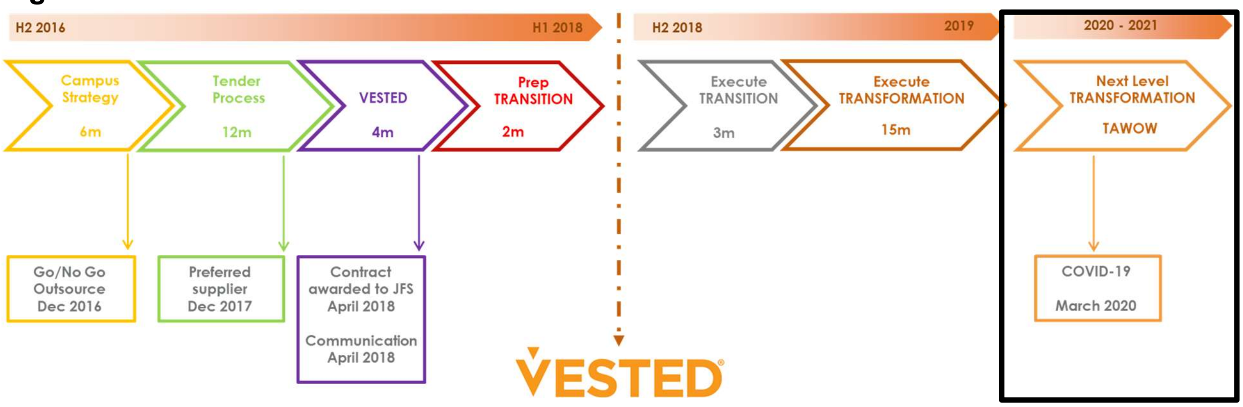
Example Pony: Shift to Smaller Subcontractors for In-Home Technicians
A third idea was to shift away from large subcontract partners to smaller subcontractors for in-home technicians. Seventy-five smaller subcontractors with over 130 technicians have been ramped up. This provided a more flexible workforce and minimized the overcapacity needed to handle the fluctuations of work packages.

Example Pony: Channel of Inflow
The channel of inflow of customer requests is used to determine which type of technician would solve the problem. After evaluating the inflow process, the team combined the various inflow channels into one pile of inflow, which was then sorted out to appoint the task to the right person. In this way, requests could be combined and appointed to the same technician, which resulted in increased efficiency and productivity.

PART 6: TRANSFORMATION IN THE ERA OF COVID 19

Telenet and Solutions 30 entered 2020 with big plans as they entered into the "next level transformation" phase.

Figure 11: Future Outlook



The strategic partners quickly learned the validity of adage that the only thing certain is change when Covid-19 reared its ugly head in March 2019. Of course the Covid-19 pandemic was something nobody could have foreseen, and it caused major interruptions to the way business was done – especially for telecom industry.

Ton Bosters explains the sudden impact of Covid. "The onset of Covid meant home repairs with limited customer impact and installs of new additional TV services were no longer possible. Telenet also had shops that suddenly closed. The result? A part of the technicians and shop personnel were suddenly at home with nothing to do, while their salaries still had to be paid."

The good news is one of the great benefits of a Vested relational contract is that it provides parties with the flexibility and a the framework to pivot when unexpected things happen.

Telenet's attorney Nathalie Verrijken shares how the parties responded. "The first reaction from both sides was to check the contract for each parties' obligations and rights. But straight after that, the parties realized that that was not the way they worked together, so, we met to discuss the situation. We quickly realized that our customers actually needed field services even more than before since they were bound to their homes." Gianbeppi adds, "Having an open dialogue about the situation gave everyone a feeling of comfort that the relationship was okay and flexible enough to cope with whatever would follow that no one knew what it would be."

Els was fascinated by how the parties responded to the adversity of Covid. "Creativity had become second nature to the parties because of our relational contract - but the innovative spirit of the partnership really thrived when Covid arrived because of the feeling we are all in this together and we need to collaborate to get through tough times. As a result of our flexible contract, we brainstormed on how we could handle impact of the pandemic in the best way and found creative ways of utilizing technicians in another way.”

Several ideas came out of those initial discussions. For example, the decision was made to roll out remote Tech support on repair services. Solutions 30 created a technician call center to book these interventions via C@fe, the Telenet Customer Application Front End tool and Workforce Management Tool. Technicians began delivering online support for non-urgent repair where a customer receives a link for a video setup. This proved to be a successful solution for a significant amount of customer issues. If the technician cannot provide the appropriate solution, customers leave their old box on the doorstep and technicians deliver a new box on their doorstep and activate the box before leaving. The entire solution was up and running in only one week.

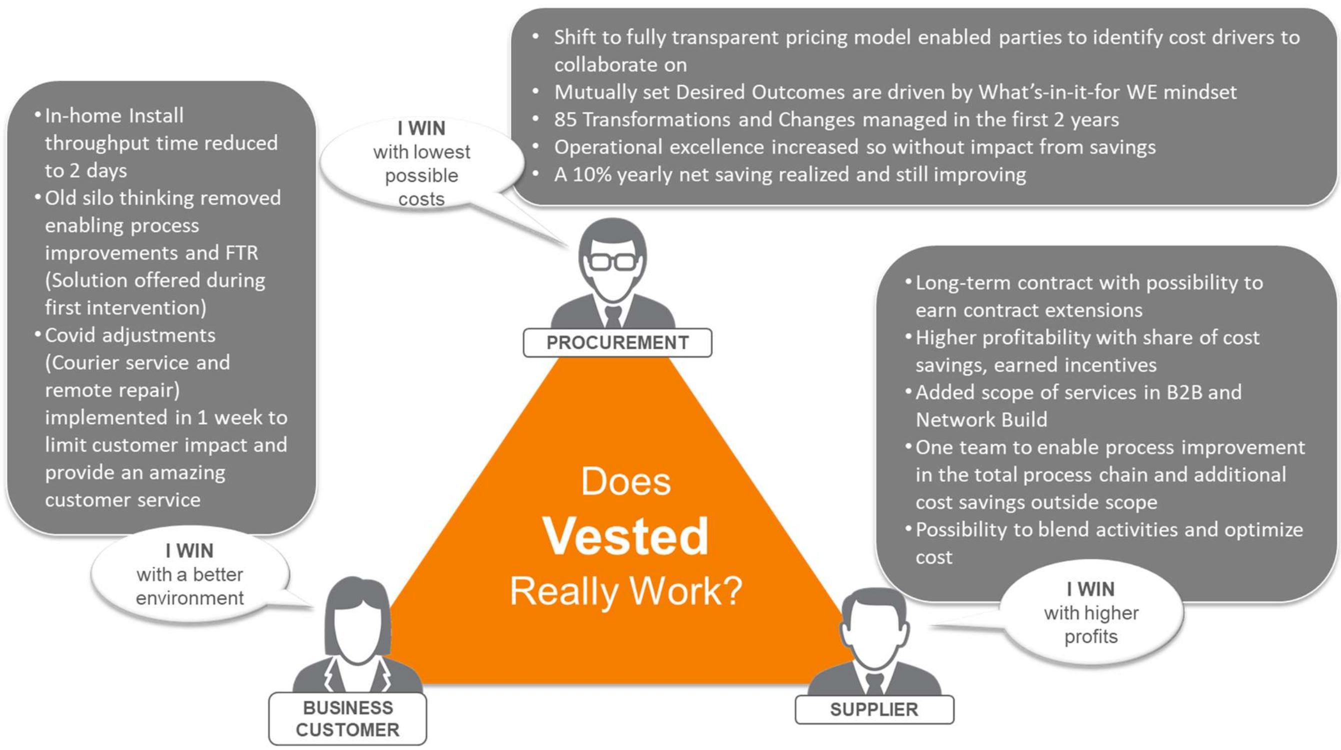
Another major next step for Solutions 30 is to create new business opportunities outside of Telenet which leverages their capabilities and infrastructure. For example, Solutions 30 is now expanding its business providing services such as installing smart meters for a local grid company, moving into IOT opportunities, rolling out the 5G network, and installing charging stations for electrical vehicles. The benefits are significant for both partners. For Solutions 30 it means more revenue. For Telenet it means Solutions 30 can split the SG&A cost across other customers resulting in an additional cost reduction for Telenet.

In 2021 one of the most important transformation initiatives for Telenet was renewing its front-end customer software suite. A key strategy of the initiative involves transitioning the Telenet Workforce Management (WFM) to the Solutions 30 WFM. By combining Telenet customers with customers of the other Solutions 30 clients, Solutions 30 can optimize the planning process and service delivery.

PART 7: RESULTS

Telenet and Solutions 30 have been working under a Vested model for four years with significant success. Both organizations are pleased at the pace of transformation enabling the power of AND; delivering field services operations at a lower cost *and* increase quality *and* expand flexibility in adapting to a changing landscape. Figure 12 shows an overview of the results achieved from three angles, creating a win-win-win situation for Telenet business units, Telenet procurement, and Solutions 30.

FIGURE 12: PERFORMANCE PYRAMID



John Porter, the CEO of Telenet, is glad the parties took a path to a Vested partnership: "Putting together the partnership with Solutions 30 in 2018 is one of the best things we have done. The partnership enables Telenet to accelerate the delivery of differentiated customer value propositions and an outstanding user experience."

Gianbeppi is most impressed with the efficiencies gained due to the autonomy of being a true partner. "The fact that such a large change process had not affected the customer in any negative way, hence even resulted into a slightly higher customer satisfaction (NPS) score, is a big accomplishment."

For Micha, the greatest benefit is the flexibility. "The partnership creates an agile environment for both Telenet and Solutions 30 to explore all kinds of opportunities and ideas. Even if only 10% of the ideas succeed, both parties benefit." Both partners truly see each other as valued partners. Micha continues, "Our Vested relationship enables us to collaborate so naturally that we automatically reach out to one another with ideas, without questioning whether Solutions 30 is the right party to do this with. The flexibility of the contract gives the space to explore transformation initiatives without changing the contract which is great."

Ton loves the fact that the partnership has exceeded his expectations about career opportunities. "Every day there seems to be more opportunities for former Telenet employees. We see technicians being promoting to trainers or other senior roles. Els, the financial controller during the contracting phase is now managing the partnership contract, and I have personally also benefited from the growth opportunities. When I started down this journey, I was the procurement director at Liberty Global (parent company of Telenet) and made the shift to the Transformation Manager after the initial transition. Most recently I was promoted to the CEO of Unit-T business division of Solutions 30."

In writing this case study we interviewed key leaders from Telenet and Solutions 30. We asked them how they would describe their Vested relationship to outsiders. The results? Words like 'trust', "win-win', and "innovation". (Word Cloud shown in Figure 13).

FIGURE 13: WORD CLOUD ON VESTED EXPERIENCE

LESSONS LEARNED

For both Telenet and Solutions 30, their Vested journey has been an amazing transformation. When asked what lessons learned they could share with others considering Vested, the Top 10 most important lessons for them stem from the first 6 months.

TOP 10 LESSONS LEARNED
1. Get the mindset in place
2. Get the right people on the team
3. Use a Request for Partner – not a Request for Proposal
4. Follow the process; the Vested rules are in an order for a reason
5. Live into your Statement of Intent
6. The pricing model takes time to get right
7. Onboard. Onboard. Onboard.
8. Invest in full-time dedicated transformation roles
9. Keep your governance alive
10. Keep your contract alive

1. Get the Mindset in Place

First and foremost, don't underestimate the need to get the right mindset in place - both at the management/executive level as well as on all business levels beneath. Recall for both Telenet and Solutions 30, the collaborative mindset was not a given from the start. But the parties expressed their intentions early in the tender process and that helped the parties get started. As one team member put it, "It is crucial to build trust and that takes time. If you do this right from the start and take the time to build trust and promote the right mindset, the contracting and implementation process will be much smoother."

Luc suggests those thinking about a Vested journey should "Be honest and open throughout the process. Transparency will pay out during the process." He also adds "Communication cannot be underestimated." This requires a thorough stakeholder analysis and communications plan for both organizations.

2. Get the Right People on the Team

Team members echo the importance of getting the right people on the team from the start. Their advice? “You need people that are open-minded, innovative and really believe in win-win. Everyone needs to understand the situation and be bought into the fact that change is essential if you want to drive transformation and innovation.

This is especially true when you enter the contracting phase. Team members advise “Don’t wait to get legal and finance involved. If they are part of the core team from the start, it will be significantly easier to work through the contract and transition.”

Another team member adds getting the right people on the team does not stop with signing the contract. “Once the contract is signed, take your time and think carefully about which persons need to fulfill which positions and roles in the new partnership as this will drive success.”

3. Use a Request for Partner, Not A Request for Proposal

Recall Telenet started with a traditional Request for Proposal and only shifted to using the Vested methodology for the contracting phase. While this worked, all admit it was not ideal. Ton had a front row seat for both phases and provides the following advice: “The change from a classic RFP to a Vested approach midstream is challenging. We wanted to have a collaborative win-win solution – yet we led with a traditional tractional bid process. It would have been much easier to implement the Vested model if we started with the Vested Request for Partner process during the tender phase.”

Micha Berger (the Telenet CTO) adds a great piece of advice as well. “Don’t be suspicious toward the other party; not everything needs to be a competition. Instead choose to build trust to create opportunities together. Be transparent and trust each other to do the right thing. Only then do you create space to be innovative together.”

Both Ton and Micha caution those thinking about a Vested journey by stating that is essential to pick a supplier with the right cultural fit. “If you select a more traditional service provider then you will most likely get a traditional way of working.”

4. Follow the Process: The Vested Rules Are in Order for a Reason

All individuals involved echo the sentiment to ‘Follow the process’. “Take one step at a time. Do not start on a Rule until the previous work is completed. One example is building the dashboards. It was very hard to build dashboards to steer information when the Desired Outcomes (Rule 3) and the Pricing Model (Rule 4) are not fully finalized.”

5. Live into Your Statement of Intent

The focus on behavior and speaking up when someone does not act as agreed in the Statement of Intent remains of undisputed importance. One team member shared his perspective: “With Telenet and Solutions 30, individuals who were previously colleagues now found themselves in the role of a subcontractor. Individuals that had a hard time following the Vested way of working caused a serious risk when they would not be transparent or let go of old mindsets and ways of working. For this reason, it is important to correct behaviors in a timely manner using the Statement of Intent to nudge people back into intended behaviors. Having champions in both companies to promote the desired behaviors outlined in your Statement of Intent make a huge difference.”

Team members also recommend those considering Vested follow the suggested process of organizing workshops during the ‘solution design’ phase which promote full transparency and co-creation to set the correct tone.

6. The Pricing Model Takes Time to Get Right

Another important lesson is that it takes more time than you think to develop a good pricing model with incentives. Team members offer sound advice. “Crafting a pricing model was a much more complex discussion and took much more time than expected. Consciously taking of the ‘old hat’ and putting on a new ‘What’s in it for We’ hat was tough, but essential.”

Els adds, “In order to get the pricing model right, it is important to take time to create an excellent Requirements Roadmap linking to your Desired Outcomes. The pricing model is tied to your Desired Outcomes which ultimately incentivizes the parties to collaborate to achieve the outcomes.” He also recommends making sure the team members building the pricing model fully understand the required financial dynamics so the model can drive the right behavior towards reaching the Desired Outcomes. “Take time to think this through and to calculate the different scenarios. In this way you can prevent perverse incentives from happening. For example, do agree upfront on a timeline for the value sharing. If value sharing lasts indefinitely, it will not drive further initiatives, but rather make people feel too comfortable”

Els pauses to add: “Do not underestimate the impact of an outcome-based pricing model from an administrative point of view, as it requires an open book method with full transparency on all financials.”

Last, team members Els and Ton suggest avoiding making the pricing model too complicated. They echo the advice “Make it as simple as possible.”

7. Onboard. Onboard. Onboard.

Expect the transition period to be challenging. The lesson the team wants to share is to not underestimate the magnitude of both the physical and mindset changes needed – both of which require significant onboarding. With Telenet that meant onboarding hundreds of technicians – including 300 who shifted from Telenet to Solutions 30. In addition, IT systems had to be transferred.

Team members advise others thinking about Vested to "not fool management nor the team who will be going through the transition: nothing will stay the same." What helped Telenet and Solutions 30 was to establish a focused and dedicated onboarding "gang of 8".

Looking back, Telenet team members wish they would have spent more time properly coaching the newly involved board/executive level to understand the Vested methodology and the reasoning behind the contract.

8. Invest in Full-Time Transformation Roles

Another important tip the team wants to share is create a dedicated two-in-a-box team as Transformation Managers. "This is a design principle of Vested and it is very tempting to skimp on this. Don't skimp – just invest." Transformation Managers for key to drive innovation and transformation initiatives.

9. Keep Your Governance Alive

Telenet and Solutions 30 recommend teams implement their governance structure implemented in the right way. It is tempting to say, 'let's focus on getting through transition and then ramp up governance' One team member reflects: "The biggest change for me was around the new governance structure and mechanisms that enforced the Vested ways of working. We had to get used to manage the business together with Solutions 30 and letting go of the idea Telenet needed to manage Solutions 30 as a traditional 'vendor' relationship. Governance is crucial in making the real change and focusing on reaching the Desired Outcomes and Transformations together."

10. Keep Your Contract Alive

The final lesson learned from the Telenet and Solutions 30 case is to realize that a formal relational contract is not a contract you sign and put in a drawer. Ton Bosters emphasizes, "Your contract really should be your playbook and you need to work to keep your playbook current. This is not a bad thing – but a good thing. Business is dynamic and it is important to keep our contract in continual alignment with the business needs. This also allows us to keep the Telenet and Solutions 30 expectations in alignment with what both parties are doing to support the partnership and what they hope to get out of the partnership."

CONCLUSION

In 2016 Telenet found itself in a fast-changing Telecom world. What started as a six-month period of sole searching ending with a highly strategic sole-source strategic partnership with Solutions 30. While neither partner set out on a Vested journey, the more the parties envisioned the art of the possible, the more they knew that creating a Vested agreement would be the best approach for driving innovation and continual alignment. The Vested methodology flipped Telenet's existing transactional business model on its head and led to a hyper-collaborative and hyper-productive alliance. But what is equally impressive is that the parties have been able to sustain the positive momentum of their relationship after four years – and even accelerated on innovation with Covid-19.

Ask anyone involved and they will tell you it was not easy – but it was absolutely worth the effort. Team members involved challenge other organizations to consider Vested – but caution to heed their lessons learned:

Lessons Learned	
1. Get the Mindset in Place 2. Get the Right People on the Team 3. Use a Request for Partner, Not A Request for Proposal 4. Follow the Process 5. Live into Your Statement of Intent	6. The Pricing Model Takes Time to Get Right 7. Onboard. Onboard. Onboard. 8. Invest in Full-Time Transformation Roles 9. Keep Your Governance Alive 10. Keep Your Contact Alive

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FOR MORE INFORMATION

The University of Tennessee is highly regarded for its Graduate and Executive Education programs. Ranked #1 in the world in supply chain management research, researchers have authored seven books on the Vested business model and its application in strategic sourcing.

We encourage you to read the books on Vested, which can be found at most online book retailers (e.g., Amazon, Barnes and Noble) or at [www.vestedway.com/books.](http://www.vestedway.com/books)

For those wanting to dig deeper, UT offers a blend of onsite and online courses including a capstone course where individuals get to put the Vested theory into practice. Course content is designed to align to where you are in your journey ranging from Awareness to Mastery. For additional information, visit the University of Tennessee's website dedicated to the Vested business model at http://www.vestedway.com/ you can learn more about our Executive Education courses in the Certified Deal Architect program. You can also visit our research library and download case studies, white paper and resources. For more information, contact kvitasek@utk.edu.