



Agenda item: PL 2.1

Document C20/10-E  
27 April 2020  
Original: English

## **Report by the Secretary-General**

### **DALBERG PRESENTATION TO THE COUNCIL 2020 ON ITU TELECOM EVENTS STRATEGIC AND FINANCIAL ASSESSMENT**

#### **Summary**

Resolution 11 (Rev. Dubai, 2018) of the Plenipotentiary Conference instructs the Secretary-General, via *resolves* 3, to “hire an independent external management consultancy to perform a comprehensive strategic and financial assessment and review of ITU Telecom events, considering contributions from the ITU membership, and submit a report with recommendations and various strategies at the 2020 session of the Council for action”.

In his project, Dalberg has conducted an independent, transparent and fact-based review and assessment of the status of ITU Telecom events and the current business model, including an assessment of financial sustainability, and suggests alternatives for the way forward. The envisioned impact is to better position ITU in the crowded and competitive space of telecom events with a view to maximize impact, value addition, and sustainability; and enhance the impact of telecom tech and innovations across sectors and geographies.

#### **Action required**

The Council is invited **to note** the report, and **approve** its recommendation.

#### **References**

[Resolution 11 \(Rev. Dubai, 2018\)](#) of the Plenipotentiary Conference

## Introduction

Following instructions from Resolution 11 (Rev. Dubai, 2018) of the Plenipotentiary Conference, Dalberg has been hired to perform a comprehensive strategic and financial assessment and review of ITU Telecom events, and submit a report with recommendations and various strategies at the 2020 session of the Council for action.

The main presentation below summarizes in 6 pages:

- The context, purpose and envisioned impact of the project
- The key insights from the three main work phases:
  - Phase I: Landscape analysis of ICT events globally, and review of the ITU Telecom events' strategic foundation
  - Phase II: Assessment of the ITU Telecom events in their current design and delivery (focus on the last 10 years), with 3 lenses: Impact vs. the events' strategic objectives, Value Proposition for the participants, and Financial Sustainability
  - Phase III: Option generation and evaluation for the way forward (based on a rigorous and sequential approach)
- The description of the three prioritized options, followed by **one final recommendation submitted for approval by the Council**.

Due to the length of the PowerPoint presentation, this main presentation is available in all six languages, and the complete report which include the Appendices is available in English at the following link:

<https://www.itu.int/en/council/2020/Documents/Dalberg-presentation-ITU-Telecom-events.pdf>

**Dalberg**

# ITU Telecom events – *Strategic and financial assessment*

---

PRESENTATION TO THE COUNCIL

JUNE 2020

# Context, purpose and envisioned impact of the assessment

CONTEXT OF THE PROJECT	<ul style="list-style-type: none"><li>ITU Plenipotentiary Conference's 2018 resolution called for a <b>comprehensive strategic and financial assessment and review of ITU Telecom events, along with recommendations/strategies</b> to be submitted in time for the 2020 Council session</li><li>The Plenipotentiary Conference instructed the Secretary-General to ensure its implementation, through an independent external management consultancy</li></ul>
PURPOSE OF THE PROJECT	<ul style="list-style-type: none"><li><b>Conduct an independent, transparent and fact-based review and assessment of the status of ITU Telecom events</b> and the current business model, including an assessment of financial sustainability, and <b>suggest alternatives for the way forward</b></li></ul>
ENVISIONED IMPACT	<ul style="list-style-type: none"><li><b>Better position ITU</b> in the crowded and competitive space of telecom events with a view to maximize impact, value addition, and sustainability</li><li><b>Enhance the impact of telecom tech and innovations</b> across sectors and geographies</li></ul>
PHASE I FOCUS AND APPROACH	<ul style="list-style-type: none"><li><b>Phase I focus:</b> « <i>Determine ITU Telecom events' viability and ensure that they support the strategic goals of the Union, meet ITU membership's needs, and remain financially self-sustaining without impacting on ITU's general budget (A second phase may be launched to develop a redesigned program in accordance with the decisions of the Council)</i> »</li><li><b>Phase I approach:</b><ul style="list-style-type: none"><li>1. Landscape analysis &amp; review of the events' strategic foundation</li><li>2. Impact, value proposition and financial assessment of the events (in their current form)</li><li>3. Option evaluation and recommendation</li></ul></li></ul>

# Key findings: I. Landscape analysis and review of ITU Telecom events' strategic foundation



## LANDSCAPE ANALYSIS OF ICT EVENTS GLOBALLY

- **The ICT event landscape is crowded and rapidly changing** as new events appear and grow while some established events fail to keep up with the pace of change. **It is also increasingly competitive** as more events target the same stakeholders with similar offerings.
- In addition, the trends in the events industry and the ICT sector suggest that **ICT events will have to continuously innovate to adapt** to remain relevant and attract their target audience.
- **There is also internal competition within ITU's event portfolio** as many events are organized by the General Secretariat and the Bureaus, many of which targeting similar participants
- **Therefore, ITU Telecom events need a strong, distinctive value proposition with tangible results and impact potential** to attract and secure the target audience over time and achieve ITU objectives

## ITU TELECOM EVENTS' STRATEGIC FOUNDATION

- **The strategic positioning of ITU Telecom events suffers from several weaknesses** that have affected performance:
  - 1) A lack of clarity** (Written sources do not offer a coherent view of the strategic objectives) ;
  - 2) A lack of internal alignment** (Interviews with staff and CWG members reveal diverse views on the objectives, not always aligned with the objectives present in the documentation) ;
  - 3) A lack of stability**, with priority variations over time (strengthened by host country rotation)
- As a result, **the events are pursuing multiple objectives** (e.g., showcasing innovation, networking, knowledge sharing, influencing), which dilutes the value proposition and confuse participants.
- This also means that, across objectives, **ITU Telecom events overlap with the positioning of better placed events** (up to 20 times larger – e.g., MWC, VivaTech, Web Summit – or more focused) and while Telecom World presents itself as a “global generalist event”, analysis shows that it is no longer truly global and **does not match the associated expectations.**

# Key findings: II. Impact, value proposition & financial assessment of the events in their current form (1/2)



## IMPACT ASSESSMENT OF ITU TELECOM EVENTS (against their strategic objectives)

- This impact assessment aimed to evaluate to what extent ITU Telecom events meet the **4 objectives** most consistently referred to in official documents (e.g., Resolution 11 and ITU Strategic plan) : **(1) promoting innovation for social impact, (2) supporting the SME sector, (3) addressing major trends in the ICT industry, and (4) fostering public-private collaboration**. It was carried out by component (exhibition, forum, SME program, networking) and overall (incl. synergies between components).
- The content and format of the events' key activities show intention to make progress against these objectives. However in practice, **each activity shows weaknesses preventing the materialization of intended impact at the envisioned scale**, across the following dimensions:
  - i. Program relevance (e.g., lack of innovative forum sessions, low attendance of the exhibition)
  - ii. Presence of change actors (e.g., lack of private sector, declining seniority, geographic imbalance)
  - iii. Sustained commitment following the event (e.g., lack of trackable commitments)
- **As a result of these weaknesses, ITU Telecom events in their current design and delivery are not well-suited to achieving impact against the 4 objectives defined in the Strategic Foundation .**

## VALUE PROPOSITION ASSESSMENT OF ITU TELECOM EVENTS

- For 15 years, ITU Telecom events have faced declining participation, especially from corporates, partly due to new private-sector organized competing events. The event adapted its format and expanded its scope, but **attendance has not picked up and value proposition is poorly perceived**:
  - **Past participants' Net Promoter Score** (ratio of promoters vs detractors) **is low vs. comparable events** (between "perceived negatively" and "seen as a mixed experience with large room for improvement".
  - More precisely, **corporates are particularly dissatisfied** (negative *Net Promoter Score*, equivalent to a "very negative" impression on participants), while **government officials are relatively more positive**.
  - **SMEs gain some value from the event, but still believe there is significant room for improvement.**
- Finally, there is a shared perception that **two separate tracks with little to no synergies co-exist**: a senior track with high-level participants focus on the forum and exclusive networking vs. a lower-level track with SMEs and lower-level corporates attending the exhibition and the SME program.

# Key findings: II. Impact, value proposition & financial assessment of the events in their current form (2/2)



## FINANCIAL SUSTAINABILITY ASSESSMENT OF ITU TELECOM EVENTS

- **Value proposition weaknesses and ITU Telecom's internal constraints have affected its financial sustainability.** Profits are low and declining (from 0.8m to -0.3m CHF in 2014-18) and revenues (other than host country contributions) have severely declined (from 15m to 3m CHF in 2009-18).
- **The event's (limited) ability to generate profits entirely depends on host country contributions.** Without these, ITU Telecom events would make more 2.5m CHF in losses annually on average.
- **Value proposition weaknesses affecting financial sustainability:** reduction of the exhibition revenues is the single most important factor of the event's deteriorating financial performance.
  - **Exhibition revenues declined from 14m to 3m CHF in 2009-18 (equivalent to 84% of total revenues drop)** ; mostly due to a decline in space rental – reflecting declining appeal/relevance of the exhibition's value proposition.
  - Forum admission revenues also dropped from 1.4m to 0.3m CHF – reflecting the forum's falling value proposition.
- **ITU Telecom faces internal constraints that limit its ability to be financially sustainable:**
  - **Programmatic constraints** (e.g. focus on SMEs, requirements to ensure affordability to developing countries);
  - **Operational constraints** (e.g. country rotation, Member States free pass requests, UN cost levels & processes)
  - **Financial constraints** such as the systematic transfers to the Exhibition Working Capital Fund (EWCF) and the requirement for Telecom's Secretariat to run balanced biennial budgets, which prevents long-term investments.
- **Telecom's poor financial performance undermines the requirement of "financial viability and "no negative impact on the ITU Budget" as required by Resolution 11.** For example, EWCF which holds all accumulated profits of the event, has *de facto* moved from being an important financing source for ICT development projects through the ICT Development Fund (ICTDF) to being a cash reserve to address ITU Telecom's potential liabilities in case of termination or event cancellation.
- **Moreover, there is potential under-reporting of the true cost of ITU services to Telecom.** While there is no clear mechanism to quantify the services provided by ITU to ITU Telecom, the decision-making process for setting the cost recovery amount (set by the General Secretariat) and the amount evolution over the past years suggest that it might be calibrated to support the event to break-even.



# Key findings: III. Option evaluation and recommendation



## Key learnings guiding the option generation and evaluation

- Four main learnings emerged from ITU Telecom events assessment:
  1. **Need for strategic alignment on mission and objectives:** Future events should have a well-articulated strategic foundation, highlighting their role to achieve ITU's strategic goals. It should be communicated internally and externally so that organizers and participants strive to achieve common goals;
  2. **Need for a distinctive event identity with strong value proposition.** Future events should focus on target stakeholders' needs, combining event components coherently, to build a distinctive identity. Given the competition, it must be additive to the market and built on ITU's comparative advantage;
  3. **Need for coordination with other ITU events, ensured by adequate governance.** Future events should not seek to add to the crowded ITU event agenda, potentially leading to cannibalization. Where possible, the future event should seek to build synergies and potentially partner with other ITU events. A Union-wide governance body (incl. Bureaus and Secretariat) would help to ensure this coordination.
  4. **Need for trade-offs between impact and commercial sustainability.** Depending on the objectives pursued, some event concepts might not be commercially sustainable and requiring subsidization, potentially from ITU's budget. It is important to be aware of these areas of tension between impact and commercial sustainability and make the necessary trade-offs, rather than expect commercial profits from all events, regardless of their nature and mission.

## Rigorous generation and evaluation methodology

- Given these learnings, **we have taken a rigorous and sequential approach to guide the decision-making process** on potential future options for ITU Telecom:
  1. **Define the strategic positioning** of potential options by identifying unaddressed needs in the ICT sector that ITU Telecom could potentially address ;
  2. **Define the business and delivery model** to make sure that event concepts are coherent and have a strong identity, and to assess their financial profile (e.g., Can they can be self-sustained financially?)
  3. **Assess options for the governance and tactical positioning** of the event, particularly opportunities for partnership with other ITU events that share similar objectives or target similar participants
  4. **Look at operational choices** that can enhance the appeal and impact of the event's components. These options were further assessed again their impact, value proposition and financial sustainability.



# Recommendations

## Three prioritized and qualified options

- **Option 1: 3 to 4 small scale “Regional Forum Sessions” on ICT development in emerging and developing markets per year, organized alongside Regional Development Forums in developing regions.** These events would support developing countries strengthen their local ICT sectors by learning about the trends and innovations, about the ICT development journeys of peer countries, and communicating emerging needs/risks to drive coordinated action, incl. through regulation.  
→ *These events would require subsidization: each regional edition is expected to make ~2m CHF in losses annually*
- **Option 2: A yearly developing country focused “Digital for Development forum”, combined OR merged with WSIS** (WSIS describing itself as the “world’s largest annual gathering of the ICT for development community”): This event would drive innovation, adoption and use of ICT solutions in support of development objectives of developing countries. It would allow stakeholders to (i) learn about the latest trends in technology, policy, and regulation; (ii) display technological innovations, programs, initiatives, or policies; and (iii) network to build partnerships. It would take place in a fixed global location.  
→ *This event would require subsidization: each edition is expected to make ~4m CHF in losses annually.*
- **Option 3: Develop and organize exhibition and forum sessions dedicated to “Digital for Good” as part of a yearly Global Union-level event, also integrating WSIS and/or AI for Good Global Summit.** This landmark event would drive innovation, adoption and use of ICT solutions for the common global good in support of the SDGs. The event would offer to (i) improve collective knowledge of digital innovations for the common good, and (ii) enable exchanges among D4Good stakeholders to support adoption and scale and address potential risks. This would take place annually in a fixed global location.  
→ *Depending on the ability to attract corporates, this event could be profitable. On a base case, it could make ~1m CHF in profits. Smaller or larger number of exhibitors could lead to losses of ~1.5m CHF or profits of ~5.5m CHF.*

## One final recommendation

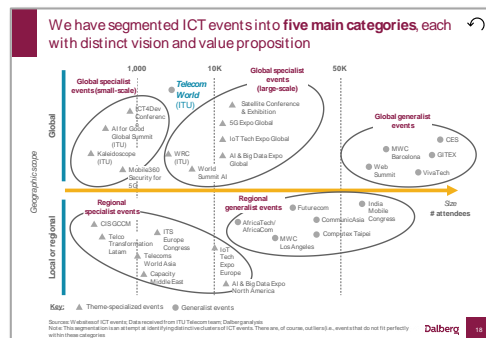
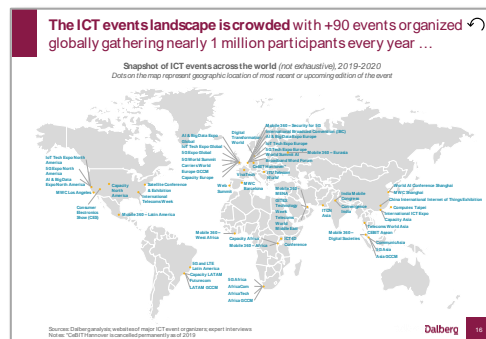
- **The first two options present the risk of reducing the scope of action of ITU Telecom events** from global and relevant to all, to only relevant for developing countries. On the contrary, **the global Digital for Good event** could allow to maintain a global reach. It also presents the dual-opportunity to fully redesign the event while keeping its distinctive Exhibition component, and to leverage ITU’s unique mixed membership to better address the ICT sector needs and eventually fulfill ITU’s mission of “broadening access to ICT to achieve sustainable development”.
- **Conclusion: We recommend to the Council to consider the opportunity of investigating further this 3<sup>rd</sup> option, through the Phase II already considered to design a global, major Digital-for-Good event.** This phase should include, among other, two decisive workstreams: i) An internal alignment exercise involving the 3 Bureaus and the Secretariat, to agree on a strategic event portfolio and on its operating model (including event governance); ii) A co-creation exercise with a subset of ITU’s Sector Members to clearly define their needs and what will make them participate and contribute to the future event.

# Complete presentation and appendix available in English

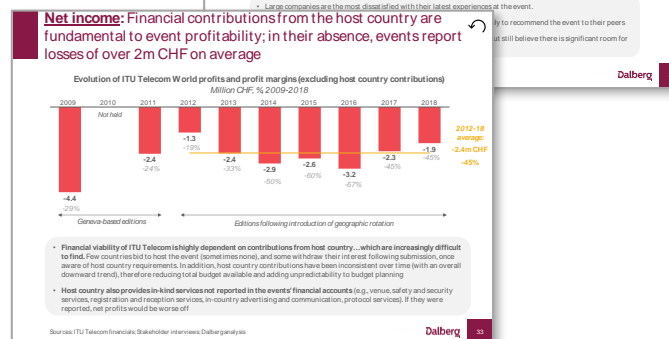
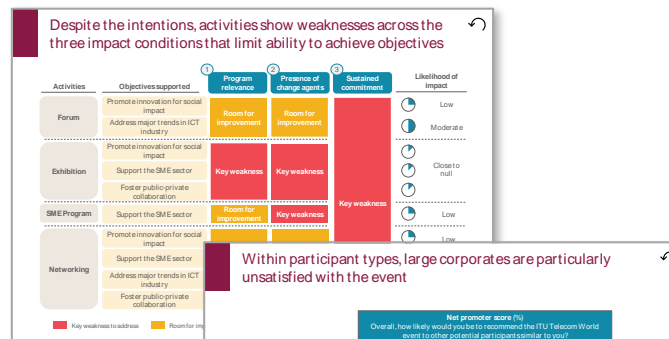
**Link:** <https://www.itu.int/en/council/2020/Documents/Dalberg-presentation-ITU-Telecom-events.pdf>

## Select examples of analyses and deliverables:

### 1. Landscape analysis and strategic foundation review



### 2. Impact, value proposition and financial assessment of the events



### 3. Option evaluation and recommendation

