

A message from our Chief Executive



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When I became chief executive in February 2019, I talked of BT's systemic importance to the UK's society and economy. I did that, not to underplay our role as a leading business partner to the world's multinational organisations, but to emphasise that our mission to build a better BT for the future is in the interests of the country at large, as well as our investors.

We are here to connect for good – for the good of our customers, the good of our colleagues, and the good of our country. These principles have guided our decision making throughout the Covid-19 pandemic. Our national leadership role is central to the UK's post-Brexit fortunes and to the Government's bold ambitions for digital infrastructure; but recent months have brought it into the sharpest focus in our company's history.

I am very proud of BT's response in recent months, but equally determined that we harness that same energy as we continue to transform the company.

We delivered financial results for the year in line with our expectations. However, due to the uncertainty resulting from the Covid-19 pandemic, we have at this time decided not to provide an outlook for 2020/21.

Though the Covid-19 crisis has challenged every aspect of our business, it has affirmed that our strategic course is the right one: building strong foundations through investment and bold transformation; innovating to create standout customer experiences; leading the way to a future in which our contribution to society is an integral part of our fortunes.

One of the universal lessons of the Covid-19 crisis has been the vital importance of our strong and resilient networks. These are playing a critical role in keeping the nation running, including connecting the Nightingale field hospitals across the UK.

Last year, we worked hard to secure the conditions for a transformative investment in full fibre broadband – technology we are already building out faster than any other operator in the UK. We have also lifted our ambition to passing 20m premises with full fibre by the mid- to late-2020s with the required critical enablers – underpinning the Government's vision for the gigabit economy.

Just as we're switching fixed networks from copper to fibre, in mobile the shift from 4G to 5G has begun. We are leading the charge, initially with the EE brand which in May 2019 became the first operator to launch its 5G service. We ended 2019/20 with 5G live in almost 80 cities and large towns across the UK.

Some of its most exciting applications are for business and public services. This year we ran trials in healthcare, transportation and education, testing new frontiers opened up by this step-change in the speed and strength of connectivity.

At the core of our strategy is the convergence of BT's leading network capabilities to provide unrivalled customer experiences. For large and global customers, work is already underway on a truly differentiated software-driven solution to deliver the modular, highly automated services required for success in today's digital economy.

BT Halo – the UK's ultimate converged plan – launched recently to an outstanding response from customers: almost a third of our broadband base has already signed up to Halo.

The spirit of our new brand, encapsulated as Beyond Limits, breaks down barriers to help our customers get the most from our services and support. The brand refresh was rooted in our biggest ever launch of new products across the company. 480,000 households have been moved from copper to superfast fibre free of charge. Responding to customers, we've brought all consumer calls back to UK or Ireland contact centres a year ahead of schedule. 900 Home Tech Experts are now out and about, helping people with setup and service at home. We've taken BT back to the high street, with a presence in over 500 stores. The response has been fantastic, with great feedback and a significant upturn in the inclination of public sector, large corporate and individual customers to recommend BT to their peers.

This spirit of determined, imaginative delivery for our customers drove our response to Covid-19. Unlimited home broadband for all, no data limits for NHS workers, extra support for vulnerable customers, virtual GP consultations, enabling intensive care patients to talk with their loved ones, flexibility and support for our small business customers... the innovation and pace of delivery across these and countless other initiatives were a credit to the entire BT team.

The BT of the future will be simpler and more agile. My colleagues – the bedrock of our future success – have shown they are up to that challenge. Our engineers, contact centre staff and others who serve as key workers have been true heroes. I am unashamedly proud of them and I thank them all for their service.

Early in the year we announced that everyone who works for BT was to be made a shareholder, giving them a direct stake in our shared future. Despite the challenging economic climate, in April 2020 we reaffirmed our annual award of shares – £500 worth in the first year – alongside steps to ensure that our frontline workers were prioritised in our approach to remuneration.

Our Better Workplace Programme is consolidating BT's UK footprint to around 30 modern, future-fit locations. The past year saw good progress, with hub locations across the UK confirmed and long-term homes announced in London, Birmingham, Bristol and Manchester.

A more efficient BT is a better BT – faster, smarter, more responsive, less frustrating for customers and colleagues alike. We are forging ahead with our drive for efficiency and simplicity, automating processes to cut costs, slimming down our product portfolio and making the most of the digital opportunity for the full range of customer interactions.

Building on the £1.6bn of gross cost savings delivered last year, this end-to-end simplification programme is expected to deliver £2bn of annualised gross cost savings over the next five years. In the context of a tough trading environment for our sector and the universal economic challenges resulting from the Covid-19 crisis, we will act to build firm foundations for our business and a strong long-term value proposition for our shareholders.

We have already progressed the sale of non-core parts of our business, such as BT Fleet Solutions and our IT business for the legal profession, Tikit. Internationally, as we sharpen our customer focus on the leading transnational organisations, we are divesting some infrastructure no longer needed to deliver global services in the digital economy.

This clear strategic focus, alongside prudent control of costs and innovative investment to meet our customers' evolving needs, is what our shareholders rightly expect as we look to the future.

The next technological era is here. AI, machine learning, robotics and universal connectivity will change our world all over again. All can be a force for good, but only if we harness their power to the right ends. In recent months we have seen social media transmit malicious untruths about 5G, resulting in damage to vital infrastructure, the hindrance of health services and threats to our engineers. Yet we have also been proud to work with our partners in government to ensure that the responsible and careful harnessing of our data spurred the national public health effort.

What we do matters. We are woven into the fabric of the UK and play a vital role in delivering secure services to organisations around the world. Yet how we do it is of equal importance. We have shown that BT stands by the country, by its customers and by our own people. The months ahead will bring many further challenges but we should approach them emboldened, knowing that we have what it takes to build a stronger, better BT for the future.

Philip Jansen
Chief Executive
6 May 2020