



SISTEMA TELECOM: SYSTEMATIC GROWTH

Wolff Olins

+44 20 7713 7733

+1 212 505 7337

+9 7144 01 9581

www.wolffolins.com



Integration Sistema is one of Russia's great conglomerates, 60% owned by the business oligarch Vladimir Yevtushenkov. Its biggest division, Sistema Telecom, grew by buying up local fixed-line phone businesses as they were privatised, and by setting up a cluster of mobile phone businesses. The result was inevitably a jumble of brands. This made it hard for Sistema Telecom to exploit the convergence of fixed-line, mobile, broadband and television services. More importantly, potential investors – particularly outside Russia – wanted a more coherent proposition. Without destroying the brands it had built, Sistema Telecom set out to integrate its business.

Potential Wolff Olins explored a spectrum of approaches, including the Orange model (one brand for everything) and the Deutsche Telecom approach (different brand names for fixed-line, mobile and so on). Out of all the options, we recommended that Sistema Telecom keep its family of brand names, but unify them through a shared symbol – an egg to represent the potential, the transformative effects, of this technology. For consumers and business partners, the identity system and feel would imply shared characteristics of reliability, innovation and a customer-first approach.

Accelerated growth Sistema Telecom launched this new brand strategy in 2006. The brand approach helped fuel closer integration, which in turn helped accelerate the company's impressive growth. By the end of the first year of the integrated brand, revenues had grown 27%, and joint capitalization of companies under Sistema Telecom's management had grown by nearly 50% to \$20 billion. In 2007 its revenues grew by 32% to about \$10 billion. Today Sistema Telecom is the largest telecommunications group in Russia with more than 50 companies serving about 100 million subscribers.