

# JAZZTEL: THE VALUE IN COMMUNICATING CHANGE

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**As Jazztel's new Legal and Regulatory Director, and as the President of the Spanish telecoms industry association (ASTEL), Antonio García, is confident that his legal team can not only help**

## **progress the company's ambitious new business plan, but also to help it to find new business opportunities in an increasingly competitive and regulated market.**

Since its foundation in 1998 Jazztel has emerged among the most dynamic of the new wave of telecoms companies to enter Spain's newly deregulated, and expanding, market.

A UK listed company also listed on Spain's Nuevo Mercado, the appointment of Antonio García as Jazztel's new Legal and Regulatory Director, and as President of ASTEL the spokesman for the Spanish telecoms industry association, highlights the company's emphasis on bringing new thinking and energy to a sector experiencing increasing competition and new regulatory challenges.

Having originally focused on building its own fibre-optic network across Spain's major cities and creating its internet brand, Ya.com (which it sold for €500m in 2000), Jazztel's operations now however encompass fixed and mobile telephony, pay television, and internet and broadband services throughout Spain.

The last two years have seen the company look to consolidate its position, to continue to invest heavily in the creation of its own national fibre-optic and exchange network, and to focus its energies towards the packaging together (bundling) of its telephone, internet and television services, with products aimed specifically towards residential, business and wholesale customers.

### **New responsibilities**

The 11-strong legal team at Jazztel is led by Antonio García and based in the company's Madrid headquarters.

García himself joined the company at the start of 2008 having spent the previous nine years with Colt Telecom, España where he was also the Legal & Regulatory Director. In his new role he is however clearly enthusiastic about the future trajectory of the company and of the role the legal team has to play in the successful implementation of Jazztel's ambitious new business plan.

Jazztel, reconocida ya como una de las empresas líderes del mercado de las telecomunicaciones, ha anunciado un ambicioso plan de negocio para duplicar, tanto sus clientes como sus beneficios para 2010. El nuevo Director Jurídico, Antonio García, ve el cometido del departamento jurídico no sólo en proteger y facilitar los objetivos de expansión de Jazztel, sino también en jugar un papel fundamental en la búsqueda de nuevas oportunidades de negocio para la empresa.

His move, he says, has brought with it increased responsibility, a bigger legal team, and a much broader sphere of commercial and legal operations.

"Colt Telecom was effectively the Spanish branch of a larger telecoms company and this was reflected in the size and work of the legal team, which was focused predominantly on commercial issues. At Jazztel the legal department is not only bigger, with nine lawyers, but also much more heavily involved in the strategic operations of the company," he says.

At Jazztel, García is a member of the company's Senior Management Team and reports directly to the Chief Executive Officer, José Miguel García Fernández, and Company Secretary, José Ortiz Martínez.

The legal team's responsibilities, he says, are divided into company commercial issues, customers' issues (such as complaints handling) and regulatory, and while the day-to-day regulatory environment facing Jazztel may be similar to that faced by Colt, the new role still presents many new challenges.

"Jazztel operates across the retail, business and wholesale sectors, whereas Colt was focused predominantly towards businesses, and its legal needs extend not only to its operational sectors but

also encompass stock exchange issues – the company is a UK plc listed on the Spanish Nuevo Mercado.

## In-house

In terms of managing the legal departments' work load, García says the strategy is to handle as much of the work in-house as possible.

"The legal department is a nice size and one which offers us the ability to focus on specific areas of work, and to manage issues as they arise, it also very much helps that we are involved in the most important decisions of the company."

Alongside the specific areas of legal responsibility – commercial contracts, user and regulatory issues – Jazztel's lawyers are also able to give emphasis to either provider, enterprise or wholesale customer issues. In addition, Jazztel's pay television operations generate substantial broadcasting and regulatory issues, while the implementation of Spain's new data protection rules inevitably presents a core area of work.

"To help focus the department's work towards the more high value and commercially important issues we try to utilise standard form and template agreements where possible, notably related to retail consumer issues," he says.

“The onus placed on legal departments has changed completely. It is really important that we play an active and not only a passive role in the company's business.”

The work that is typically outsourced is that which goes beyond the company's day-by-day needs, or requires a lot of resource in a short space of time, typically stock exchange and major transactional issues. In addition, tax issues are regularly outsourced although responsibility for them lies outside of the legal department.

"As a UK registered company we inevitably face English law issues, and while I have nine years' experience at another UK company, Colt, all of Jazztel's international law issues are outsourced."

The legal department, he says, uses a preferred panel of law firms, which includes Linklaters for corporate and transactional and English law issues, but also Clifford Chance for litigation, and specialist firms such as Clarke Modet & Co for trademark issues.

Nonetheless García is happy to use other law firms. "If specific issues arise we are confident in being able to seek the best advice available, and this inevitably means that we are open to new firms."

## Technical expertise

García highlights that as Jazztel is pushing the boundaries of developments in the telecoms sector in Spain, the bundling of products and expansion in to new areas such as television on demand, its lawyers are often working at the cutting edge of sector issues.

He himself helped gain one of the first licences that were awarded in Spain after the liberalisation of telecommunications, at Colt, and negotiated interconnection contracts that made it possible for multiple operators to perform in the Spanish market.

"The expertise that is required of the company's lawyers extends beyond mere legal expertise he emphasises, and must also combine technical sector expertise, particularly when it comes to assessing the impact of regulatory issues," he says.

García qualified with an LLM in Telecommunications Law before joining noted telecoms firm Cremades & Sánchez Pintado (now Cremades & Calvo-Sotelo), and then moving to Colt. He is also now President of the Spanish Telecoms Industry Association ASTEL (Asociación de Empresas Operadoras y de Servicios de Telecomunicaciones).

## **Ambitious**

Jazztel now operates the largest independent fibre-optic network in Spain, with over 250,000 customers. In March it published an ambitious business development plan in which it predicts a doubling of customers and revenue, from the current €300m to between €560-€600m, by 2010.

The company has placed significant emphasis on increasing its customer service, response and service delivery times, following a rise in customer complaints after the relocation of its customer care unit to Argentina, and to build on its high profile marketing campaigns – the company is second only to Telefónica in brand awareness across the sector.

Jazztel however hopes to capitalise particularly on the predicted increase in internet and data traffic, and to bundle its telephone internet and television products in line with the also predicted rising levels of broadband penetration in Spain. Fixed broadband penetration in Spain is currently around 16.8% of the population, against an all-EU average of 18.2, and an average of 20.9% in for example the UK.

It is predicted however that broadband penetration will reach 70% of households by 2010, and Jazztel hopes to increase its current market share from around 4% to almost 6% over the same period.

A key strategic aim of the work of the legal department, says García, is therefore to help assess the business environment for Jazztel in line with its ambitions. The challenge is, however, not only to protect the company's position and market goals, and to highlight potential future issues, but also to highlight potential future opportunities.

"A key aspect of my role, and of the legal department, is to play an active role in progressing the company's plans," he says. "It is important for us therefore to follow and assess the potential future regulatory environment, and how this may impact on the sector and Jazztel particularly. But it is important not only for us to spot potential issues, but also to highlight potential opportunities as and when they may arise."

The company has to consider issues that arise not only from the Spanish Telecoms Regulator (Comisión del Mercado de las Telecomunicaciones – CMT), and issues that may arise with the Spanish Stock Exchange but inevitably also the increasing impact of European Commission rulings and investigations.

"The European Commission, along with the CMT are currently undertaking an extensive study of the telecoms market, and we have to be able to put our perspective forward, and to be able to manage the company's ambitions appropriately."

And alongside such an analysis of the regulatory and compliance environment, the legal department is also now responsible for assessing potential commercial risks, and to have an awareness of corporate social responsibility issues, says García.

"The onus placed on legal departments has changed completely. It is really important that we play an active and not only a passive role in the company's business. It is no longer enough to say no to the business, the company's lawyers have to help grow the company and to succeed," says García.

Curriculum Vitae

Name	Antonio García Martínez
Position	Legal & Regulatory Director, Jazztel
Career to date	President, ASTEL Legal & Regulatory Director, Colt Telecom Lawyer, Cremades & Sánchez Pintado