# Group 3 – Telefonica – Alpha

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| *Assignment:*   * *Answer the following questions :*   + *Slide 1: Present quickly Alpha Health*   + *Slide 2: Is “Alpha Health” a moonshot?*   + *Slide 3: Why is Telefonica targeting this moonshot? Why is it counter-intuitive?*   + *Slide 4: What are the Open Innovation practices?*   *Remark : use the articles to construct the answer but you can also develop answer we ideas that are not in the articles*   * *Each group has to present their answers in 15 minutes max* |

## Trevor Clawson (2017), theatlantic, “A Team Game - Can Telecoms Giant Telefonica Collaborate Successfully With Entrepreneurs?” < https://www.forbes.com/sites/trevorclawson/2017/10/31/a-team-game-can-telecoms-giant-telefonica-collaborate-successfully-with-entrepreneurs/?sh=6456ab261af5>

Running east to west across Barcelona,  the Avinguda Diagonal is an 11 kilometer stretch of  tree-lined road that enables the city’s residents and its visitors to move relatively easily from one district to another. If you want to go shopping, visit a museum, take in some modernist architecture,  or get to an appointment, the chances are that the Diagonal will get you most of the way to where you want to go.  And latterly, stretches of the avenue - or to be more precise, offices and work spaces in close proximity -  have been attracting increasing numbers of technology startups, a trend that has been quickened by an official drive to establish the freshly-branded 22@ district as Barcelona’s innovation hub.

But I’m looking down at the avenue, not from the window of a co-working center populated by eager startups , but from the fifteenth floor of Diagonal Zero Zero, an office block that is largely occupied by  Telefonica.  The tower sits  at the eastern end of  Diagonal,  positioning the telecom giant close to the burgeoning Barcelona tech community.  And the location is appropriate. I'm here to talk to Pablo Rodriguez and his team at Alpha, an initiative that should see Telefonica forging links with an increasing number of startups and entrepreneurs, both in the city and elsewhere, to drive forward ambitious projects.

**From Big Telco To Disruptive Player**

Telefonica is, on one level, the epitome of ‘big telco’  As a former state-owned monopoly  it is more than accustomed to being the biggest player in its home market and since privatization it has expanded its operations across  Europe, Latin America and the US. But with  the core telecoms market - broadband, landlines, mobile, etc. -  becoming  increasingly commoditized, Telefonica is  keen to tap into the tech startup scene in Barcelona, not least through an accelerator program known as Wayra.

And more recently, the company has given the green light to Alpha - essentially a variation on the Google X, corporate skunkworks theme, originally envisaged by CEO Jose Maria Alvarez-Pallete and now operating as a semi-autonomous unit with its own governance structure. The aim of Alpha is to  identify and bring to market  disruptive technologies and business models that have potential to change the world. To deliver on its vision,  Alpha aims to draw on the expertise of established entrepreneurs to guide its ideas from the drawing board to the big wide world.

**Bringing in Entrepreneurs**

As Alpha CEO Pablo Rodriguez explains when a project - dubbed a moonshot - it is given a green light, the next stage is to appoint a captain - and typically that will be an entrepreneur.  “Our captains need to have experience in the field, “ he says. But they also need to be entrepreneurs. They need to have experience of entrepreneurship and they need to be able to put together a team.”

So what does all this mean in practice?

At any one time, the internal team at Alpha will be playing with perhaps 100  technology-focused ideas. Nothing, is off limits, You would expect a telecoms company to be looking at areas such as blockchain, the internet of things or big data, but the technologies under discussion also include, for instance, advances in neuroscience and what that means for human/machine interfaces.  These are worked up through a mix of 'ideation' sessions and informal discussions. Over time (and it’s a continuing process) the majority of ideas are quietly dropped, leaving perhaps a dozen, at any one times,  that might have legs. Roughly once a year  , one will be chosen as a “moonshot” and funding allocated.  At that point the entrepreneurial captain will be appointed and a team created, and a map of the way ahead drawn up. "It is the captain who will lay out the 5-7 year plan and milestones along the way," says Rodriguez.

**Shooting At The Moon**

As things stand, Alpha has two moonshots in development - one focused on delivering energy to those parts of the world that are currently disconnected from the grid and the other aiming to use data to improve the health outcomes of individuals. Both of these fall well outside Telefonica's traditional stomping ground.

Which in part explains  why the idea of entrepreneurship is so important. Corporate businesses often fund extensive R&D departments and in many cases staff are invited to think out of the box. Telefonica itself  has been doing this for many years. But The difficulty for a large organisation lies in implementing an idea that sits outside the corporate comfort zone. To get off the ground, it will have to get past the board and even then, it may not be something that sits well within the culture of the organisation. The chances are there will be no internal expertise.

Rodriguez -  who himself worked at Bell Labs before decamping to Silicon Valley - says corporate R&D often fails to deliver because researchers - and the companies - don’t necessarily have resources, vision or board level backing to shepherd them to the market. You could also argue perhaps that the majority of corporate businesses aren't that good at disruption.

Hence the Alpha Focus on building teams headed by experts with entrepreneurial skills. Oliver Harrison who heads up Alpha Health is a case in point.  A trained doctor, he helped create a data-based health infrastructure for Abu Dhabi  In 2013, he founded Ithaca Health, a company that aimed to use data to bring about behavioral change. The company failed, but that experience, paved the way for his current role as a moonshot captain.

**Step By Step**

It’s early days. As Harrison explains, the aim of the project is to use data to empower individuals to make better choices in areas such as diet, exercise and smoking habits to reduce the incidence of heart disease, diabetes, cancer, strokes, etc. Crucially data will also be used to identify those who are most likely to respond. Early tests have gone well, but as Harrison acknowledges, one key challenge is monetization. “Selling to insurers is very tough and selling direct to the public is  also very tough, so we have to think outside the B2B or B2C box.  At the moment, we’re looking at some of the payment models that are coming out of the sharing economy.”

In addition to hiring entrepreneurs, Alpha is keen to collaborate with a large range of organisations, including scientists, NGOs, entrepreneurs and startups. "We realize we can't do this alone. The only way to do this is through collaboration," says Rodriguez.  And as innovation Officer Maurice Conti adds, for some moonshot projects, buying a startup might provide an out-of-the-box team.

**Signing On**

So what if you’re an entrepreneur  keen to work with Alpha. At one level, Rodriguez is keen to describe the unit as a Knowledge Hub, where all are welcome to share ideas and collaborate, while also providing incentives to do so.

But when it comes to recruitment, Alpha is picky. Captains and other senior team members are chosen through a process in which the ideal candidate is profiled and then matched to a real world individual. Slightly spookily, Alpha starts by giving its ideal candidate a name and biography and even set of personality traits that would be right for the project. The next step is to find the closest match in the real world.

Like many tech startups, Alpha is seeking to solve big problems and make money in the process and with Telefonica as an arms length shareholder it can draw on patient capital. By creating lean teams headed by captains, it hopes to emulate something of the agility of startups while also drawing on entrepreneurial expertise through recruitment and collaboration.

Time will tell if this approach will successfully meld corporate objectives with the agility and ability to drive forward ideas characterized by entrepreneurs. Proof of the pudding will be the emergence of  strong, sustainable, tech-led businesses.

## David Reed (2019) “Oliver Smith - Telefónica's healthcare moonshot and dreaming big”< https://www.dataiq.co.uk/articles/articles/oliver-smith---telefonicas-healthcare-moonshot-and-dreaming-big>

Oliver Smith is strategy director and part of the health moonshot at Telefónica Innovation Alpha. A keynote speaker at this year’s Data Summit in Edinburgh, he explained to David Reed what the project is aiming to achieve and why he made the move from healthcare and philanthropy into innovation and the “moonshot factory” working on a personal healthcare assistant.

**First of all, can you tell our readers about Alpha - its vision, mission and scope?**

Of course. Alpha is Europe’s first “moonshot factory”. That means we’re an innovation facility that tries to solve big societal problems by using breakthrough research and technology. We were created by Telefónica in 2016 and I lead on strategy for our health moonshot.

**A health moonshot sounds like you have in view a goal that is hard to achieve - what is it and how are you approaching it?**

Yes. Moonshots are big, audacious projects. They’re long-term bets where we believe we can solve a problem to affect positively the lives of hundreds of millions of people.

For Alpha Health, our goal is simple. There are currently millions of people in the world living with chronic disease. Whether it’s heart disease, diabetes or mental health difficulties, these chronic diseases are now the leading cause of death globally.

At Alpha Health we know that the biggest contributor to these diseases is human behaviour. Things like eating too much salty or sugary food, sleeping poorly, or smoking.

So, our goal is to combine cutting-edge cognitive science, trustworthy technology and compelling design to create a personal health assistant that helps people to change their behaviour so that they are healthier and happier. This will radically reduce the burden of chronic disease globally.

**Health is a social issue and also a major area of public funding and commercial investment. How do you involve such a wide range of stakeholders in the project?**

 Our focus on improving health and happiness through behaviour change helps to prioritise who we work with. In general, we have three types of partnerships. The first are the research projects that we undertake with leading universities and hospitals across the UK, US, and Spain.

The second type of partnerships are oriented towards creating and testing commercial prototypes. Here we work with other technology companies, as well as other parts of the Telefónica group.

Finally, we are putting even greater emphasis on working with NGOs and organisations that are focused on the broader social issues that our efforts sit within, not least questions that relate to data, trust, and ethics.

Once we have identified an area to work on, we then seek out the best minds within the best organisations. Take some of our work on body image. We wanted to test an approach to help people suffering from body dysmorphic disorder - when someone is obsessed over an aspect of their body they perceive as flawed. We could have tried to tackle this ourselves. But we take an open collaborative approach and want to bring the best minds together. So we worked directly with the Chief of Psychology at Massachusetts General Hospital, someone who had extensive experience in this specific area.

I genuinely think that’s the only way you can make meaningful progress against such a big goal. Stay focused and work with the best minds you can.

**The UK has a very different model for healthcare than most other countries (where it is insurance-driven). How does this influence your project?**

 If you want to have a global impact, you have to build a strong understanding and experience of the global market. That means we have to build out our expertise and engagement across the full range of global healthcare environments.

Just in our own team, we have people that have worked for the NHS, for major US hospitals and the Abu Dhabi Health Service. Our scope is further expanded by our partnerships - we are already working closely with organisations in Spain, the UK and the US, and in discussion with organisations in Germany, Singapore, Hong Kong, Brazil, and Chile.

Clearly, when it comes to things like data and specific domestic regulations, you need to be working with the very best people on the ground in those markets to make sure you’re engaging properly. But, ultimately, we believe it’s the breadth of knowledge and experience we bring together at Alpha that holds the key to making significant progress towards our goal.

**What is the role of data and analytics in Alpha?**

 To put it simply, all of our work starts and ends with data and analytics. Whether it’s assessing market size and fit at the beginning of a project, or fine-tuning a product through measurement and evaluation.

We take the view that if you’re bringing the brightest minds together, they need to be supported with the strongest evidence base and data possible. For us, this is more than just having a dedicated data or analytics team. We need all of us at Alpha to be incredibly comfortable engaging with data and what it’s telling us, and then layer that in with other factors and experience to decide our next move.

I actually think, or hope, this question will become obsolete in the near future in the health field. To my mind, if you’re not engaging with data and analytics in the healthcare field at the moment, then you’re not going to maximise the health benefit that you can provide to people.

**What is your view of how individuals will access and/or control their personal healthcare and patient records in the near future?**

 I hope that this is something we’ll all come to view as a standard part of how a health system should work. However, I believe that the real benefits for patients lie not just in them having access to their own data, but that data being presented in a more meaningful way, in the context of what is important to them as individuals.

For this to become a reality, institutions are going to need permission to analyse and share data at scale so they can build reliable models and predictions. And they will only get that permission if they are trusted. Getting trust right holds the key.

Fundamentally, it is patient fears over data sharing that could hold health services back significantly from delivering smarter, better and safer services. It is too easy to dismiss these fears as a form of digital nimbyism which can be overcome by appeals to some, often nebulously described greater good. However, I believe that this is the wrong approach. We must listen carefully and address rather than seek to circumvent these legitimate concerns.

It is for this reason that Alpha Health is paying so much attention to creating trustworthy technology, with an emphasis on explainability and preserving privacy. If we can get this right, I believe people can fully benefit from the information that their records hold, presented in a personalised way that supports them to make the choices they want to improve their health and happiness

**What drew you to this role and project?**

 I joined Alpha in 2016 having spent a decade or more working in health, first in the UK Department of Health and then as a philanthropic investor for Guy’s and St Thomas’ Charity. In that time, I became more and more excited by the potential that technology holds to improve health, but also increasingly frustrated with the pace of change.

As a strategist, you always dream of working on programmes with global ambition, patient, multi-year funding, and access to the best talent across sectors. Therefore, working for Alpha is essentially my dream job! I feel incredibly lucky and privileged to be working at the cutting edge of health, alongside people who are at the top of their game.

## David Reed (2019) “Oliver Smith - Telefónica's healthcare moonshot and dreaming big”< https://www.dataiq.co.uk/articles/articles/oliver-smith---telefonicas-healthcare-moonshot-and-dreaming-big>

**Telefónica** has created **Koa Health**, a new company that splits itself from **Alpha**, its disruptive projects laboratory that was born in 2016 with the main objective of “using cutting-edge technology to tackle some of the most important challenges in society.

The new company that includes the entire project [Alpha Health](https://www.alpha.company/alpha-health/) (i.e. Alpha’s health branch) continues to be owned by **Telefónica**, but also has the investment of funds **Ancora Finance Group y Wellington Partners**, specialists in cutting-edge companies in the health sector.

**Telefónica** will continue to be an important customer and partner as the company develops its product portfolio, while **Ancora Finance Group y Wellington Partners** will be represented on the board of directors of **Koa Health.**

The new company –spin out from **Alpha-** a first financing of 14.1 million euros has been secured by investors **Ancora Finance Group y Wellington Partners** in a round **A league** whose total value may reach up to 30 million euros.

**Koa Health** -following in the wake of **Alpha Health**– is a provider of digital services focused on mental health care with personalized solutions designed to improve the well-being of users. The investment will be used to expand operations in **Europe, USA and Asia**, expand clinical trials and promote R&D to personalize the offer.

### Koa Foundations

The first product of **Koa Health es Koa Foundations,** a mental wellbeing app that helps companies better support their human teams. After its recent launch, it is already used by dozens of companies with a total workforce of more than 250,000 employees.

**Koa Foundations** provides users with a library of evidence-based activities to improve their well-being, combat stress, sleep better, aid relaxation and positive thinking, and increase self-confidence.

**Telefonica Alpha** [was born in 2016](https://www.eleconomista.es/tecnologia/noticias/7277937/01/16/Nace-Telefonica-Innovacion-Alpha-la-operadora-quiere-impulsar-la-transformacion-digital.html) with the main objective of using cutting-edge technology to address some of the most important challenges in society. His star project is **Alpha Health**, which addresses the global mental health crisis to radically improve mental health access and outcomes.

Mental illness is the leading cause of years of life with a disability, costing healthcare systems around the world billions of euros annually. However, the mental health services have few means. In **United States**For example, only 5% of people with mental health problems receive clinical care.

There are also data that suggest that “if each clinical psychologist with training in the **United States** If you worked 50 hours a week caring for patients, they could only address 12% of current demand. ”This is an indirect cost of poor mental health of $ 300 billion borne by employers, families and communities.

### Alpha Health projects

In this sense, **Alpha Health** combines technologies with scientifically proven clinical and subclinical treatments that are accessed digitally, radically improving access to quality mental health care.

**Alpha Health** has developed four products on which the new proposal for **Koa Health**. Between them, **Evermind**, a mobile application for companies, with interactive programs and activities to help employees build their resilience in stressful situations.

It is also found **Mindset**, an ‘app’ for individuals who have been diagnosed with depression and anxiety that provides said individuals with digital therapy under medical supervision.

They have also developed **Perspectives**, a mobile application that offers therapy to treat different mental health disorders such as body dimorphic disorder or obsessive disorder, and **Foresight**, an artificial intelligence model for mental health systems, which is capable of predicting episodes of mental crisis up to 28 days in advance.

### Collaborations

**Alpha Health** has made significant advances in various areas of technology such as the development of algorithms based on historical health data and digital biomarkers related to stress, anxiety and depression, to monitor and predict the symptoms of mental health problems.

It has also created recommendation systems to offer the right intervention at the right time, as well as **internal and external evaluations of interventions in controlled trials** randomized trials to provide scientific evidence on the real impact they have on improving the mental well-being of patients.

In addition, it has implemented a rigorous auditing process to **avoid unintended biases** or discrimination against vulnerable user groups in models and algorithms.

Alpha Health has collaborated with **Massachusetts General Hospital, Center for Brain and Cognition, Universitat Pompeu Fabra (UPF), London School of Economics (LSE) y NHS Birmingham and Solihull (BSMHFT)**, among others.

## Read the case study

<https://www.greaterthanexperience.design/telefonica-alpha-case-study>