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Case Study: How AT&T Is Helping The Williams F1 Racing Team Become More Competitive

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EXECUTIVE SUMMARY

AT&T is the title sponsor and exclusive telecommunications services provider of the Williams Formula One (F1) motor racing team. Like any other business, F1 is a relentlessly competitive environment. AT&T is more than just a sponsor of the team; it is also a technology partner working to improve the performance of the team by utilizing information and communications technology (ICT). Following a lean spell, the team is on the up again with ICT contributing to squeezing out improved performance from the race car. Vendor strategists can learn four things from how AT&T is helping Williams F1: 1) Networks can transform performance in real time; 2) partner to prosper; 3) project your brand to customers in *their* markets; and 4) deliver solutions that add value to your customers' businesses.

SITUATION: AT&T NEEDS A VEHICLE TO PROJECT ITS GLOBAL CAPABILITIES

Although the AT&T brand is readily recognized in North America, this is not so in the rest of the world. AT&T today is focused on providing services to multinational businesses across the globe but needs a means to project its global capabilities. Investment in Williams F1 provides AT&T with:[1]

- **A global marketing platform to promote the AT&T brand.** AT&T is the title sponsor of the Williams F1 team.[2] The F1 race season comprises 17 races across five continents spread over nine months of the year.[3] Typical race audiences total 600 million TV viewers per race and include many of the target groups the company wishes to reach.[4] In addition to eyeballs, as a sponsor, each race meeting brings with it opportunities to interact with customers and dialogue with partners in the context of high-tech motor sports.

- **A means to demonstrate AT&T's technology and reach.** When AT&T joined the Williams F1 team in 2007, it aimed to be more of a partner to the team rather than simply a logo on the race car. As F1 becomes more high-tech, the ICT demands on the Williams F1 race team increases. AT&T's approach has been to shoulder some of the ICT load, allowing the Williams F1 team to put more resource into the race cars. In practical terms, this means linking the 17 race circuits across the world with the team's UK headquarters and enabling the engineers based there to provide support to the trackside teams in real time to improve the performance of the car at each meeting. To do this requires a global network with high quality standards.[5]

- **A differentiator for the AT&T brand outside North America.** F1 is the pinnacle of motor sports: It has the premiere brands (such as Ferrari, McLaren, and Williams), the best drivers (such as Kimi Räikkönen, Lewis Hamilton, and Fernando Alonso), the glamour locations (such as the Monaco

Grand Prix; the Circuit de Spa-Francorchamps in Belgium; and the Silverstone Circuit in Northamptonshire, England), and undisputed technological leadership in motor sports. As a sport, it primarily takes place outside North America.[6] It is leading edge and so attracts technology companies (such as Vodafone, Accenture, AMD, and Panasonic) because of the reflected sparkle of innovation and excellence F1 bestows on their brands. Being part of the F1 family both differentiates and adds luster to the AT&T brand in the non-North American markets where it is most beneficial.

BEST PRACTICE: BUILDING A DEEPER PARTNERSHIP BEYOND SIMPLE SPONSORSHIP

AT&T is more than a sponsor, helping Williams F1 by:

- **Providing connectivity from trackside to factory to optimize performance.** At each race location, AT&T provides secure connectivity from the garage to the Williams factory through a temporary point of presence (TPOP).[7] Each F1 team is allocated a garage at a race meeting where it installs a wide variety of IT equipment.[8] As the race car passes the garage, these systems use telemetry to poll and download 100 megabits of data information on the performance of the cars.[9] This data is analyzed trackside and sent back to the team's UK headquarters through the TPOP and the AT&T Global Network using the AT&T Enhanced Virtual Private Network (EVPN) service. It takes 3 milliseconds to get the data from the car to the factory in the UK, and, as a consequence, the team can use all its engineering resources simultaneously and in real time to maximize the performance of the race car. The team believes that this is a significant improvement on its previous arrangements.[10]

- **Providing enhanced security services.** In addition to connectivity, AT&T also helps the Williams team by providing enhanced security and network protection services. AT&T provides a layered approach that starts at the car (data pulled from the car is encrypted) and embraces services and the network with a view to data protection rather than containment. Hence AT&T provides Williams F1 with AT&T Internet Connect and the AT&T Secure Email Gateway to provide secure remote access and protection from viruses, worms, and other malware. In addition, the AT&T Network-Based Firewall (NBFW) provides protection from within the network. Clearly, security is important to all businesses, but for Williams in F1, it is critical to embrace security in conjunction with connectivity at all 17 disparate race circuits and at the UK factory.[11]

- **Enabling process re-engineering.** Over the past few years, rule changes in the sport have limited the amount of time the F1 racing teams can test their race cars. As a consequence, the team needs to make the most from the track time it has and the data it collects from the cars. Telemetry and the AT&T links from trackside to factory have enabled the Williams team to change how it operates. The team analyzes data from the car trackside and sends it back to UK headquarters through the TPOP and AT&T Global Network. The team can use all of its

engineering resources simultaneously in real time to optimize the race car's performance. This has an immediate effect in that the team needs to ship fewer IT systems and people to the race meetings, but also in how it manages the cars over the weekend. This illustrates how the fusion of IT and communications into ICT can improve the support of even the most demanding of business situations.

- **Providing Web site hosting and management facilities.** In addition to the 600 million TV viewers to the live transmissions on a typical race day, F1 fans also log in to the team Web sites and follow what is happening both at the races and in between meetings.[12] In the past, Web sites catered for this with data and photographs, but today Web sites include far more, such as video content from the track and interviews with key team members. Hence, the requirements of team Web sites, from connectivity to content, increase markedly each year. AT&T provides and hosts the team's Web site on its behalf and by doing so releases resource to enable the team to focus on its core business — building and racing F1 cars.

Next Steps: More And Faster!

Nothing stands still at F1. For example, the regulations governing the design of the 2009 cars changed significantly from last year, which some teams interpreted better than others.[13] These changes did the Williams F1 team no harm, but the secret of success in F1 is based (in part) on the ability of teams to improve the performance of their cars over the nine month race season and over each race weekend. This requires understanding how the car is performing (by collecting data) and analyzing this data (using IT and the expertise of the Williams engineers). The next steps are likely to be the need to analyze more data and faster, so the role of ICT and the importance of suppliers like AT&T are likely to increase rather than decrease.[14]

RESULTS: A WIN-WIN FOR AT&T AND THE WILLIAMS F1 TEAM

The partnership approach of AT&T and the Williams F1 team has benefited both AT&T and Williams F1. For AT&T:

- **The partnership with the Williams F1 team seems to work.** At a sponsorship level, although exact figures are not known, the Williams F1 team team is doing better than some of its better-funded rivals, which suggests AT&T is achieving a high return on it's investment (in media equivalent spend) and of value for money (based on cost per points won in the 2009 season).[15] At a partnership level, it is clear that the two companies feel there is a good fit between themselves, with each complementing the other.

- **Williams F1 is a great platform for demonstrating technological excellence.** Linking the AT&T brand to the engineering excellence of Williams F1 provides a vehicle (!) to demonstrate what it can do for all its business-to-business (B2B) customers. The obvious inference is that, "if we can do it in F1 at 200 miles per hour in 17 different locations at 3 milliseconds, then we can do it for you."[16] Not only does Williams F1 deliver a global sports platform to demonstrate its capabilities, it does so in the geographic markets where the AT&T brand needs the most support.

But participation in F1 is not just a one-way street. Like all good partnerships it is a win-win; the Williams F1 team benefits too. Motor racing is like any other business — it is all about results. In 2008, the Williams F1 team finished a disappointing seventh out of the 10 teams competing in the series. So far in 2009 (following race 8 out of 17), the team is in sixth position and is now regularly competing in the top 10 cars in qualifying on the Saturday and for points on race day on Sunday. Sure, it would be an exaggeration to say the improvement in performance is entirely down to the Williams relationship with AT&T, but the point is that ICT is as important a component in this as it is in any business.

RECOMMENDATIONS

FOUR LESSONS VENDOR STRATEGISTS CAN LEARN FROM AT&T'S F1 PARTNERSHIP

Vendor strategists in telcos can learn four things from this B2B case study:

- **Utilizing global networks can transform performance and competitiveness.** For the Williams F1 racing team, the only thing that matters is winning races on 17 different Sundays between March and October. The partnership with AT&T has helped the team move up the ladder in the highly competitive F1 market. AT&T helps Williams F1 achieve this in real time and across five continents. This can apply to other industries too.
- **Partner to prosper with companies that share your vision.** Today's business environment is more complex than ever, and many companies recognize that they need partners they can trust if they are to prosper. F1 is just the same. It would be easy for both AT&T to have settled for a straightforward sponsorship relationship with Willams F1, but both parties wanted more. Vendor strategists need to look for win-win deals like this for their companies, particularly in the current economic environment.[17]
- **Project your brand globally to reach your customers in *their* markets.** The globalization of the economy has been a feature of the past decade, and as a consequence it can be difficult for companies to reach their global audiences with their brand message. But AT&T's sponsorship of the Williams F1 team shows it is possible to find platforms to achieve this. While F1 sponsorship will not suit all companies, vendor strategists need to look for the means to support their brand in the global marketplace.

- **Deliver solutions that add value to your customers business.** The solution that AT&T is providing to Williams F1 is enabling the company to increase performance (as measured on the racetrack), reduce costs (by flying fewer people out to each meeting), and improve efficiency (by enabling the UK-based engineers to input to the performance of the car in real time). This enables the Williams F1 team to concentrate on their business — racing cars — rather than enabling functions (such as ICT).

ENDNOTES

[1] Williams F1 is the winner of nine Constructor's Championship titles over 30 years, and seven F1 world champions have driven Williams cars. Source: Williams F1 (http://www.williamsf1.com/corporate).

[2] How much AT&T pays Williams in sponsorship is commercially confidential just like any other significant contract between two companies. What is interesting about the Williams/AT&T relationship is that it is much more than AT&T paying to put their logo on the car.

[3] F1 is a 17-race season (in 2009) that starts in March and ends in October and takes in races in Asia (China, Malaysia, Japan, and Singapore), Europe (Spain, Germany, Italy, Monaco, Belgium, Hungary, the UK, and Turkey), the Middle East (Abu Dhabi, Bahrain), and South America (Brazil).

[4] The TV audience for F1 races is estimated to be 600 million per race based on data produced by the official Global Broadcast Report as reported on in the PaddockTalk Web site. Source: "Formula 1's Global TV Audience," PaddockTalk, January 14, 2009 (http://www.paddocktalk.com/news/html/modules.php?op=modload&name=News&file=article&sid=100719&mode=thread&order=0&thold=0).

[5] The AT&T Global Network is one of the most advanced voice, data, and video networks with more than 109,000 remote access points of presence in 163 countries. The AT&T Global IP backbone handles more than 18.2 petabytes of data on an average business day and supports a suite of IP-based business communications services.

[6] F1 racing has taken place in North America — most notably at the Gilles Circuit Villeneuve in Montreal (until this season) and at various locations in the US (most recently Indianapolis, but previously Las Vegas, Detroit, and Watkins Glen, New York) and Mexico. However, in 2009 even the Montreal race was dropped from the calendar.

[7] F1 race meetings last three days. Counting back, Sunday is race day, Saturday is practice and qualifying day, and Friday is a practice day. The process of installing a TPOP starts with the ordering of connectivity to the circuit (this can be months before the race meeting weekend), but picks up on the Tuesday prior to the race with the installation of the TPOP. So by the time the Williams team arrives at the circuit on the Wednesday to set up, all the connectivity they require is in place and operational. Once the race is finished, then the team packs up and the TPOP removed to be shipped to the next race meeting venue.

Prior to arrival at each circuit, AT&T pre-installs a TPOP with links to the nearest node on the AT&T Global Network. The links can vary depending on the location of the track but will typically be E3, SIM1, or 45-Mbps circuits. Each TPOP will be configured to provide optimum routing over the network from racetrack to the Williams F1 factory at Grove (near Oxford) in the UK.

[8] The Williams F1 team transports 28 tons of equipment to each race meeting, takes a team of 70 staff, and fits out each trackside garage with 500 meters of data cables and 300 meters of power cables. The team deploys a mobile IT infrastructure and local area network in the garage and across to the pit wall to support servers and client machines such as laptops. This network is connected to the team headquarters in the UK via the AT&T EVPN so chassis data can be transferred to Grove in a matter of minutes following a race car outing. The setup consists of four server racks, which manage the IT network services as well as various software applications and databases; Toyota also has server racks and a local network to run its own IT services. The telemetry data common to both Williams and Toyota is downloaded over the local garage network and separated into engine and chassis channels for the respective data engineers.

[9] The communications between the cars and garages of all the teams is provided through the same system on all the cars. This car-to-garage system is managed by the UK company Bespoke Global Networks (BGN) on behalf of the race series organizers, F1 Holdings. F1 Holdings is owned by the F1 impresario Bernie Ecclestone. The cars pass the garages at up to 200 mph and the data takes 3 milliseconds to get from the race car to the UK factory.

[10] In the past, the team ordered connectivity itself and would take more engineers to each race meeting simply because the connectivity could not be guaranteed to meet its requirements.

[11] All teams are competing with each other, and if any have a technical advantage then all the other teams will try and replicate this. So all the F1 race teams need to protect their intellectual property and designs, and events in recent years have made this a very high priority for all (in 2007, the McLaren F1 team was found to have seen copies of the design of the Ferrari race car).

[12] Source: "Formula 1's Global TV Audience Expands," PaddockTalk, Jan 14, 2009 (http://www.paddocktalk.com/news/html/modules.php?op=modload&name=News&file=article&sid=100719).

[13] For the 2009 season, the design rules for the F1 cars (as set by the Federation International de l'Automobiles [FIA]) changed significantly. One team (Brawn GP) interpreted these changes one way (and so designed a double diffuser at the back of the car) and as a result won five of the first six races.

[14] The importance of AT&T to Williams has not gone unnoticed by other F1 teams. AT&T now provides trackside-to-factory connectivity through the TPOPs to more than half the teams in the series. Due to commercial sensitivities, AT&T is unable to reveal the identity of these teams.

[15] It is not possible to quantify this exactly as the sums paid for sponsorship and the budget of F1 teams are not public knowledge. However, within the F1 community (the teams, the FIA, the media linked to F1), estimates are available but cannot be published.

[16] AT&T is not the only ICT supplier involved in F1. For example, Vodafone is title sponsor of the McLaren team, and T-Systems sponsors the BMW Sauber team (alongside the Intel logo). Singapore Telecom is the title sponsor of the F1 race in Singapore in September. Other ICT companies involved with F1 include Accenture (also with Williams F1), Intel, and AMD to name but three.

[17] Companies should seek to integrate suppliers into their businesses so they become partners. This case study is an excellent example of what we mean by this. See the December 24, 2008, "From Financial Crisis To Economic Recession" report.