

Disruptive Business Models

Merchandising: eBay, amazon.com

Music: mapster, iPod + iTunes

Voice: skype, Vonage

Video: YouTube, iPod + iTunes

Advertising-based Service Models

The role of traditional telecommunications service providers in these models is only as suppliers of broadband connectivity.

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Disruptive Business Models at home

Merchandising: uncha.com

Music: MN

Voice: broodtel

Video: Uplink, Call Center

Advertising-based Service Models

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Moving to Telco 2.0

Leverage Relationships

- 1.1 billion Wireline subscribers
- 1.8 billion wireless subscribers
- 1.4 billion data subscribers

Leverage Infrastructure

- Fiber and DSL broadband build outs
- 3G wireless networks
- IMS
- Billing systems
- Customer care systems

Leverage Foundation Services

- Voice services
- Connectivity services
- Internet access
- SMS
- VPN

Embrace the principals of Web 2.0 to offer a range of innovative "Managed Network Mashups"

Historically	Tomorrow	Future
Service Bundling	Service Aggregation	Telco 2.0
Voice, Video & Data	20-100 Services	100+ Services

Using the principles of the so-called 'Web 2.0', where different content is pooled together from different sources to create new services, Terry Denson, Vice President of Content Marketing at Verizon, predicted about market differentiation based on 'redefining content'.

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Telco 2.0: Telco Transformation

The Customer & Partner Experience

Retail	Transactions	Support
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Consumer Services

- Communications
- Entertainment
- Home Management

Business Services

- Communications
- IT Support
- Applications

Advertising Services Platforms

Directory Services Platforms

Devices & Devices Management Systems

Accelerating Telco Service Innovation

Network & Services Transformation

Services Network

- TV Service
- Messaging Service
- Gaming Service
- Music Service
- Voice Service

Converged All IP Wireline & Wireless Network

TV Screen, PC Screen, Mobile Screen

Organizational Transformation

Rapid Service Development

- Developer Ecosystem
- Service Exchange

Operations

- Data Centers & IT Management
- End User Application & Device Support

Retail Distribution

- Direct
- VARs
- Online
- Partners
- Retail Stores

Market Drivers

- Content & Services
- Local language
- TV On Demand
- eGovernment Services
- Online Gaming
- eCommerce: Online goods/services

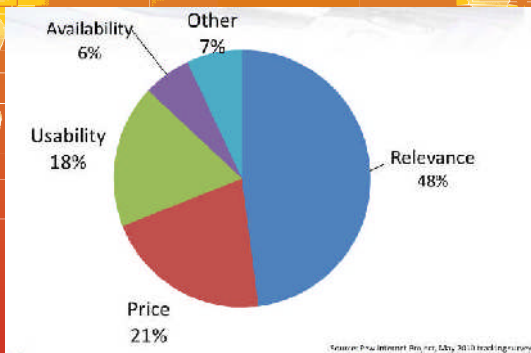
Broadband challenges

Broadband challenges	Market drivers	Technical implications	Technology differentiator
Unlimited offers	<ul style="list-style-type: none"> With increasing usage, customers look for high allowances Unlimited offers are the ultimate proposition in mature markets 	<ul style="list-style-type: none"> Every network component has to be properly dimensioned Radio, backhaul, backbone and IP (elastic) bandwidth 	<ul style="list-style-type: none"> Cost structure ability to support heavy data traffic
Race for speed	<ul style="list-style-type: none"> Customers buy higher and higher speeds Even if they don't really perceive the extra-benefits 	<ul style="list-style-type: none"> The choice has to be future proof to stay in the competition With possible up-grade (e.g. 3G/LTE) Versus disruptive scenarios (e.g. fibre up-take) 	<ul style="list-style-type: none"> Maximal speed per user, actually available & advertised
Bandwidth guarantee	<ul style="list-style-type: none"> SME segment requires SLA and high QoS Without these guarantees, B2B market potential is restricted 	<ul style="list-style-type: none"> Some technologies (Wimax) integrate the SLA feature, other don't (3G) In addition, SLA encompasses a network end-to-end commitment 	<ul style="list-style-type: none"> SLA feature to address SME segment

SWOT Analysis of Broadband

Strengths	Weaknesses
<ul style="list-style-type: none"> Large customer base Perceived as more dynamic and reliable Developed synergies with mobile activity (procurement, network, staff...) Natural association between mobile brand and home environment (as mobile phone is already used at home) Complete telecom portfolio Make profit from broadband revenues with a know-how or telecom economics Capitalize on mobile assets: distribution, brand, customer care... Develop cross-sales and loyalty programs 	<ul style="list-style-type: none"> Network upgrade and coverage reinforcement required to offer broadband Mainly prepaid customers not always appropriate for broadband service Relationship with individuals, as opposed to household Regulation more likely to favour mobile competition than broadband uptake in the short term Competitiveness and sustainability versus fixed offerings such as DSL, fiber, FWA Presence of integrated operators and potential new entrant players on the market
Opportunities	Threats

Digital Literacy and Relevance are primary reasons for not going online.



Broadband

- Employment growth
- Lowers the cost of operations
- Lowers the cost of communications
- Increases productivity
- Outsourcing destination... a reality
- Employment to skilled workers
- Help traffic conditions: tele-working