Accelerating Mobile Infrastructure & Growth

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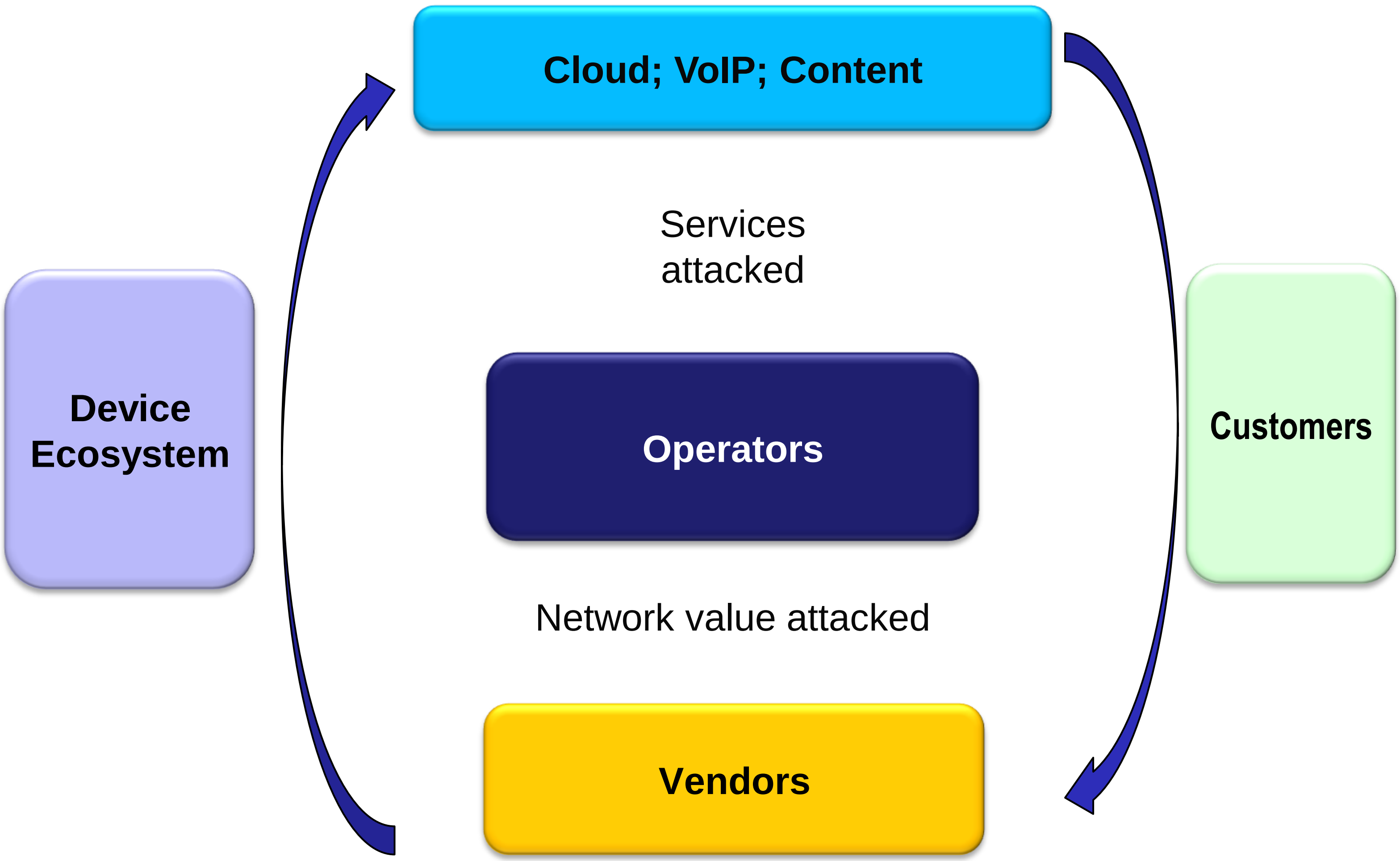
Telecoms Business Model under attack



Direction of Travel

Infrastructure cost reduction: services growth

Reduce Opex & Capex

- Outsourcing
- Chinese Suppliers
- WiFi Offload
- Prioritisation & Shaping
- Tower Sharing
- Small Cells

Drive growth

- Retail broadband & data
- M2M
- Advertising & marketing
- Wholesale services (call centre; billing)
- Apps and content

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Strategy in practice

Direction of Travel

Infrastructure Development

Outsourced

- Bharti & Ericsson

- Built and operated by Vendor
- Reduced total cost
- Predictable opex
- Latest technology

- Business model inflexibility
- Lack of choice

Shared

- Orange & Vodafone in Spain
- EE in UK

- Shared capex and opex costs

- Complex agreements
- Shared infrastructure strategy

Regulated

- Openreach in UK

- Known capex & opex
- Business differentiation on services

- Slow reaction to market
- Excluded from wholesale markets

Statist

- ABN

- No capex
- National subsidy
- No capital waste

- Implied state “dead-hand” on content; on services; on direction of travel

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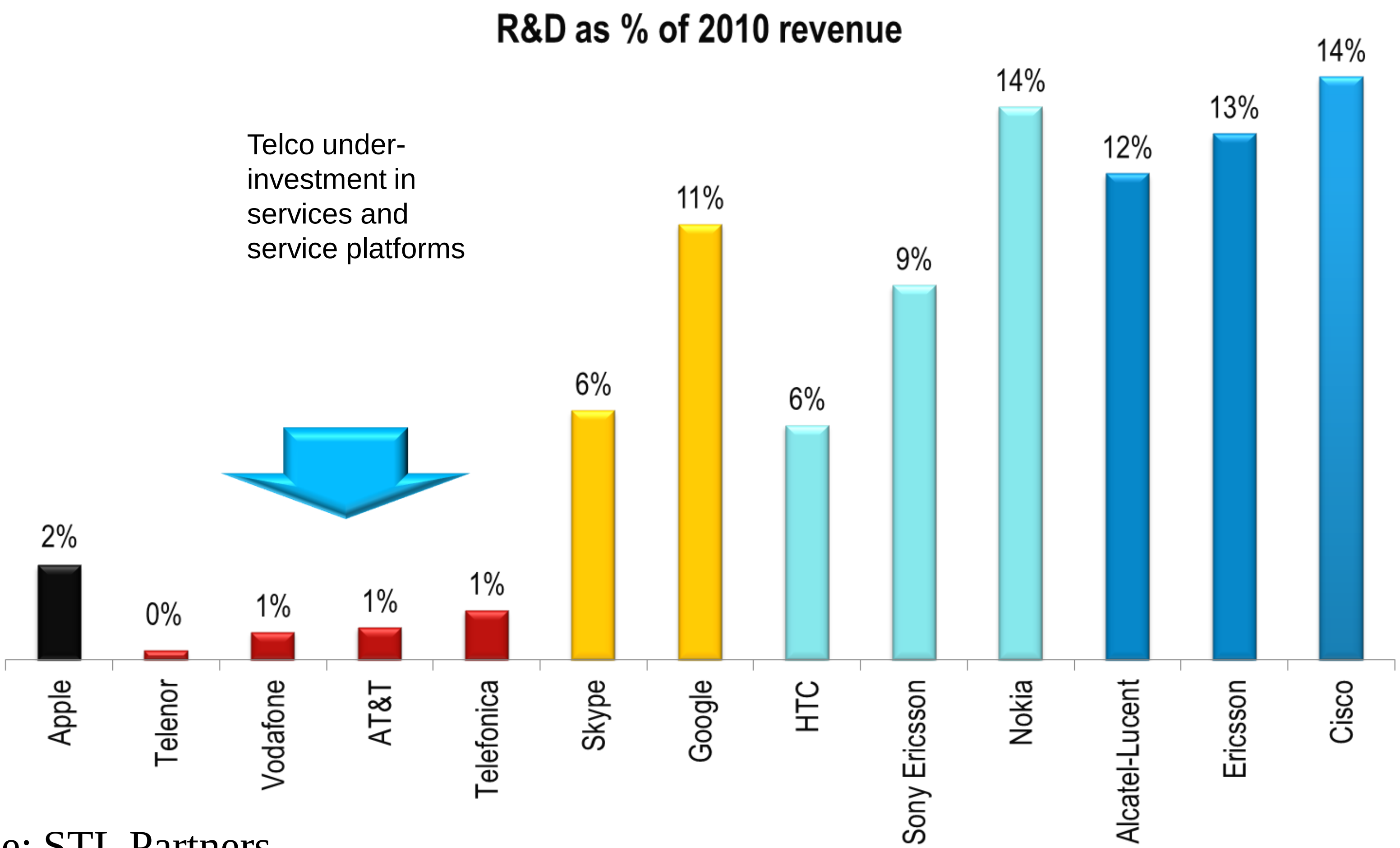
Strategy in practice

INNOVATION



Source: STL Partners

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Strategy in practice

Wholesale

Wholesale 2.0

Wholesale 2.0
Value from your own customers

- Two sided business model
- Packet priority services
- Service platforms for channel partners – Cloud; Data Centres; CDNs
- New Tax models

Wholesale?
Part of the story

- Drive traffic away from ISR
- Address the total “wallet” in other markets
- Use skills to create hubs for new/current carrier partners

Wholesale 1.0

Value from other Operators customers

- Control the Internet
- Depend on regulatory control of the market to combat ISR, VoIP and interconnect
- Data and Roaming premium
- Sustainability?