Swisscom: “In time to TIME”

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In time to TIME

Agenda

A. Consolidation
B. Convergence
C. Swisscom strategy
D. Conclusion
Convergence might well be a driver for a sensible Consolidation: valuable if the same converged services can be replicated in homogenous markets.

**Logic:**

- **Absolute scale**
  - by investing abroad, brings added value only when offerings can be replicated in other markets

- **Cultural & customer homogeneity**
  - is required for replication of offering to be possible. Same offerings in other geographies can only be successful if customers “tick” similarly

- **Experience in sector sofar**
  - only pure mobile players successful in consolidation; and only where concentrated on homogenous markets

- **Hypothesis**
  - converged services (coherent combination of mobile and fixed) have a good prospect of also creating value from scale when addressing homogenous markets

- **Swisscom vs. other players**
  - is a pure player with most competences for convergence in-house while not hampered by patchwork of old international exposure to different business models
B. Convergence

Opportunities from Convergence:

Residential customers
- triple screen, one service
- better accessibility across devices

Business customers
- combining IT and Telecom Offerings

Telephony
- all access wireless and fully mobile
- offering intelligent integration that standalone players can not match

Pricing
- bundles
- more tactical – little potential for differentiation

Cost containment
- substantial “sanitation” opportunities arising from convergence: NGN networks, architecture – standalone players at significant disadvantage

Convergence: opportunity on multiple dimensions
C. Swisscom Strategy

Profile 2009: best-in class organization offering integrated TIME portfolio of services: “streamTIMEd”
D. Conclusion

Maximizing value in core business:

- use convergence as a powerful lever for differentiation
- migrate to a customer segment focused organization and 1 all-IP network to improve substantially existing cost structure
- take benefit of regulatory environment which honors investments in new technologies

Option & value creation by using leverage potential:

- acquisitions
- build ups
- buy backs

Swisscom’s investment case:
creating value from TIME
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