

Swisscom: “In time to TIME”

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In time to TIME

Agenda

A. Consolidation

B. Convergence

C. Swisscom strategy

D. Conclusion

A. Consolidation

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 so far

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

Convergence might well be a driver for a sensible Consolidation:
valuable if the same converged services can be replicated in homogenous markets

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

Strategy:

“3 Pillars, 1 outcome”

1

Maximize

ENSURE
superior
customer
experience

DRIVE
efficiency &
convergence

- buy back Vodafone's 25% stake in Mobile
- change business model to customer segments

2

Extend

REALIZE
true ICT for
B2B

EXTEND
beyond
connectivity
for B2C

3

Expand

ATTACK
from inside
by
replicating
own core
competence

ATTACK
on outside
by
leveraging
own core
competence

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
 - Vodafone stake in Swisscom Mobile
 - own shares

**Swisscom's investment case:
creating value from TIME**

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