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.

A. Consolidation
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:**

1. Maximize
   - **ENSURE** superior customer experience

2. Extend
   - **DRIVE** efficiency & convergence
     - buy back Vodafone’s 25% stake in Mobile
     - change business model to customer segments
   - **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

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**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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