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Is the future mobile?

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The world changed last year, didn't it? The world was at a financial precipice, that's what we all felt in NY. Well change is a constant in life and business.

My father turns 80 in a few months. Think about the profound changes he's experienced in his life. He arrived as a very young child during the last world depression with his Norwegian father, an electrical engineer, to Brooklyn, NY. Lived through bread lines, a world war. Also, the telegraph, boat travel to Norway because planes were too expensive until the 1980's. Radio, a party line phone, his own fixed phone line, black and white TV, live TV shows in the 50's, broadcast TV, buying his first home in 69, men on the moon, color TV with black and white TV's in other rooms, cable TV, fax machines, a PC, a pager, then a handbag size mobile phone, Pay TV, 24 hour

news, the slow Internet, 500 TV channels, pocket size mobile phones, Triple Play services, email, video chat, online social networks. Now Ultrafast Internet. He just bought a wide screen LCD HD TV. Wow!! And yes, he has used them all.

After 30 years in the business, the amount of profound change, I've seen, also, has been incredible. I expect the next thirty years when I am 80 to see similar profound changes, but the use of video by individuals will be by far the biggest driver!!

So, the Future will bring change, that's for sure.

But is the future mobile?

A better question is: "will the future ONLY be mobile?" Now, if the answer to that question is yes, I should be extremely concerned.

We as a fixed operator decided just a few years ago to invest a lot of money into our networks to make them future proof.

Did you ever check the younger generation use of iPhones? They love convenience of mobile but as soon as they find an ultra fast high-speed connection to a fixed network, they switch over to download videos, music and games.

Bottom-line: fixed is fast, real fast and real reliable.

Should I be concerned that we have made a wrong decision?

Is our formidable competitor about to make an even bigger mistake now that Swisscom has announced its plans to invest billions in a new FttH network?

Before discussing the question from a fixed operator's point of view I would like to remind you that some predictions do not come true.

Though this example teaches us that we should be careful with predictions,

There is something that I think is proven right:

“Remember my father’s experiences”?

Consumers over the last decades have demonstrated what they want:

Choice, flexibility and convenience.

This observation raises doubts about a pure mobile future.

Would we rather use our computer in the office for writing letters and e-mails, or our blackberry?

Or

Would we watch a football game on our iPhone or rather on an HDTV screen at home? Perhaps we want to be able to do both!

On the other hand:

Isn't it easier to use our mobile than a public phone?

And

Aren't we happier when we can manage mails when we travel?

Convenience and flexibility is what we choose!

It seems there is a need for mobile but also one for broadband services over fixed networks (rather than WiMax and WiFi).

Customers are looking for

- Entertainment
- Information and
- Communication

And they want all of this

- Anytime and
- Anywhere
- That is to do in a way that is most convenient for them depending on their needs, in their own time, in their own chosen place.

In other words, customers want accessibility and flexibility.

What the consumer is the least interested in is how we deliver in a flexible and convenient way. Consumers are network agnostic.

More important than technology and networks is service and I know that this is something Cablecom has to focus on. You should have already started to notice changes we are making for you.

Different customer segments have varying needs and expectations.

- they want to watch the qualification match Switzerland-Israel on the giant screen in HD quality at home
- And enjoy the world championship qualification by following the latest statements, facts, interviews on their mobile the next morning while they commute to work.

So I know there is a need for mobile services.

Just as there is a need for video and data over fixed networks.

- When was the last time, you had ten friends over to watch football on your iPhone?
- When did you help your kids doing their homework on your blackberry?
- When did you ever host a video conference on your flip phone?

To serve those needs, we will rely on different networks with different technologies.

However, convenience and meeting consumer expectations will be enforced more and more with interoperability between different networks.

Different types of networks need to be able to seamlessly hand over and receive a connection or transfer data.

What is true for networks will be true for the future of services.

- We need to create platforms that are able to handle services for both, mobile and fixed networks.
- The key question will be: Who wins the customer? It may not just be the provider with the “most mobile” network.
- The service provider that delivers the best customer experience, will win. And again: I know there is much to do in this regard at Cablecom.

The Future will bring some other significant changes.

So far, our customer was a household. We delivered our services to a household, to a family, to a couple, sometimes to an individual.

We are now beginning to think of our customers more than ever as individuals.

Individuals in one household have different needs and expectations.

Many of our customers have personal and multiple access-points. Each one of them will consume different personalized content, on demand TV, video chats, server stored information, and so on.

E.g. Sling Box

Each will have his own personal portfolio of entertainment information, communications and social connections.

The future will be two-way and interactive.

Was the past dominated by one way? Yes, the future will become even more interactive.

The future is a „moving one“. And this is on different levels and in different directions.

Addresses: once perceived as some physical place, clearly identified by street, place and postal code is now an identification of an individual. But this individual can be anywhere across the globe. If you send an email to eric.tveter@cablecom.ch, I am not necessarily at Zollstrasse in Zurich.

Another aspect of „moving“ is a customer, living in Basle but spending some time in Zurich.

He may want to have the same TV services in Basle in the same personalized way but with „Zurich based content“.

Vice versa, the same customer may want to keep his HD TV line up in Zurich as he is used to having it in Basle.

In turn, what does this mean for our networks?

In the Future, our networks need to be flexible and convenient:

- Seamless switch between wired and wireless connections and among different technologies
- Seamless switch between different and moving locations
- Seamless switch between different content types such as live TV, video stream, Up- and download of any kind of information, entertainment and communications.

E.g. Wife and Head of Charles

This is what customers want from their service provider.

Again, customers are network agnostic. They just don't care about our technical issues.

They demand

- Mobile connectivity to fixed applications and vice-versa

- Ability to personalize content in various ways and to extend
- Accessibility to:
 - Whatever
 - Wherever and
 - Whenever

One of the big change drivers will be video, which is one of the fastest growing markets so far. Just look at the significance that YouTube has had. Since cable was always designed for video, cable is very well positioned in this flexible future.

How is a flexible future achievable?

Achievable, if freedom of access is guaranteed.

- There must be full freedom to all types of access and to all services
- The proliferation of networks is already widespread. An example is:
 - Public WIFI (e.g. Lucerne, Baden, Zurich etc.)

WIFI was once considered “junk” spectrum.

If I am right in assuming that the future will be about choice, flexibility and convenience then the key question is how to best ensure choice, as I believe that flexibility and convenience will follow naturally if choice is provided.

The best guarantee for choice has been and will be competition which has been impressively demonstrated since 1998. Competition between different types of networks, be it mobile or fixed, and different technologies has secured this freedom of choice and will continue to do so.

Across Europe, cable has been and will continue to be of the main drivers for growing bandwidth. The introduction of strong infrastructure competition has driven a broad range of services. Infrastructure competition amongst different technologies has secured freedom of access.

To put all eggs in one basket would set at risk the freedom of choice, achieved so far.

There is no “one fits all” technology and therefore a uniform infrastructure potentially procured by one provider would not provide the choice that is the fundament for meeting consumer expectations and driving innovation.

It is therefore important to keep this freedom. It is important to guarantee and maintain infrastructure competition.

Switzerland has been blessed with intensive infrastructure competition.

The thirst for bandwidth has always been satisfied and I am convinced it will be in the future by the marketplace.

For example, we know that when mobile operators are ready to deliver massive bandwidths with 4g LTE, they will need massive backhaul of that traffic over much more powerful fixed networks than exist today. We can provide that kind of capacity and will be ready to do so.

As all cable operators across Europe, do we believe in EVOLUTION instead of REVOLUTION.

Cable networks can expand network capacity as demand emerges.

We deliver up to 120Mb in Europe today, up to 160 Mb in Japan, and we know we can go to 200 Mb and beyond anytime our customers would show the appetite. Even 400Mb is being tested as I speak.

Cable is in a comfortable position today because of our investments. We can choose to act quickly when demand really emerges. And, when? In 2 years, 5 years, in 10 years? In any circumstances, cable operators have a stable and future proof economic and customer model.

Maintaining an alternative that is providing similar services at a price that is still acceptable to the average consumer will be a challenge for our competition.

To maintain infrastructure competition is the key prerequisite to provide a fair competitive environment.

This requires “gleich lange Spiesse” for all providers.

That means that no provider should benefit from an investment profile that no private investor could match. Everybody should invest, but on fair terms. A road is a road and a broadband network in a liberalised market is something very different. If communities decide to invest in telecommunications infrastructure they need to treat it like that and not like a road.

What has Cablecom done?

Cablecom, in recent years invested 1 bn Swiss Francs in order to provide breakthrough technologies in the Swiss market.

- We just launched fibre power with a bandwidth of 100 mbps and will deliver Fibre Power Service by 2011.
- We just last week launched Catch Up TV on Demand with Swiss Broadcast.
- We are committed to deliver better services to all our customers
- We are carefully examining how we can offer our customers some basic Digital-TV services without a Set-top-Box
- Mobile Services are under development

In summary here and coming back to the initial question: Is the future mobile?

Well, the future is flexible and all about choice and huge amounts of bandwidth. I'm confident we will be provide much of that.

Danke.