

# The End of Telecoms market ?

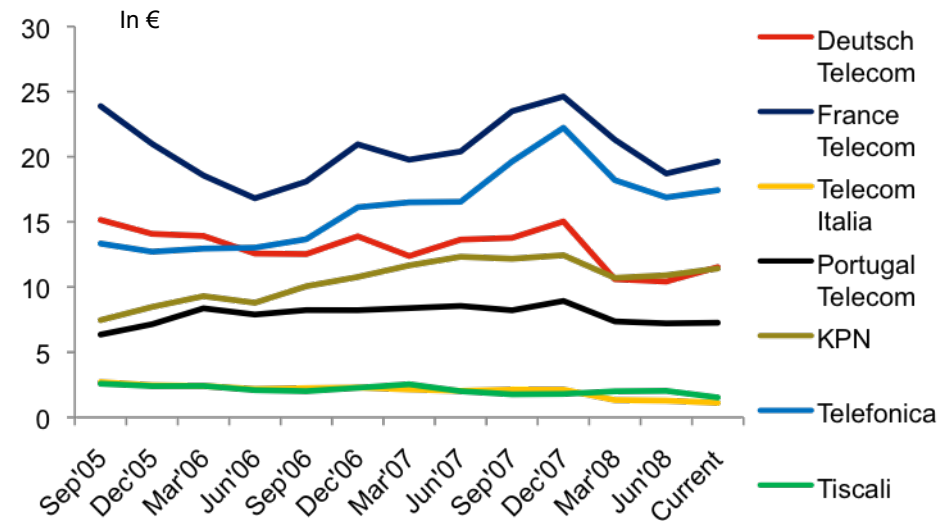
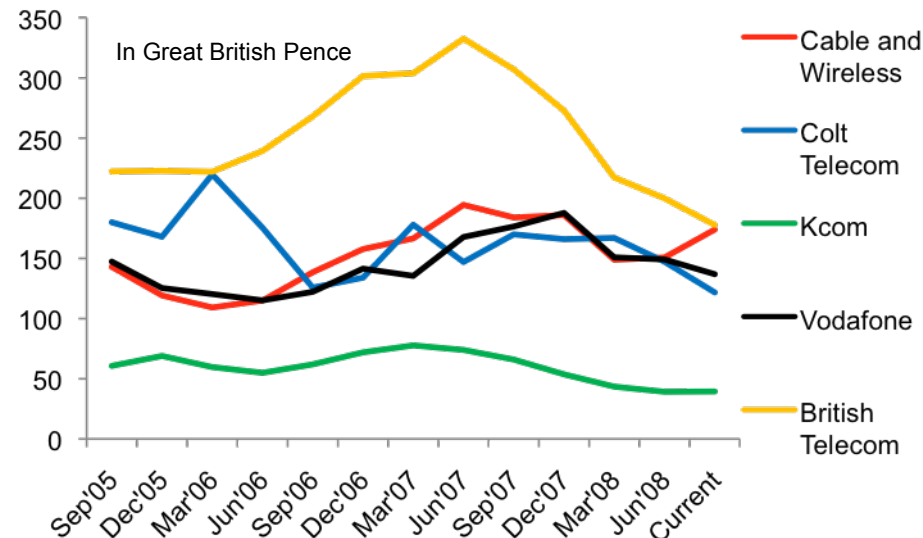
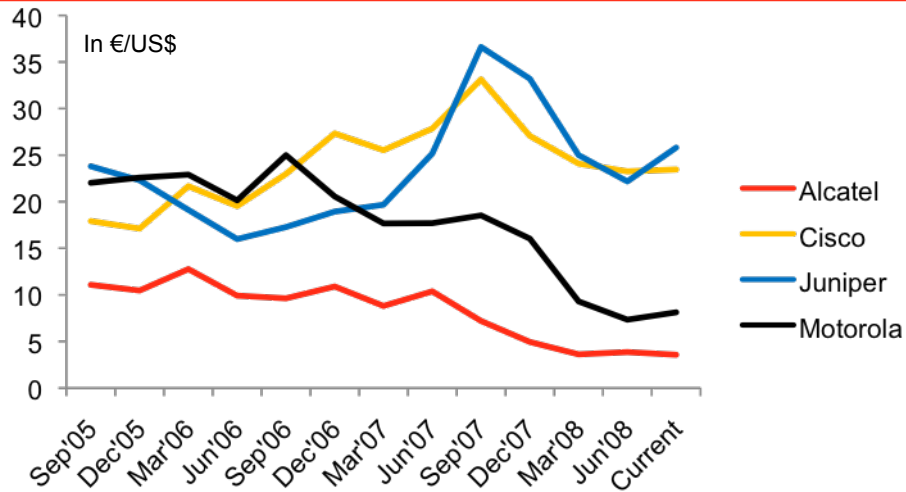
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Let's move on to know-how markets and  
emerging technologies

# Outlook for the Telecoms Market

- Nintendo makes more profit per employee than Google and Goldman! Would you consider Nintendo or Google as a telecom company? – No!
- Financial analysts are negative on telecoms market because:
  - Lack of vision
  - Absence of new business models
  - Outdated company cultures (strongly influenced by unions a/o government, over-staffed, extremely hierarchical)
- Future stock market recovery won't lead to proportionate increase in telco shares
- Incumbents and mobile operators are paralysed due to unclear positioning in their value chain - Altnet market is too fragmented
- Telco vendors are producing commodity products and will be run over by Chinese vendors

# 3-yr Share Price (D)Evolution of Telco Operators and Vendors



# What do we want from Telecoms?

We want :

- Peer-to-peer symmetric broadband at acceptable price levels
- Freedom of choice for our own services
- Direct interaction between producers and customers without mediation of telco operators
- Innovation in a de-centralized, more specialized and global world, and no cross subsidization of the vertical integrated value chain

A key question is whether the high cash flow of incumbent operators is responsible for the high price for commodity services which we all are paying

# Towards a new Business Model

## The old telecoms world

- Broadcasting and top down
- Operator centric
- No direct relation between customers and producers
- Customers being passive consumers
- Operator as a distributor
- Limited innovation

Monopoly infrastructure, vertically integrated business model and cross subsidization

## The new internet world

- Peer-to-peer
- Customer centric
- Direct relation between customers and producers
- Customers becoming active producers
- Producers moving towards self-distribution via Internet
- Open innovation

Value for money in horizontal business

## Telecoms will be Distributed across Several Industries

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Telecoms operators and vendors will be mainly absorbed by the IT, Chip, Utility and other industries

- Services will migrate into the IT & Internet industry, financed by risk capital, non-government-organizations or non-paid communities
- Networks will be absorbed by the Chip industry - automated and self-organised
- Infrastructure will become part of utility companies and municipalities (additional to current electricity, gas, water distribution networks) and financed by retail and infrastructure funds
- Commodity products will be simplified, standardized and taken over by Asian companies (volume beats everything)
- Installation is done by various turn key solution companies
- Telecommunications know-how will be integrated in departments of different industries

## Predicted and Expected Consequences for investors

- Telecommunications is only one of many other know-how and emerging technologies
- Integration of its know-how, social impact and business models matters
- Inter-disciplinary creativity leads to IP and competitive advantages
- To invest in telco operators / vendors means short-term trade sale or dispose non-core parts and separate along horizontal economies of scale business lines
- Telecommunications Infrastructure has to be separated from services, shared, long-term invested and managed as utility networks - this will attract strategic investors (the current utility companies), infrastructure funds and retail funds