


Wholesale carrier value Cost vs quality

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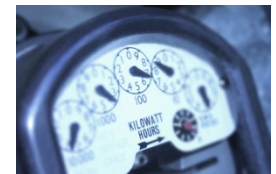


Global communications trends

- Global economy increasingly dependent on communications
 - Focus of growth has moved from NA & Europe to Asia, BRICS and beyond
 - Rise and rise of connected users and devices
 - More and more content is accessible on-line and it's getting bigger
 - Increasing importance of availability, resilience and security
 - Growth of outsourcing and horizontal specialisation
 - Attention shifting from revenue growth to margin growth
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Retail trends that significantly impact wholesale

- Mobile broadband
- Growth of video content and services
- High-intensity on-line transactions
- Non-video on-line content
- Low-intensity on-line transactions
- M2M communications
- “Traditional” communications services



Developing wholesale service portfolios

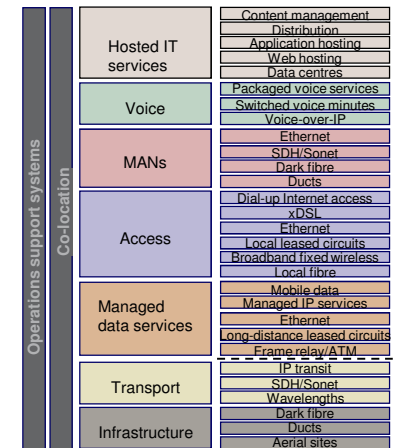
- commoditization of voice, IP transit and access

- Voice is changing
 - Voice traffic continues to grow, will remain an important but unsustainable revenue source
 - Rise of mobile - new connections, substitution, and volumes
 - Falling margins resulting from intense competition
 - Rise of end-user VoIP – Skype, GoogleVoice, etc.
 - IP voice in the backbone
- IP transit and peering
 - Declining margin from IP transit
 - Largest ISPs becoming more restrictive over whom they will peer with
 - Smaller ISPs becoming more open to peering
- Access
 - Local loop unbundling has attracted multiple players
 - Multiple fiber networks in major cities
 - Wireless broadband technologies growing



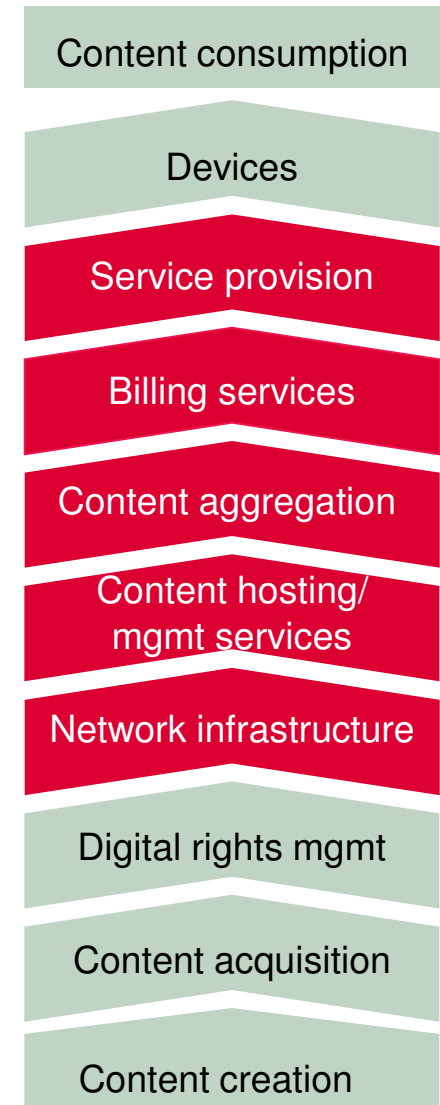
Developing wholesale service portfolios - beyond commodity services

- Wholesale is much more than long distance minutes and capacity
 - Competition and commoditization
- Niche player or generalist?
- Partnerships - telecoms service providers cannot do everything themselves
 - Insufficient reach, time and capabilities in-house
 - Someone else has the skills, technology or relationships
 - Avoid “re-inventing the wheel”
- Some wholesale customers don’t want to become telcos
 - Prefer to outsource everything – the rise of managed network services
- Importance of understanding what customers want
 - Bundles of related services easily managed via consistent interfaces



Developing wholesale service portfolios - developing content hosting & distribution

- Many opportunities in the value chain
- Need to develop strategies, services and marketing messages
- Need for specialist skills and capabilities
- Build, buy or partner?
- Increasing number of telcos entering the content market



Developing wholesale portfolios

- innovation doesn't begin and end in the retail sector

- Wholesale carriers also innovating to bring new services, strategies and approaches to the market.
- Seeking to differentiate their offerings and to increase their market shares, revenues, and overall profitability
- Main areas of activity in wholesale innovation
 - Caching, management and distribution of third-party content
 - Facilitation of next generation mobile services
 - Customisable wholesale services and interface automation

Debate

