Session 5: Multiplatform access and enhanced competition

The new on line multimedia world

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Summary

- **Trends: our vision**
- **The broadband market: FT's approach convergence/ integration**
- **Toward a real internal market for services**

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- ***Trends: our vision***

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Trends (1)

- Some challenging qualitative changes
  - The future EC market will be shaped by technological developments and convergence.
  - Four main industries will be involved in shaping the convergent market:
    - the consumers' electronic,
    - equipment and software industry,
    - the content industry
    - and the telecom sector.
  - The telecom sector is no longer reserved to telecom operators, new inter-modal competition is prevailing.

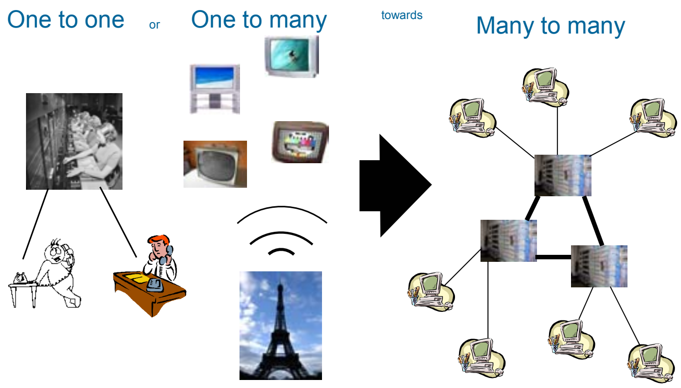
Trends (2)

- The old paradigm is over:
  - We're not dealing anymore with the transition from monopoly to competition but with the deployment of a new generation of services
  - We're entering the second phase of the creation of an ICT enabled mass market: on-line multimedia
  - Where communication networks together with content services will be accessed
    - via different terminal devices
    - and through different platforms providing convergent services in competition
  - This convergence of terminal devices, networks, platforms and content will modify existing business models

Trends (3)

- The European telecom market is likely to change rapidly over the next five years
- Empowered consumers will be able to access any content, anywhere, anytime because of:
  - Investment in next generation network and new mode of access (fibre): but regulation dependant
  - Interoperability between different platforms achieved through industry-led standardisation
  - Continuing investment in ICT research and development

Trends (4)



Trends (5)

- **Example: Internet services and application**
  - **One-to-one: e-mail, remote log-on**
  - **One-to-many: web**
  - **Many-to-many: peer-to-peer, grid computing**
- **In this world physical access become less relevant than « logical access »**
  - **Research engines become key**
- **Terminals are also becoming nodes of the network**

Some issues (1)

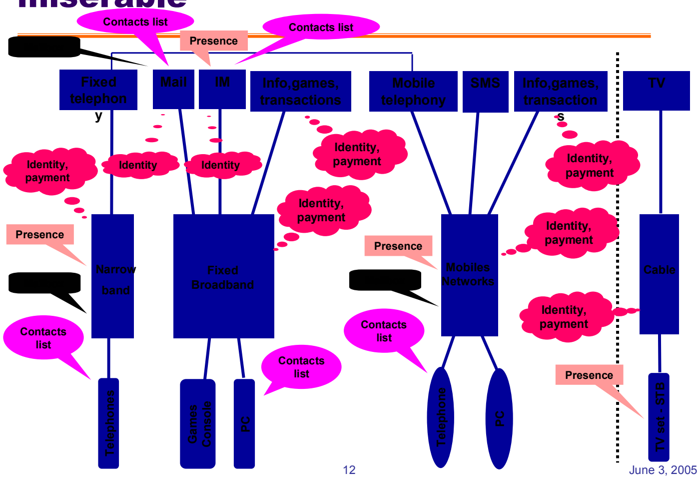
- **The sector remains dynamic and NGN will enable convergent services**
- **A prerequisite: enough positive incentives for players to invest**
  - **so as to deploy NGN**
  - **And to foster the development of innovative content and information services**
- **Value-added services and content are key to revenue growth**
- **A major issue: new services should provide access to valuable/ attractive contents**

Some issues (2)

- However convergent services mean complexity,
- As well as some uncertainty
  - About business models
  - About services (the quest for a killer application)
- A treble challenge:
  - developing new services at low costs
  - while trying to increase revenues (ARPU)
  - Facing increased pressure on margins because of an enhanced competition

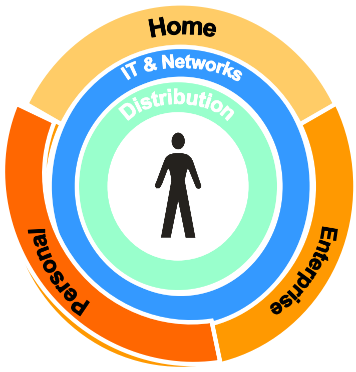
- ***The broadband market: FT's approach convergence/ integration***

We have made the life of customers miserable

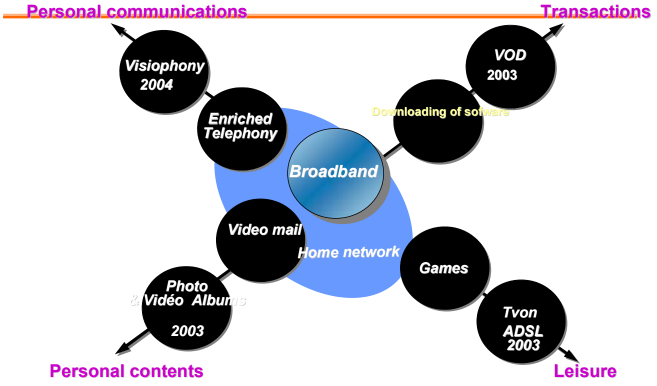


France Telecom Strategy:

- *Convergence is about removing barriers*
- *And becoming customer-centric*
- *Acting as an integrated operator*
  - Integrate processes
  - Integrate services
  - Innovate
  - Develop partnerships

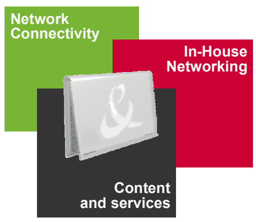


Broadband: an opportunity to boost services



New streams of revenues

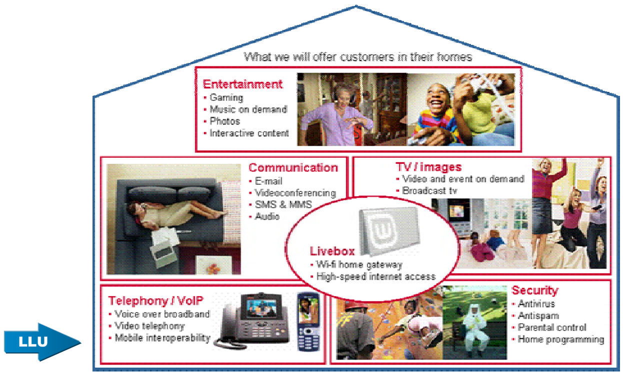
Towards a new business model for Broadband



Livebox® : At the heart of the Home broadband strategy

- The Livebox® is not simply a VoIP and TV over ADSL enabler, or an Internet Wi-Fi router …
- It will also enable new Home usages such as Photo, Music, Home watching, directory management, etc.
- …related to different Home equipments, which are not necessarily PC, nor fixed device or mobile devices

The FT Home vision



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➢ ***Toward a real internal market for services***

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Regulatory Policies (1)

➢ **"The policy focus for 2010 is the creation of a favourable environment that stimulates the competitive deployment of new converging services". *'i2010' Communication***

➢ **The tools:**

- **The review of the regulatory framework for electronic communications (2006)**
- **The review of the Television without Frontiers directive**
- **The Information Society framework**
- **The service directive which covers "information society services" treated as "acquis communautaire"**

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Regulatory Policies (2)

- A need for a consistent approach between these regulatory tools
- To foster the creation of a real internal market for services
- In keeping with the Lisbon Strategy and the coming iEurope 2010 action Plan
- A greater flexibility for new one line services?

Broadcasting: Some questions to (re)consider

- A major question: can the public policy goals be achieved by other means:
  - Cultural diversity,
  - Pluralism: internal or external (free marketplace of ideas: see the case of the newspapers)?
- One of the rationale of the previous policies was the scarcity of available ressources (i.e frequencies): is it still valid in an on-line multimedia world?
- Quotas were designed to promote cultural diversity but also as some kind of mandatory investment obligations for an undercapitalised/ heavily fragmented audiovisual industry
  - Is is still needed if new powerful players are committed to invest so as to supply the content they will deliver

Directive on Services: the real stakes

- At first glance the telecom sector falls out of the scope of this directive (like the financial services),
- However, communications services are out the scope of this directive if and only if they fall under the electronic communication framework.
- In other words, services that are not defined/ treated as electronic communications services in the sense of the framework directive will fall under this service directive.
- Most sectors involved are asking for exclusion: favouring a sector-specfic approach rather than the horizontal approach