VoIP Workshop

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European issues

May 25, 2004
Decline in telcos’ fixed telephony revenues

At first in the US...
Major US telcos’ fixed telephony revenues (in million USD)

... And now in Europe
Major European telcos’ fixed telephony revenues (in million EUR)

Source: IDATE
Fixed telephony revenues

Now second after mobile services

Breakdown of telecom service revenues by segment in Western Europe

1999
Total = EUR 175 bn
- Fixed telephony: 53%
- Mobile services: 34%
- Data: 11%
- Internet: 2%

2003
Total = EUR 252 bn
- Fixed telephony: 37%
- Mobile services: 45%
- Data: 11%
- Internet: 7%

Source: IDATE
Fixed telephone lines

Now less than cellular subscribers

Recent trends in fixed lines and cellular subscribers in Western Europe (in millions)

Source: IDATE
Voice traffic (in UK)

(million minutes)

(e) Estimates - Source: IDATE
Fixed telephone traffic

Now declining in most European countries

Recent trends in fixed telephone traffic in France and in Germany (billion MoU)

Source: IDATE
Rapid developments in high speed access

Recent trends in high speed connections in the major European countries

Source: IDATE
Breakdown of DSL connections by origin in the major European countries at end 2003

Source: IDATE
Generating new revenues

- Incumbents: Finding new ways to ensure longer term growth

  - Stimulating usage through innovative marketing (bundling)
  - Developing new products and services – TV on DSL, Videophony, SMS on fixed lines, ...
  - Ensuring new positioning on the value chain through partnerships with leading brands
  - Launch of their own VoIP solutions
  - What about external growth? Signs of a return to a more active external growth strategy, but caution still prevails.
The new DSL paradigm

- DSL bundles and ISP dynamics
  - DSL access + PSTN telephony (resale or pre-selection)
  - DSL access + shared access
    - VoIP
    - TV access
  - DSL access + full unbundling
    - Telephony over IP
    - TV programming
    - …

- European Pioneers:
  - Telia-Sonera, B2 Breitband, FastWeb, Free, 9Telecom, BT, QSC, …

- Other « dynamics »:
  - IPVPN, PBX-IP…
  - Wi-Fi telephony
  - IM telephony (telephony is no more a telecom service … but an application based on a software product)
  - Fixed-mobile convergence