

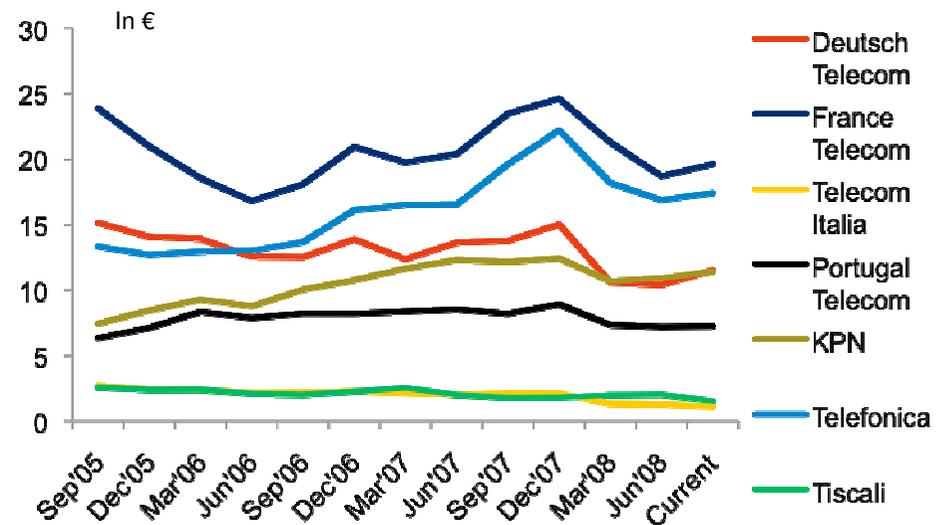
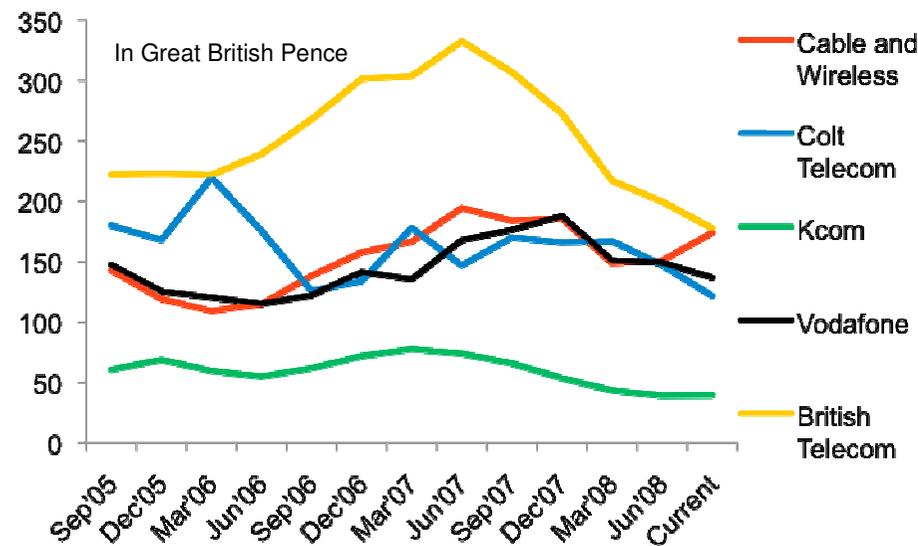
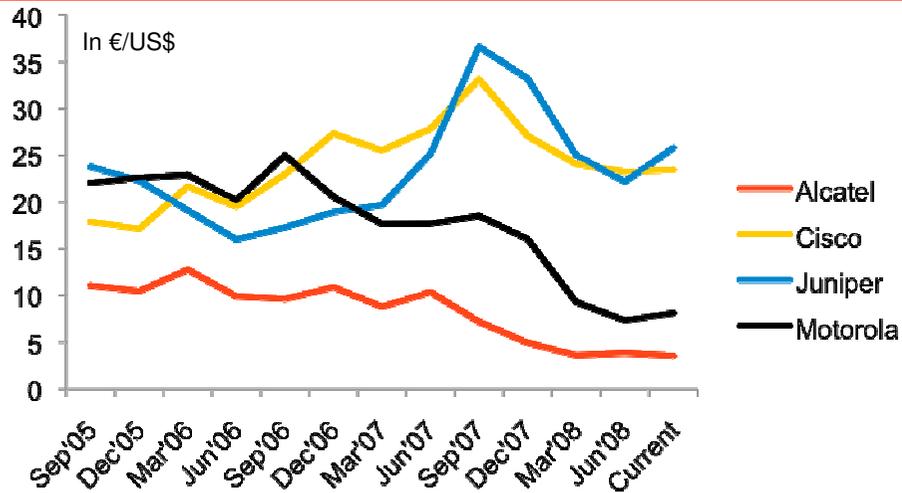
The End of Telecoms market ?

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 - Outdated company cultures (strongly influenced by unions a/o government, over-staffed, extremely hierarchical)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

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

Predicted and Expected Consequences for MK

- New orientation towards know-how and emerging technologies, social impact and business models
- Social impact is the new regulatory framework
- Inter-disciplinary creativity
- The MK has to become a forum to innovate across business, disciplines and countries
- The MK has to broaden its membership towards different know-how industries impacted by emerging technologies issues, research institutes, individual experts and entrepreneurs
- The Internet will play a vital role for the MK to collect and to distribute its activities