

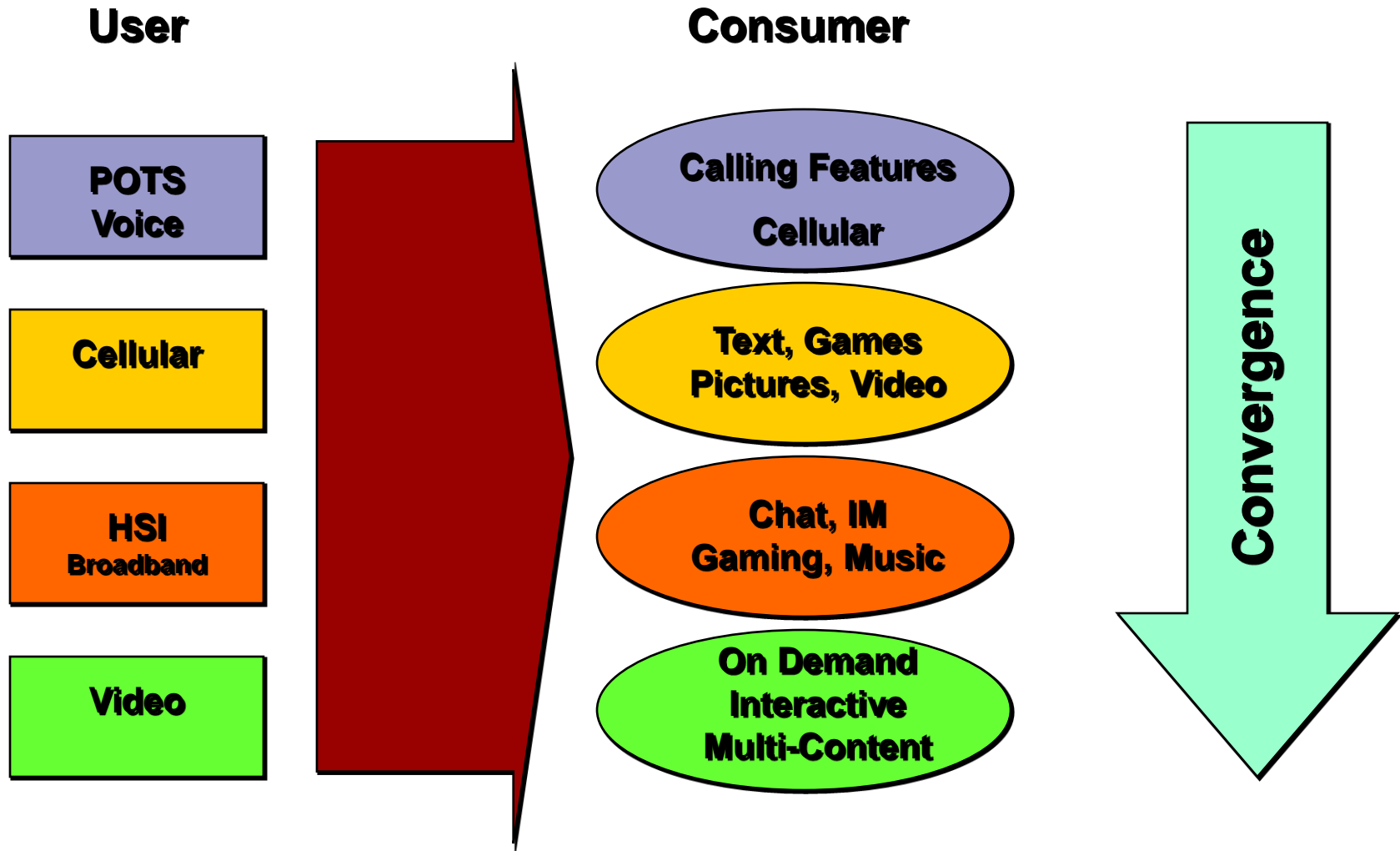


# The New Value Chain

Subscriber to Consumer

◀ **BROADEN YOUR LIFE** ▶

# Evolutions and Revolutions



# Why Do IP Video

## Common Reasons Not To

- > No Competition, Secure Market
  - Voice or Broadband
- > Capital Cost to Deploy
- > Technology availability
- > Consumer Acceptance
- > Bandwidth requirements

## But Things are Changing

- > Competition is coming
  - May not be Cable though
- > Costs in line & continue to drop
- > Technology and vendors have matured
- > Consumer Behavior is changing
- > New Codecs, GigE, Access enhancement

### **No Longer a Science Project**

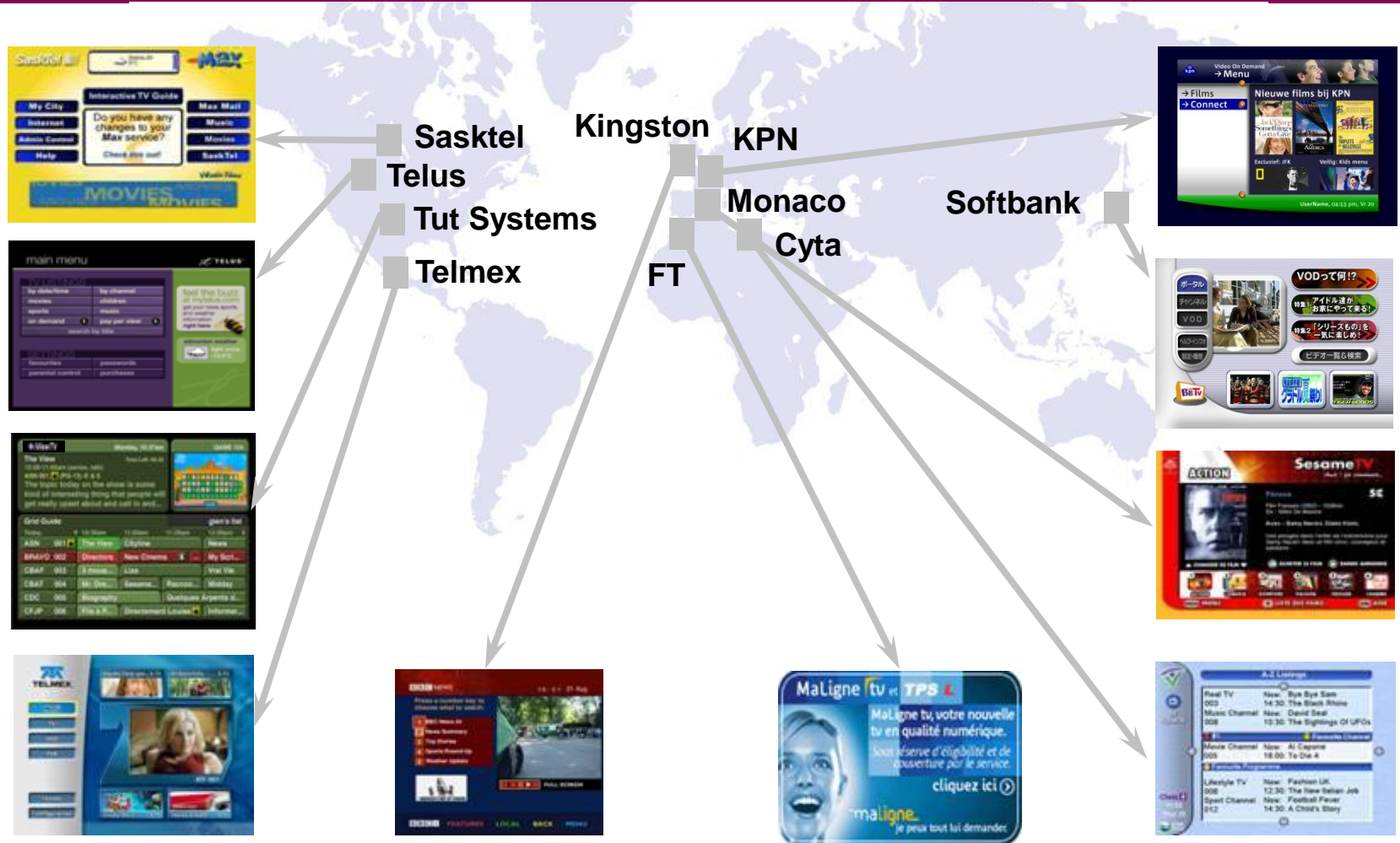
**At Least 8 Commercial Deployments Exist today  
Another 5+ will be Launching in 2004 and Q1 2005  
Large Telcos very Serious, US RBOC's, European ILEC's**

### **All on ADSL with MPEG2**

**Broadcast and/or VoD only with Portals  
Use of Interactive elements and customization key**

**Migration Plans for MPEG4/WM9 in 2005  
New Applications and Services for 2005/2006**

# Some Broadband Video Services Worldwide



# Live Deployments



## BBCable Japan

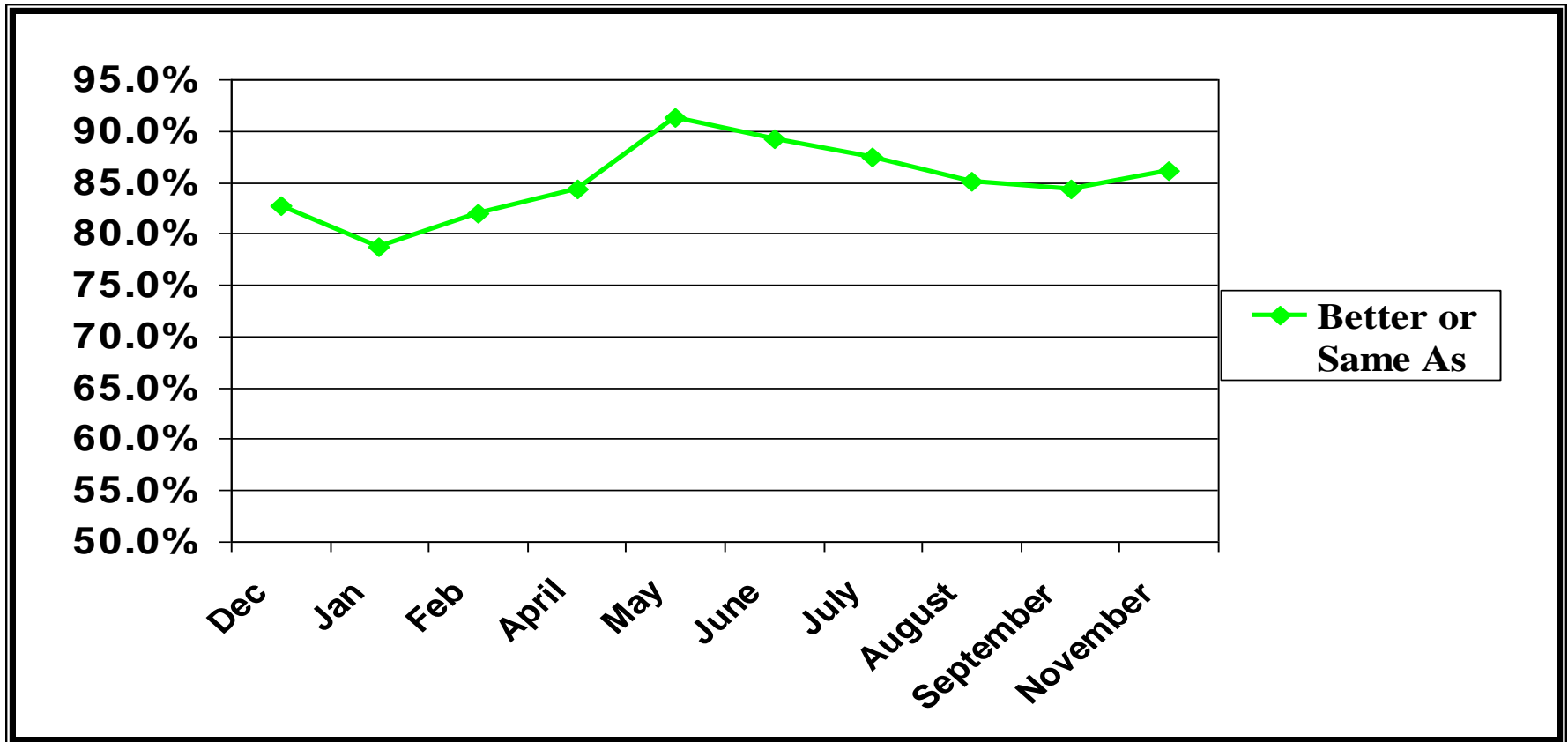
- Scalability for hundreds of thousands
- Rapid integration of new applications
- Best in business security (NDS) brings best in business content (5,000+ titles)
- Technology choice (unique Samsung set top)
- Unique design



## SaskTel Canada

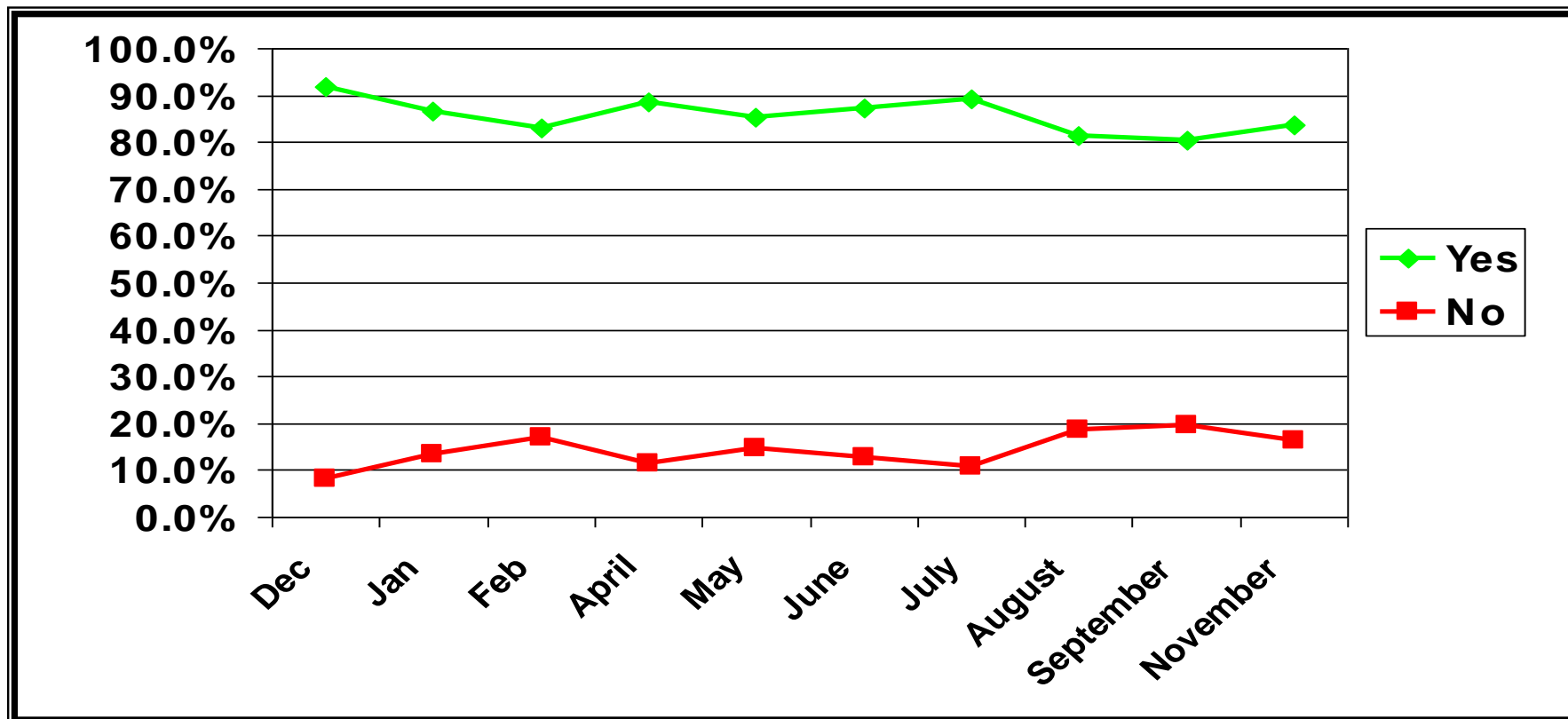
- Made it easy to leverage local content
- Provided tools for SaskTel to self design and develop
- Future proof set top evolution
- Solution and Technology choice
- Content protection to grow VOD
- 99.99% telco availability

## *SaskTel Max Compared to Previous TV Supplier – Better or Same As Respondents*



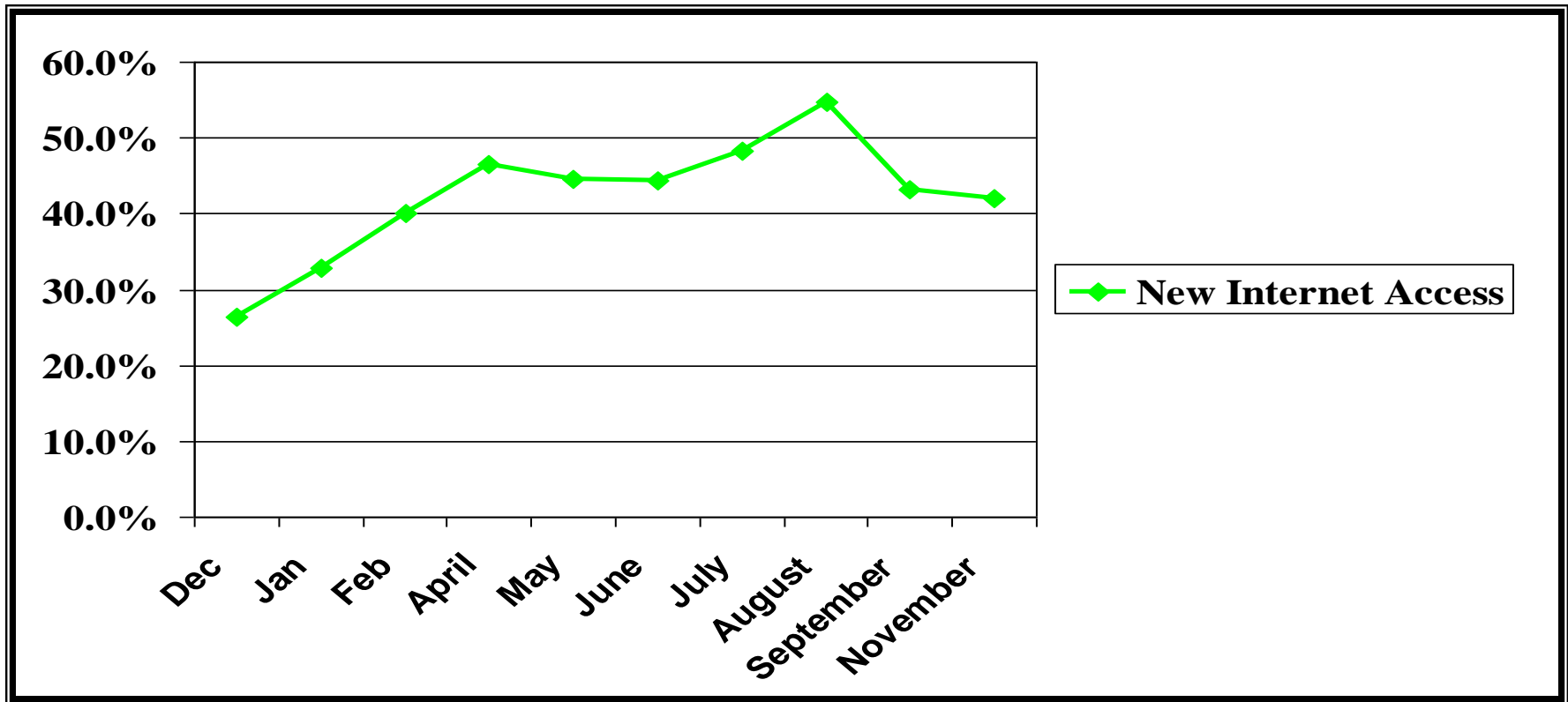
Despite the limitations of DSL technology and lack of experience at being a broadcast provider, SaskTel Max stacks up very favorably overall versus the cable and satellite providers.

# “Prior to subscribing to Max, did you already have Internet access?”



*Max provides Internet access and e-mail over the TV. Approximately 17% of Max subscribers do not own a computer. These are customers that we could not connect to a broadband pipe before. They are also good candidates to buy a PC in the future.*

## *% of Customers that Represent New Internet Customers for SaskTel*

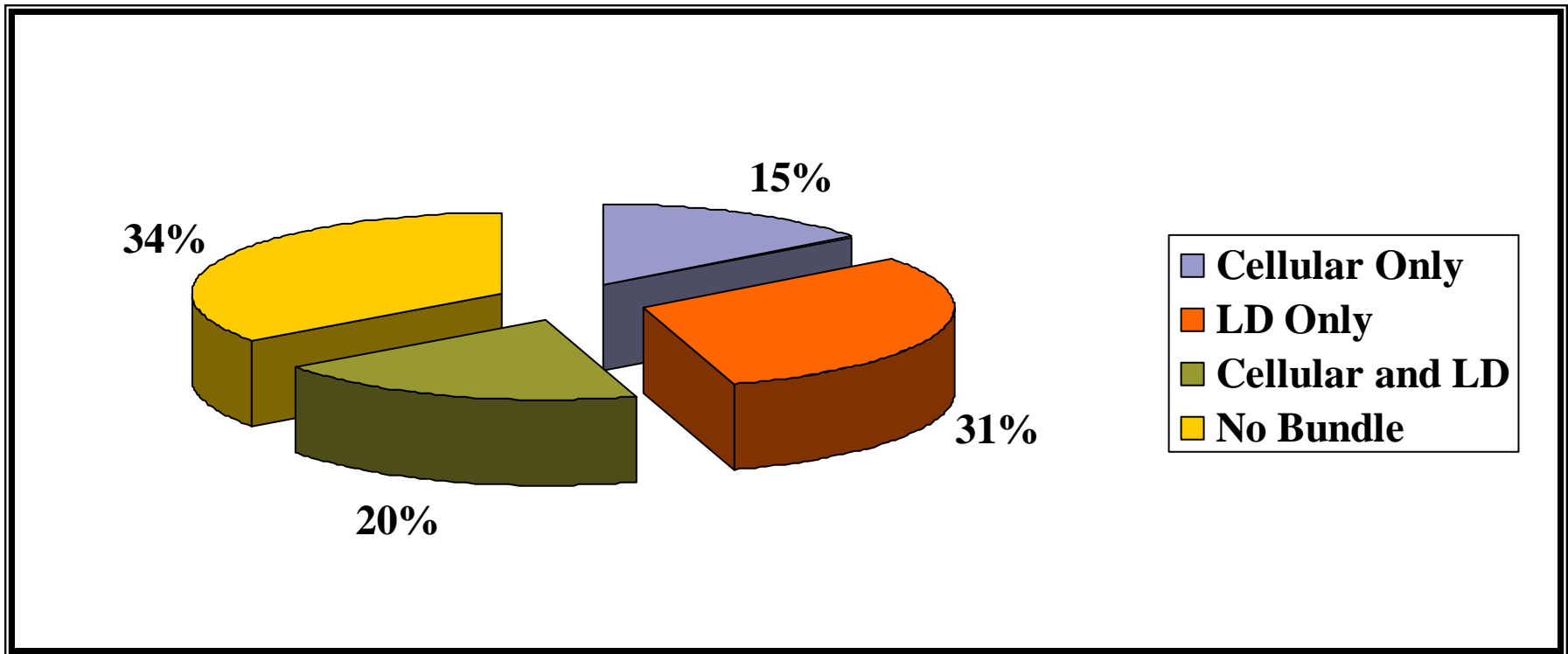


Since February, half of all Max subscribers resulted in a new High Speed Internet customer for SaskTel. This is a nice balance of generating more revenue from current SaskTel Internet customers and growing the Internet customers at the expense of the cable competitors.



# Max Bundling Results

December 2003



Customers who have one of three SaskTel Unlimited Long Distance calling plans receive a discount of \$5.00/month off Max. Customers who have a post-paid cellular plan with SaskTel Mobility receive \$10.00/month off Max. Customers who have both receive \$15.00/month off Max

# Additional Learnings

- > Some original assumptions of service offerings and user requirements were not accurate
  - Originally based on what users were used to (competitors UI)
  - Able to adapt and modify to customer feedback
- > Community content became a significant differentiator
  - Radio, Broadcast and Web Portals
- > Had to launch bundling packages earlier than planned
  - Have noticed reduced Churn on all products due to packages
- > Significant uptake in student community
- > Able to get “real” viewer data, enable renegotiation of some content agreements

# Beyond IPTV

- > Multi Application - Multi Device
  - Video, data, voice on
  - Phone, PC, telephone



# Conclusion

**A good plan executed today...  
... is better than a perfect plan executed tomorrow**

**Enhance the Consumer Experience...  
... and make it simple to use**