

A man in a white shirt and blue tie is pointing at a large screen displaying a globe and circuitry. The screen is part of a larger display system, and the man is looking at it intently. The background is a light blue wall with a grid pattern.

# SIEMENS

Siemens Information  
and Communications

**Telecommunications and IT Convergence  
This time it's real !**

**Daniel-Rui Felicio**

**President Carrier Service  
Siemens Information and Communication Networks**

# Broadband and IP open the door to IT world

Main trend

**Power switches from the network to the user**

**The network drives value creation**  
**The network offers differentiation**  
**The network determines the services**



**Services drive value creation**  
**Value Added Services offer differentiation**  
**Services are network-independent**

**Caution: danger of avalanche effect – small becomes large very fast within the IT-industry**

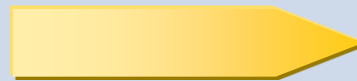
Trends



**Traffic switches to a medium that doesn't create any services-specific revenues**

**Right timing is the dilemma for the incumbent**

**Early introduction of VoIP**



**Loss of Cash Flow**

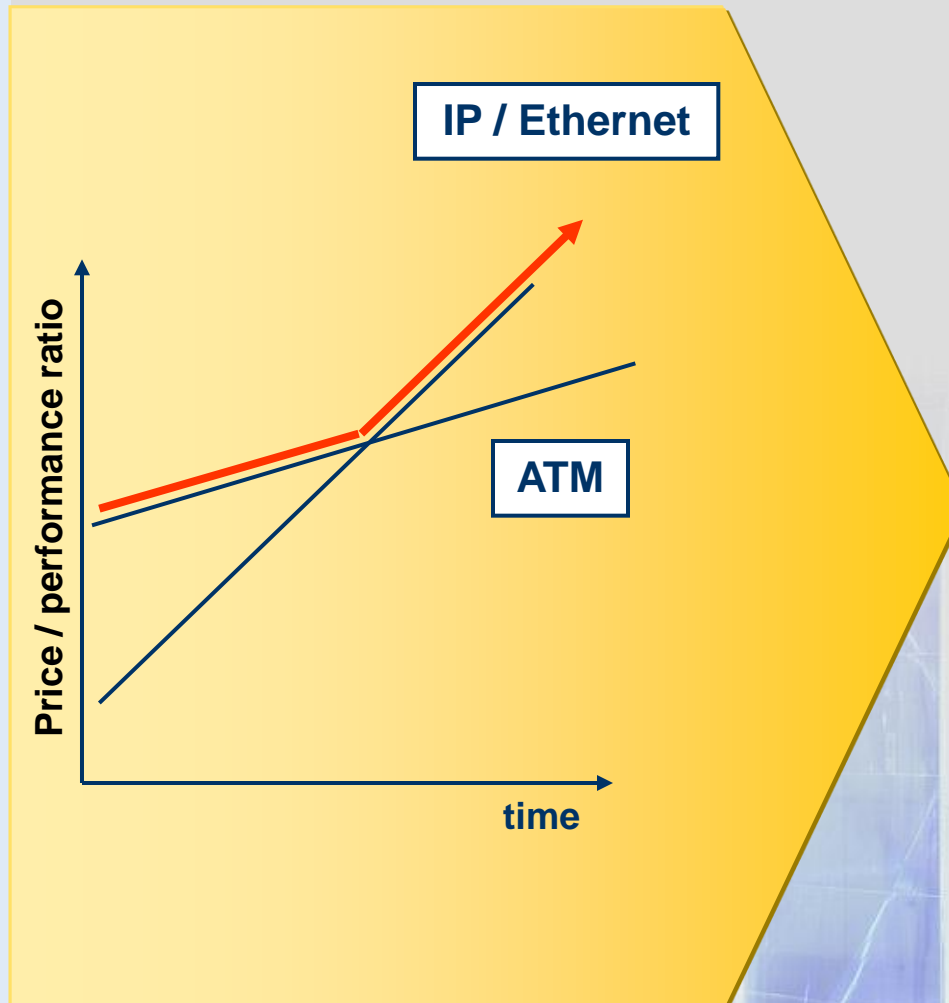
**Late introduction of VoIP**



**Long-term loss of market share**

Within the IT industry, the standard with the smaller volume is displaced by the standard with the larger volume

Trends



- Telecommunication will adopt technologies and standards from IT
- Enterprise technologies with a larger volume will migrate to Carrier

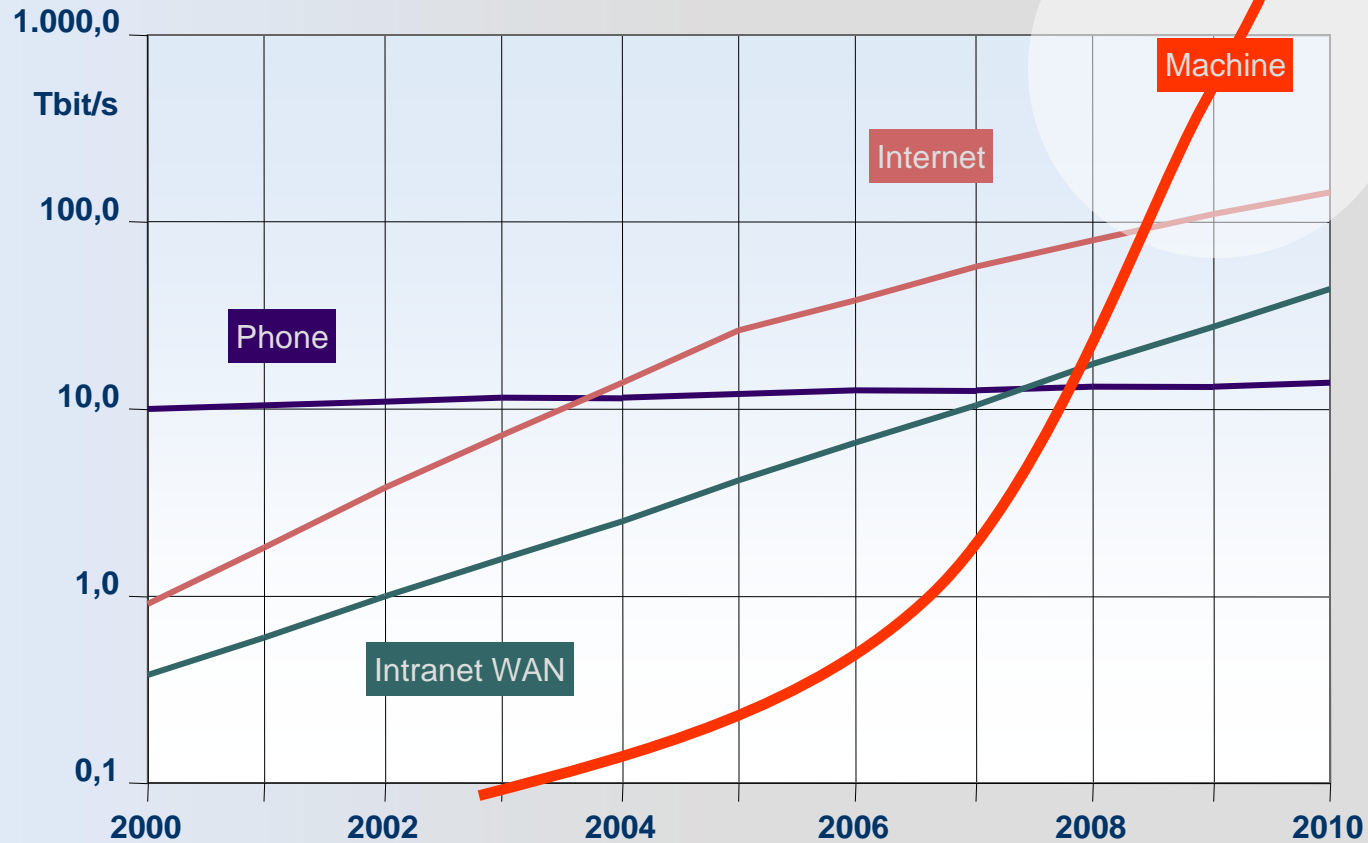
## Trends

- Intelligence migrates from the network to the end device
- De facto standards prevail over proprietary solutions
- Splitting of complete solutions into single products and components

Efforts for system-integration will become a function of Time to Market

Unlimited growth of traffic only by M2M

Trends



Number of IP-based end devices steadily increases and generates more and more traffic volume



Trends



Ad hoc multi-hop networks

End devices – not the networks – will control communication among one another in the future

The trend will start within “closed user groups”

- Enterprise
- Automotive inter-connectedness within one brand
- Personal Networks
- Smart Home

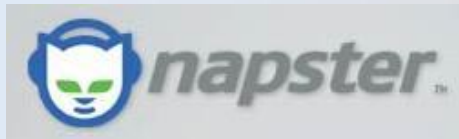
Already today the traffic bypasses classical carriers

Trends

**Business models which don't need classical network intelligence**



Video on Demand



Audio on Demand



Email



Communication



VoIP / IP Centrex



Search Engines





Trends

**"Enterprise goes mobile"  
INTRA transactions**

Integration of mobile technology into Enterprise solutions  
e.g. Dual Mode Phone  
WLAN-GSM

**Enterprise Player**

Mobile communication is integrated into business processes of a company

**"Mobile goes enterprise"  
INTER transactions**

"Office Zone Billing"  
Integration of mobile solutions into business processes  
W-LAN

**Mobile Player**

Enterprise applications are integrated into the offer of the mobile services provider



Costs

Convenience

# Key success factors for Tier 1 operators in a converged environment

## Success factors

### Service Company for end customer solutions

- Brand and Lifestyle (Design)
- Segment specific customer access
- Business process Know-How
- Know-How in integration of applications and business processes
- IT-System Integration

Vertical Applications

Vertical Applications

Vertical Applications

Application Level

### Distribution Company : Platform for Wholesale and Retail

- Convergence competence
- Control of Service Level Agreements
- Integration of arbitrary customers as well as ASP/ISP on this platform
- Time to Market

Enabling Applications

Control Platform

Control Level

### Connection Company : Provisioning of bandwidth

- Optimized cost structure
- Quality of Service and Security as means of differentiation
- Time to Market

Access

Transport

Transport Level



## Trends

- BT announces investments of 4"000' £ in IP infrastructure leading to a whole range of new services and (after 2008) to OPEX savings of 1" £ p.y.  
(Financial Times)
- KPN announces a new foray a into digital broadcasting  
(Reuters)
- DTAG announces first IP services (videotelephony, video surveillance per internet)  
(Die Welt)
- "We believe we are facing the most important paradigm change in the industry that we have ever seen" states Mr. Breton...announces reorganisation of France Telecom according to customer-segment...announces new service unlimited VoIP for 10 Euro/month, IP VPN services for corporate users,...  
(Wall Street Journal)

## Trends

**“Network-hosted VoIP is the latest enhancement to BellSouth's comprehensive VoIP portfolio”**



### ***Announced June 6, 2004***

**Leading Carrier Introduces Network-Hosted Voice Over IP Trial Offer; Service to Complement Existing Voice Over IP Portfolio**

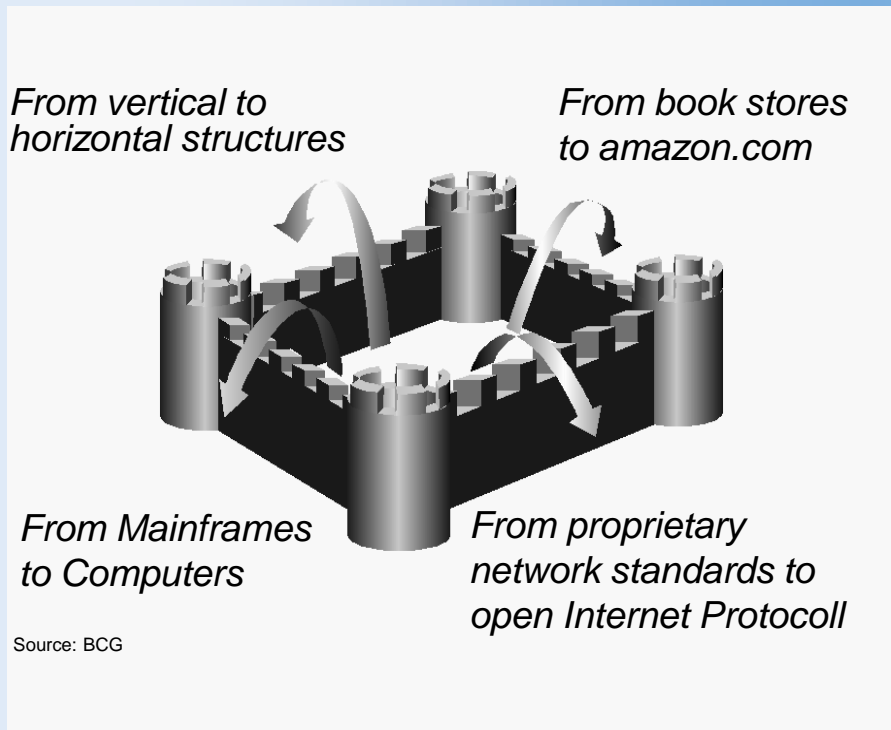
For Immediate Release:

ATLANTA -- BellSouth (NYSE: BLS) today announced it will begin offering, on a market trial basis, a business class network-hosted voice over IP (VoIP) service in Columbia, S.C. and Miami, Fla. The company expects to develop offers in additional metros in the Southeast later this year, based on these trials..

BellSouth has selected an **integrated solution from Siemens**, utilizing its next-generation softswitch to deliver the network-hosted VoIP services announced today.

***Leveraging Siemens SURPASS Business Connection***

## Examples from the IT-Industry



- Visionary companies need to change from traditional business models to customer driven and inter-industry models
- Often changes come in through „industry outsiders“
- From benchmarking to Benchbreaking: “Do it in another way and not simply better“



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