Convergence Bill Hearings
15 August 2005

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ALCATEL

Summary

- About Alcatel
- Telecoms Market Evolution
- Comments to the Convergence Bill
- Additional considerations
- Conclusion

About Us

Alcatel: the end-to-end solution provider

Product hardware — Product software — Basic services

+

Applications **Middleware Integration** Capability

=

Applications & Services **Solutions**

For fixed & mobile carriers

For enterprises and industry & public sector markets

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Worldwide Coverage

- **#1 in Europe, Middle East and Africa**
- **Amongst top players in USA**
- **Amongst 3 top players in China**

Top Positions in Key Technologies

Access →	#1 worldwide
Optics →	#1 worldwide
IP →	Joined the club in carrier IP Leader in IP telephony in Enterprise
Mobile →	Leader in emerging countries #1 in core NGN
Satellites →	#1 in Europe, top 3 worldwide
Applications →	Leader worldwide overall

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Alcatel Customers

Service Providers

Mobile Carriers
Fixed Carriers
ISPs

Enterprises

Industry & Public Sector

Transportation
Energy
Defense & Security
Public sector

Satellite operators

Networking for tomorrow's world

Fixed Communications

Fixed Solutions

Access Networks

Voice Networks

IP

Optical Networks

Optical Fiber *

Power Systems

* Being transferred

Mobile Communications

Mobile Solutions

Mobile Radio

Mobile Phones

Wireless Transmission

Radio Frequency Systems

Private Communications

Solutions for Industry & Public Sectors

Enterprise solutions

Space solutions

Transport solutions

Integration & services

Industrial Components

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Alcatel: a key player in Technology Standards

350 Alcatel experts
in more than
100 Standards Bodies

Key positions in:
ITU, 3GPP, ETSI, ATIS, DSLF, IETF, CCSA, OMA, BCDF

Program fully integrated
into quality plans and product development cycles

Thought leadership in:
- BB Access and Services
- Business grade IP services
- Fixed-mobile solutions
- NGN & Applications
- Data and Optics blend
- Mobile networking

Finance is a business enabler

Dedicated team
of financial and legal professionals

Ready to arrange necessary financing

- Structuring the financing
- Providing some form of credit enhancement
- Arranging a syndicate of financiers

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Alcatel in South Africa

1980's

Alcatel presence in South Africa

1994

Alcatel formed joint venture with Altech Group and operated as Alcatel Altech Telecommunications

2002

Alcatel buys 80%of the company

2003

Black owned consortium lead by Peter Vundla buys a 30% stake in Alcatel South Africa as part of it's Black Economic Empowerment programme.

Currently Alcatel South Africa has offices in Johannesburg and Cape Town with a staff complement of 150.

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Telecoms Market Evolution

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Key market drivers

- The world is going **BROADBAND**

  Nearly 123M global broadband access customers

  DSL Forum, Sept. 2004

- The demand for **USER-CENTRIC SERVICES**

  "Customers want to be at the center of their communications universe; whatever they want, wherever they want, whenever they want" IDC 2004

- Customers looking for a **TRUSTED PARTNER**

  to help guide them through the major transitions they are facing

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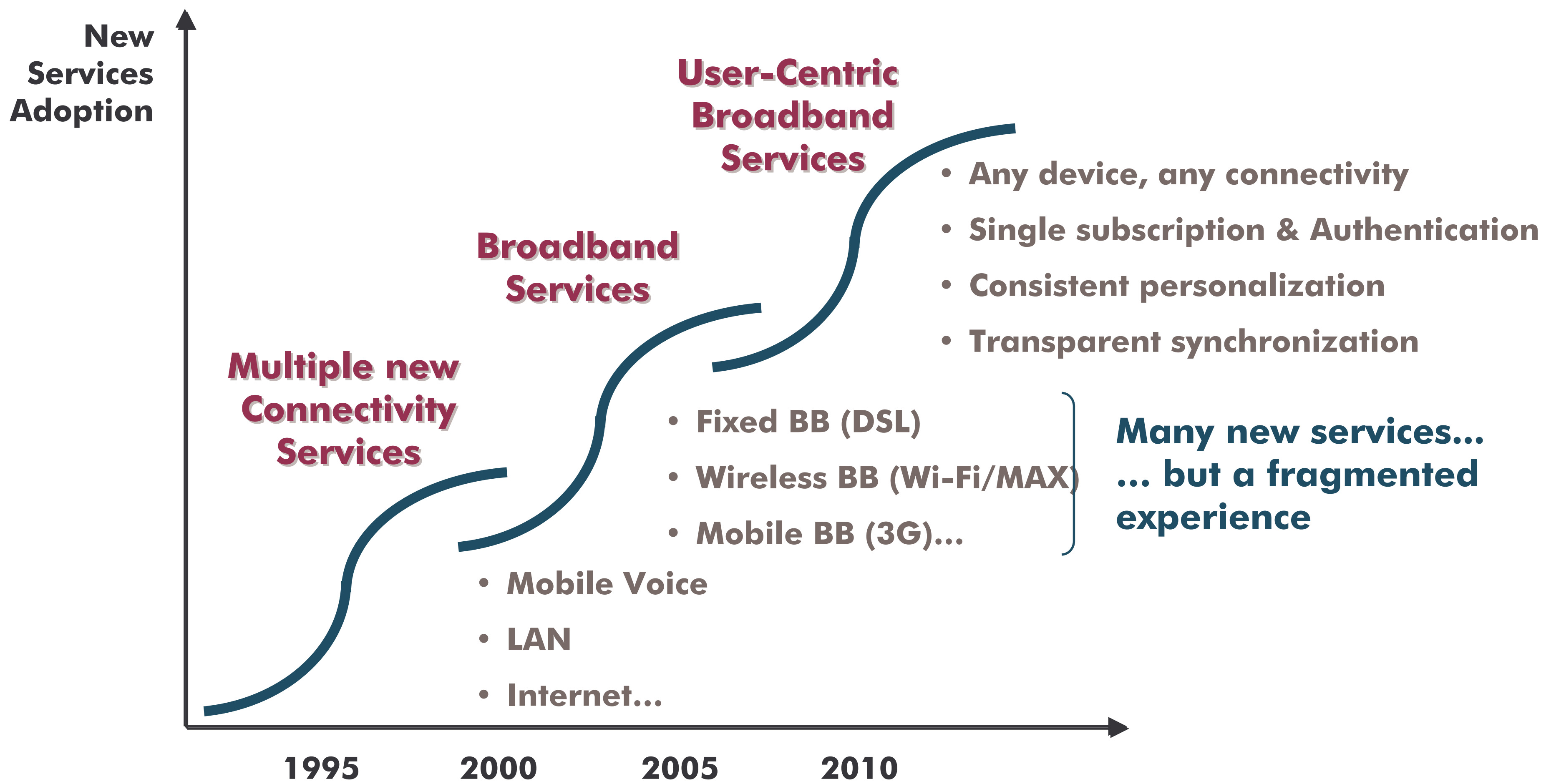
The telecommunications market evolution: 3 waves of services



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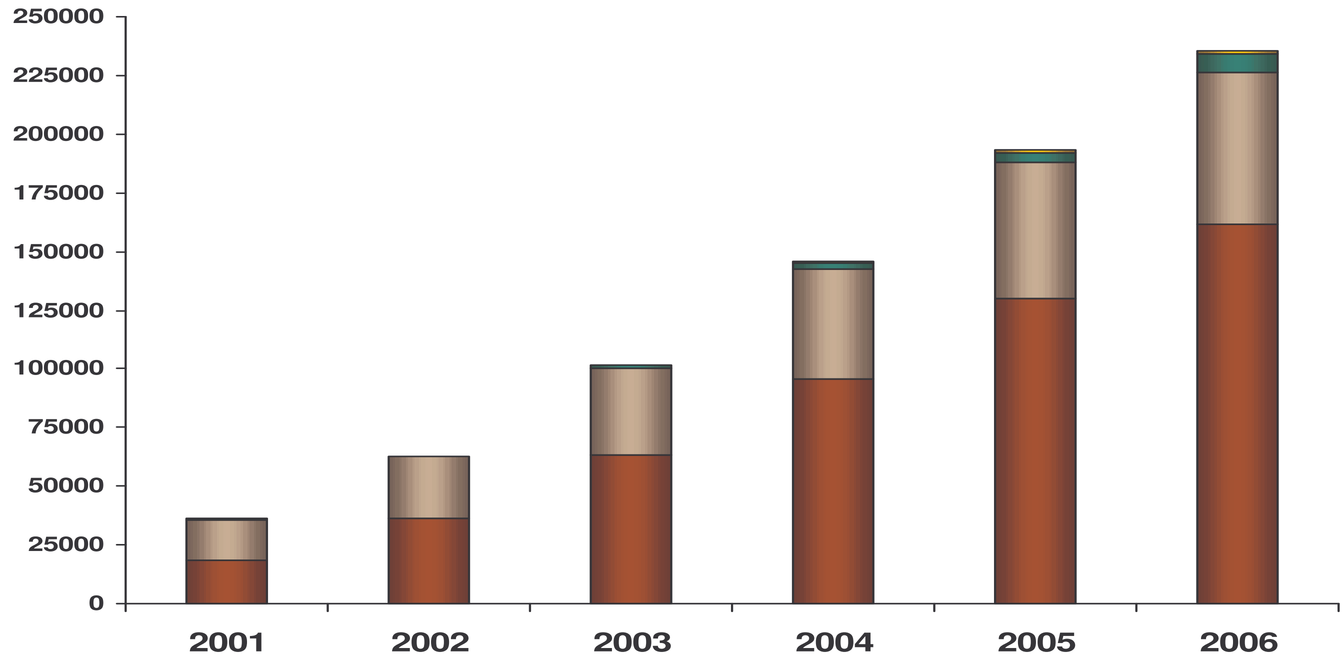
BB Access Global trends

x 000 subscribers



'02-'05 CAGR

FWA: 63%

Cable: 24%

DSL: 54%

- → DSL is the leading form of broadband access - today and tomorrow
- → DSL identified as THE strategic investment by operators WW
- → DSL growth rate continues at more than 2M lines per month
- → 50M DSL lines shipped by Alcatel - 40% market share

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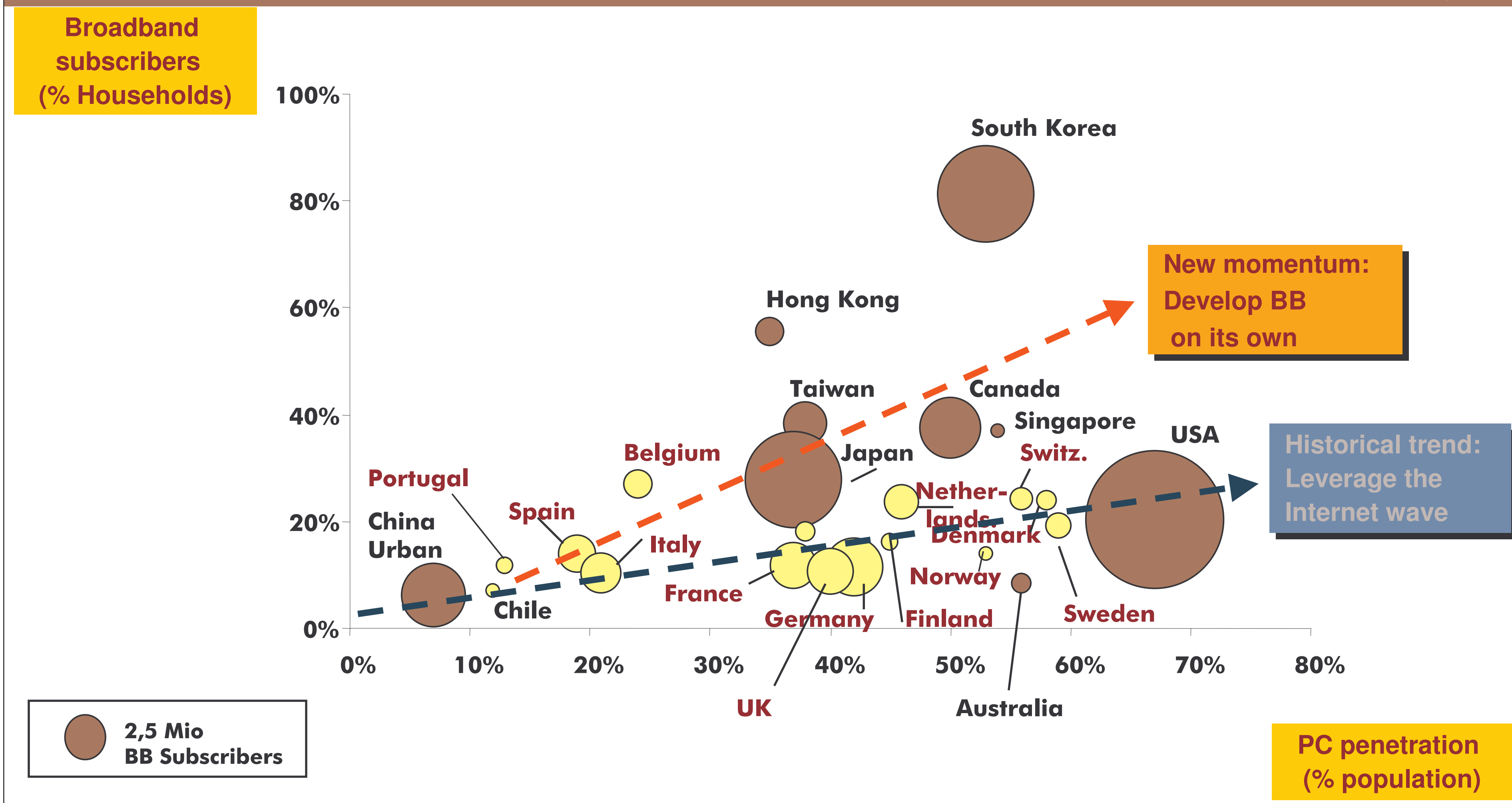
Any room for growth?



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What businesses want

Communication* & *productivity* tools available *anytime*, *anywhere

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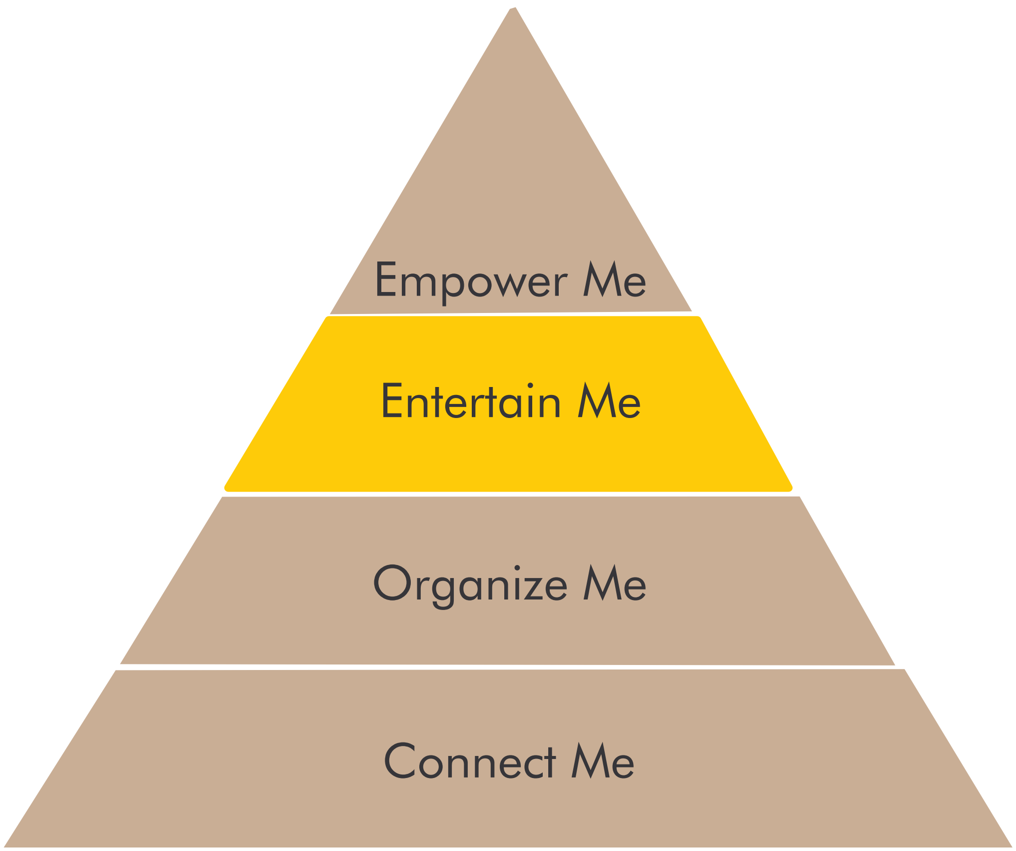
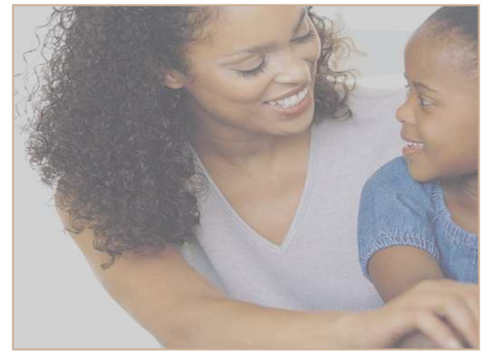
What consumers want





1. **More** ***Interactive***
2. **More** ***Personalized***
3. **More** ***Accessible***

Source: Alcatel focus group research, April 2004

What all users want: Simplicity

Users demand
SIMPLICITY

BUT

Diversity of services, devices and connectivity creates COMPLEXITY

NEED FOR USER-CENTRIC BROADBAND EXPERIENCE

- **Any device, Any broadband**
- **Single Authentication**
- **Consistent Personalization**
- **Transparent synchronization**

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Enabling User-Centric Broadband

Each User

Every Terminal, Everywhere

Business Environment

Consumer Environment

The best access network available for what the user needs to do here & now

A transport that provides the required Quality of Service

A service delivery platform managing a single customer profile

Any Content

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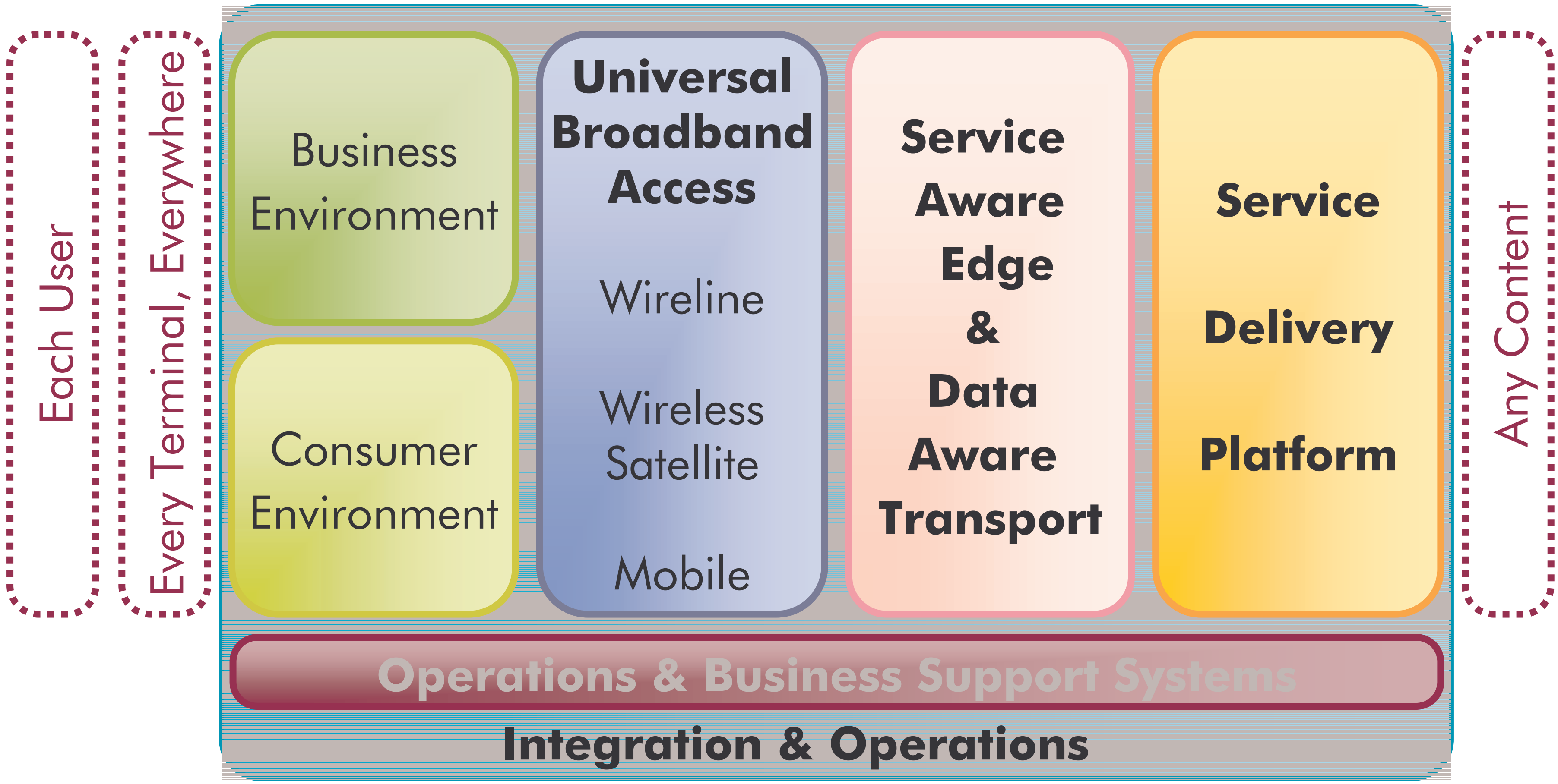
User-Centric Broadband Architecture



Coverage of issues by the Convergence Bill

Each User

Every Terminal, Everywhere

Business Environment

Consumer Environment

Universal Broadband Access

Wireline???

Wireless Satellite??

Mobile??

Service Aware Edge?? & Data Aware Transport

Service Delivery Platform

Any Content

Operations & Business Support Systems

Integration & Operations

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Comments to the Convergence Bill

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Comments

- Ch 1 : Definition of broadcasting service : Real time or not?
- Ch 2: No reference to Broadband and Internet
- Ch 3 (16): Categorisation of class licenses by the Authority
- Ch 8 : Will class licensees be allowed to lease facilities?
- Ch 11: www.112.co.za taken already
- Ch 12: Addition of the following:
  - encourage and facilitate the growth of broadband access and services
  - Growth of reliable and future proof access to information networks

Additional Considerations

Additional Considerations

- Creation, management and distribution of CONTENT (Special chapter on Content)
- Internet and Internet Protocol
  - Reference to Internet and IP
  - VoIP
- Impact of convergence on social services e.g. Education, eGovernment etc..

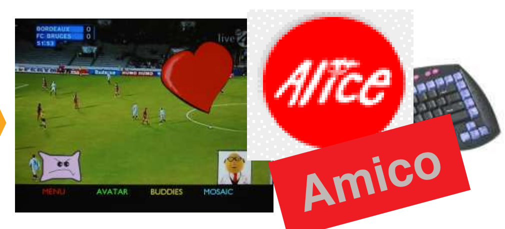
Conclusion

In the (not so far) future … convergence

Meeting runs late: program your VCR

watch first 5 minutes on your way home

take your time



watch the whole match at your convenience

in parallel, AmigoTV your pals

miss the end

watch the end on a business trip

discuss denied goal with colleagues

6 terminals
1 event

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B R O A D E N Y O U R L I F E

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