

Telecom Italia Sparkle



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Market Trends

Efficiency

- ▶ “Must have” condition both for voice and IP, wholesale and retail
- ▶ Price pressure (voice, IP&Data) deem efficiency
- ▶ “Organic” scale important for voice (outsourcing)

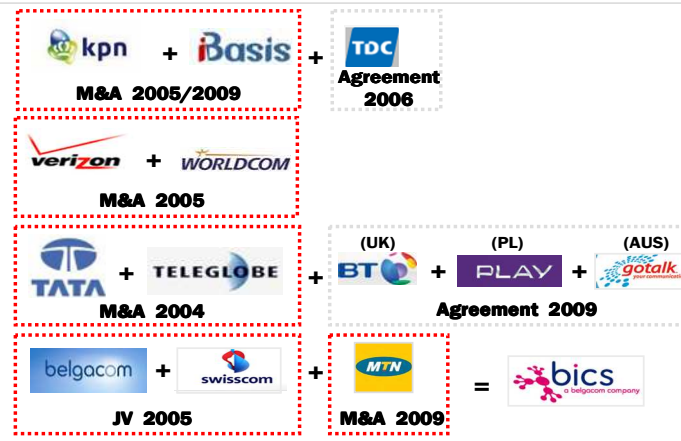
Scale by consolidation

- ▶ Size of Captive market is key
- ▶ Mainly for voice but also important for IP/Data
- ▶ Regional consolidation mainly for IP/Data
- ▶ Overcapacity

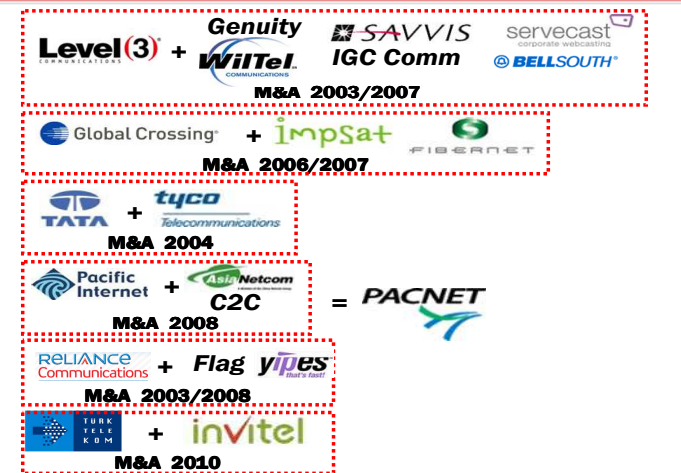
Innovation / differentiation

- ▶ IPX for voice
- ▶ Video/content and mobile data driving IP/Data growth
- ▶ Datacenters and cloud computing support driving MNCs growth
- ▶ Specific services (DC, internet exchange points) for hypergiants

Voice



Data



International market is and will be driven by efficiency through scale, consolidation and innovation

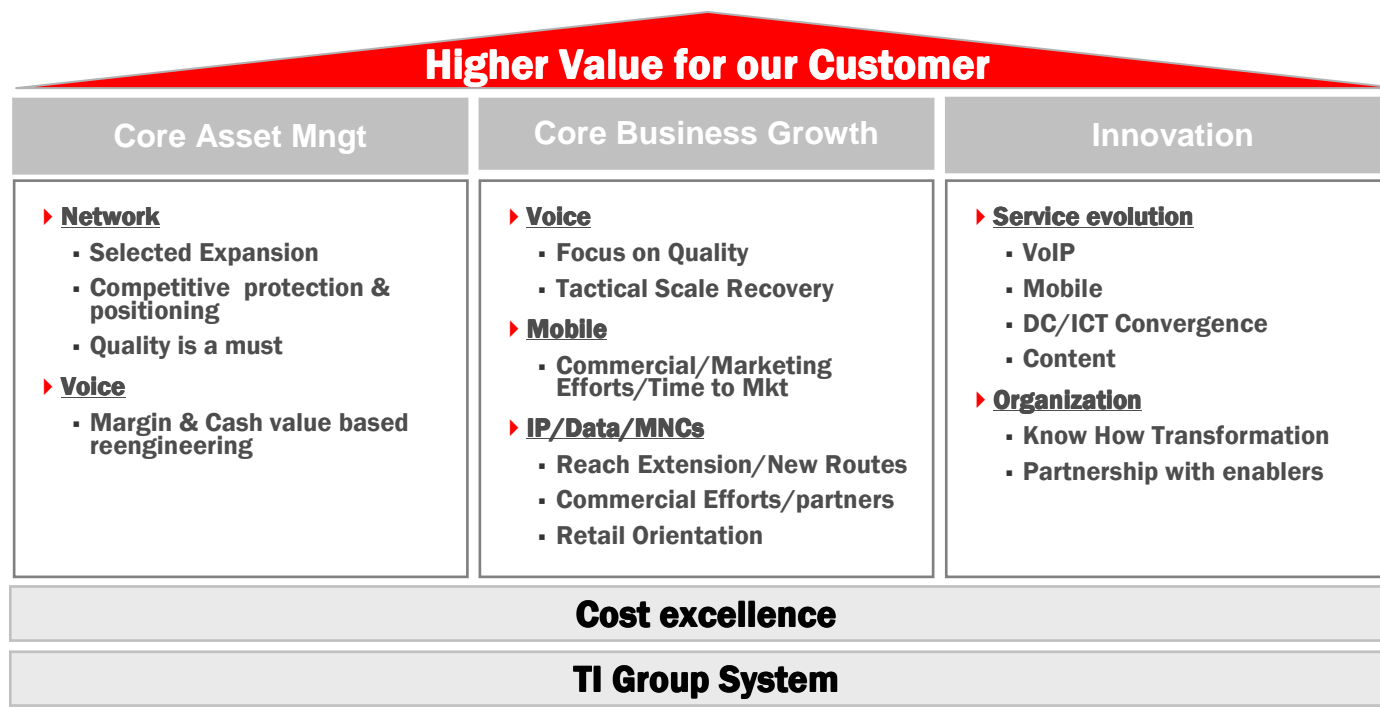
Scope and Innovation - From voice to New Products and Retail

Revenues Growth (Cagr. '09/'13 - %)						
	Voice	MNCs	CDN	IP& Data	Mobile Data	
West Europe	-5%	4%	16%	10%	0%	+ 1%
East Europe	-1%	8%	20%	14%	10%	+ 5%
North America	-3%	5%	12%	13%	17%	+ 4%
Latin America	0%	6%	9%	15%	18%	+ 7%
AP/ Middle East	1%	7%	14%	16%	23%	+ 7%
Africa	2%	19%	23%	18%	24%	+ 10%
Cagr '09/'13	- 2%	+ 5%	+ 13%	+ 13%	+ 16%	

Investments, Partnerships, M&A		
	Players	Area
Huge investments	BT, at&t, Interoute, Global Crossing, verizon	DC expansion and focus on Cloud
	Level(3), TATA, PACNET, NTT Communications	DC expansion
Partner-ship	Level(3), at&t, Global Crossing, TATA	IT intermediate target (for MNCs segment)
M&A	NTT Communications, Level(3), figroup, BT, Telefonica, TeliaSonera	Innovative ICT
	TATA, bics, SAP, SYBASE, Syniverse	Innovative Mobile

LatAm has higher than average growth fuelled by IP connectivity and Mobile Data

Sparkle Strategy as a response to Market

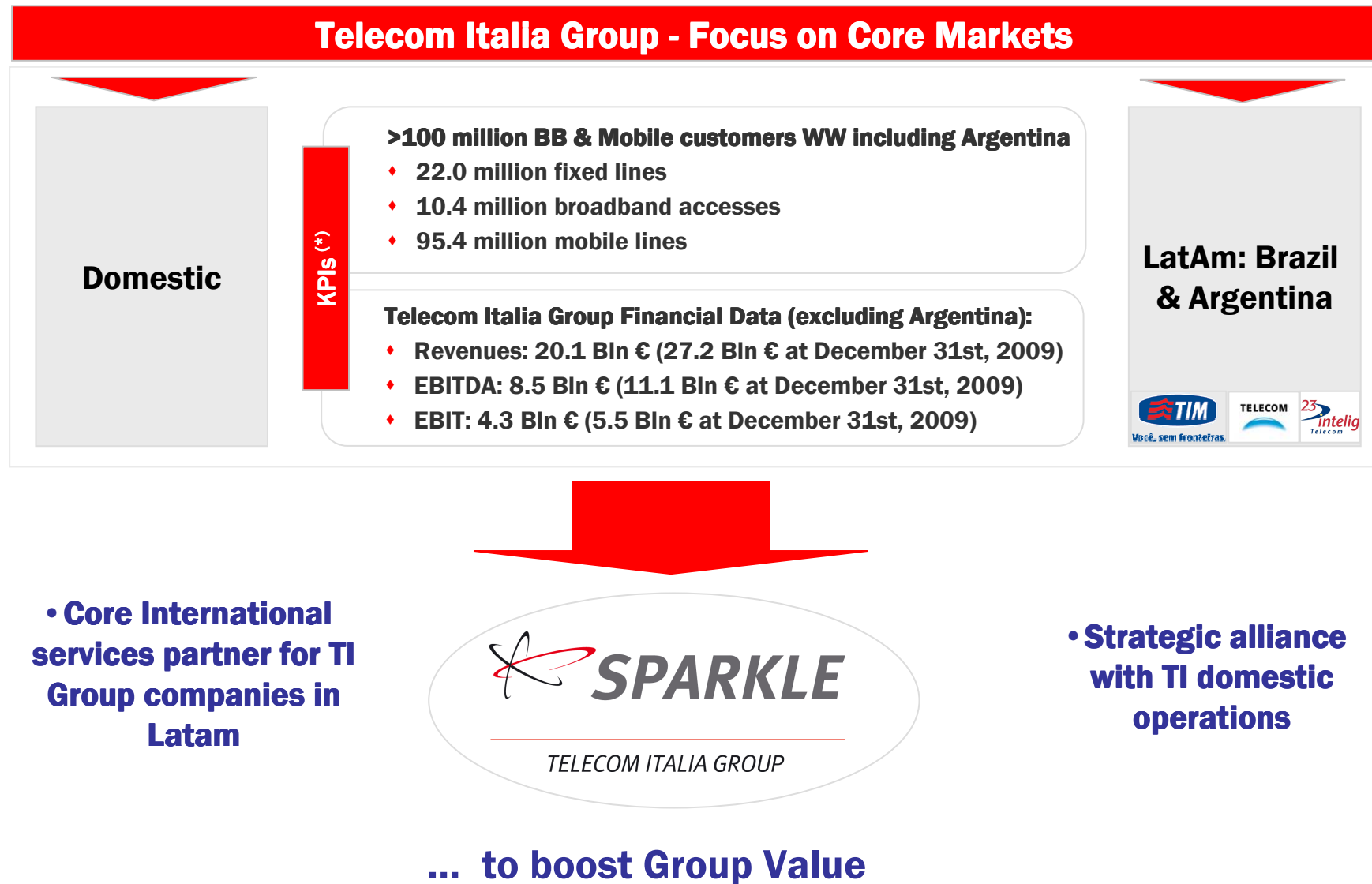


Our Distinctive assets



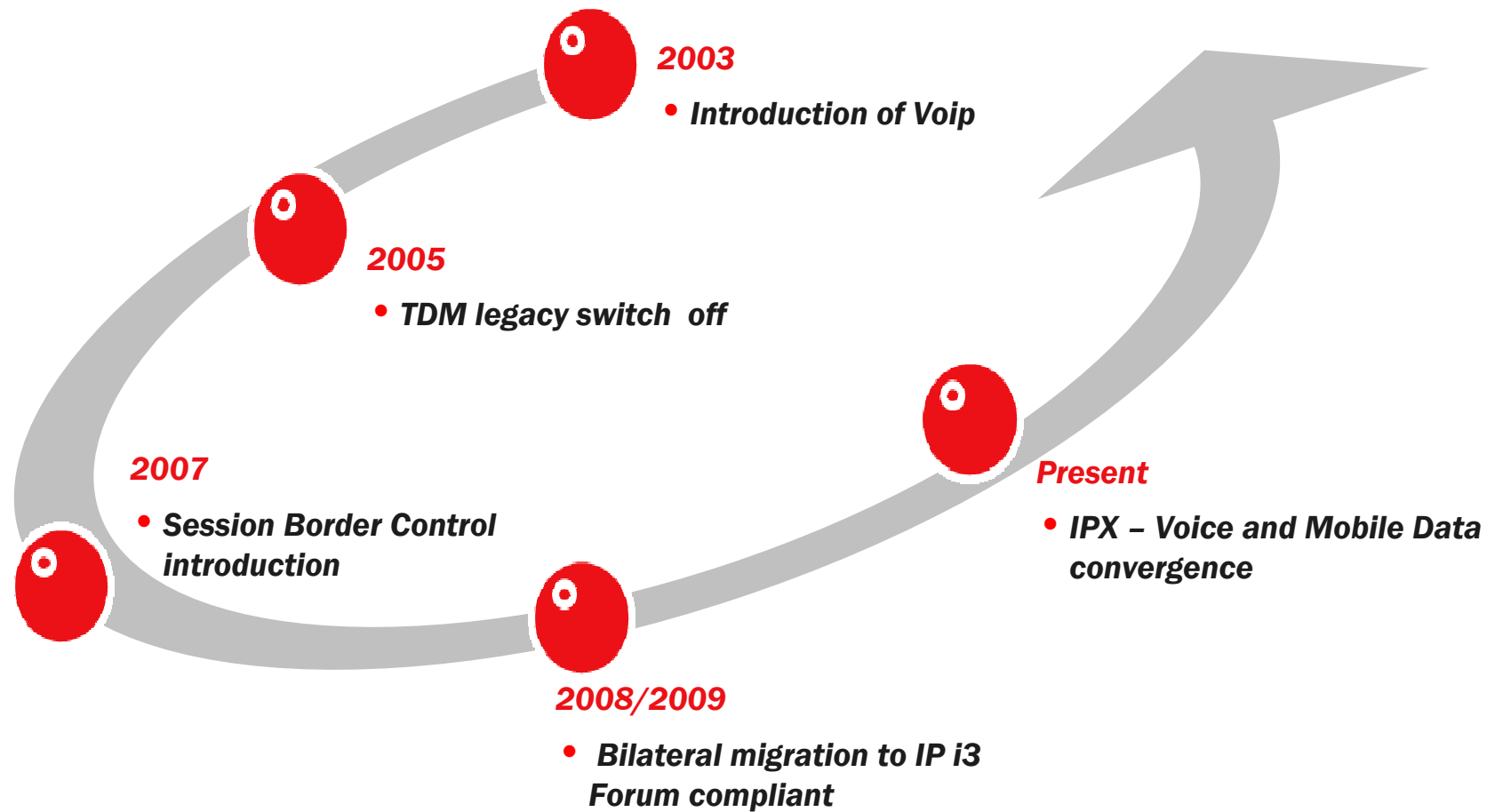
Sparkle to join the Partnership Game

LATAM as TI and Sparkle Core Market



(*) as of September 30, 2010

Sparkle as a pioneer in IP transition



Sparkle to continue to innovate

	<i>Rationales</i>	<i>Market needs</i>	<i>Opportunities</i>
Regional Data Center	<ul style="list-style-type: none"> • Exploit TIS strategic position and assets (Sicily, Turkey) • Ride cloud paradigm in Med 	<ul style="list-style-type: none"> • IT virtualization • Delivery Performance • Cross-border hubs (Disaster Recovery) 	TIS as leading regional hub for housing and cloud solutions in Med basin
New VoIP development	<ul style="list-style-type: none"> • 30% total international traffic in 2010, growing • Exploit TIS platform/skills 	<ul style="list-style-type: none"> • Price/Quality ratio • Flexibility/New Capabil. • Product Segmentation 	Enhance Corporate proposition & address new market targets (i.e. web 2.0)
Content Management & Delivery	<ul style="list-style-type: none"> • Video boom • E2E QoS • Un-mature eco-system 	<ul style="list-style-type: none"> • Plug&Play Hubbing Platforms • Security - DRM • Quality 	<ul style="list-style-type: none"> • B2B broker of Rich Media contents • Federation of CDNs for Premium Internet
Mobile Transactions	<ul style="list-style-type: none"> • Mobile handset as new payment device • TIS existing relationships with MNOs 	<ul style="list-style-type: none"> • International Remittances at Competitive rates • Airtime Exchange 	TIS as provider of Mob. Money Transfer solutions over specific geographical corridors

Need to emphasize commercial focus on hi-growth segments leveraging on TIS assets and know how