

Telecom Italia Sparkle



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Market Trends

Efficiency

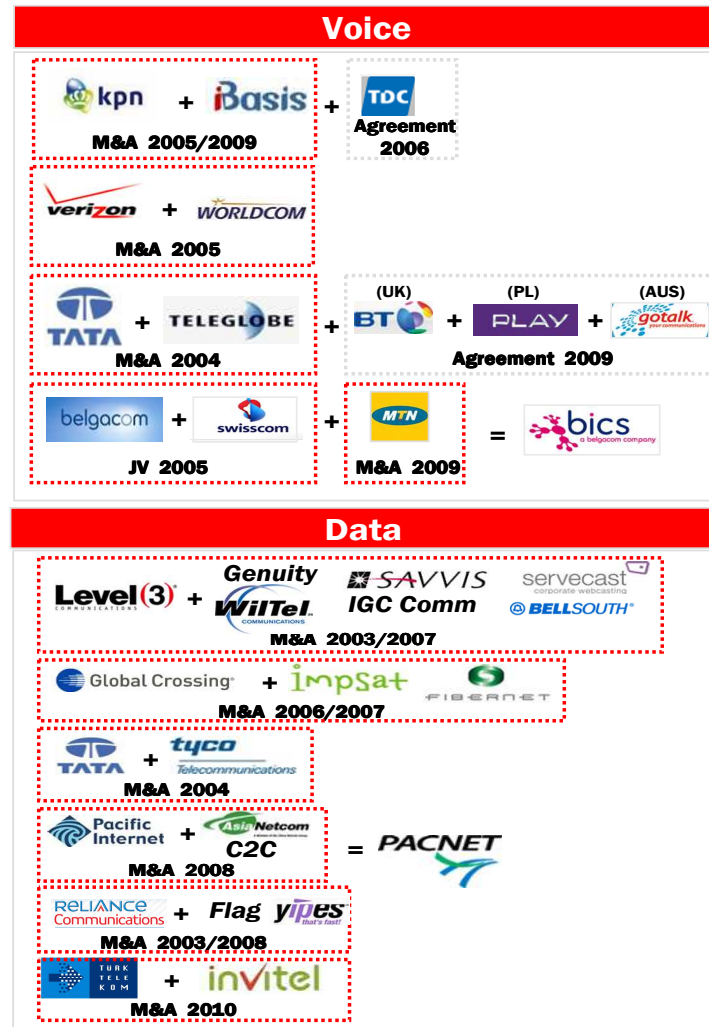
- ▶ “Must have” condition both for voice and IP, wholesale and retail
- ▶ Price pressure (voice, IP&Data) deem efficiency
- ▶ “Organic” scale important for voice (outsourcing)

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



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

Scope and Innovation - From voice to New Products and Retail

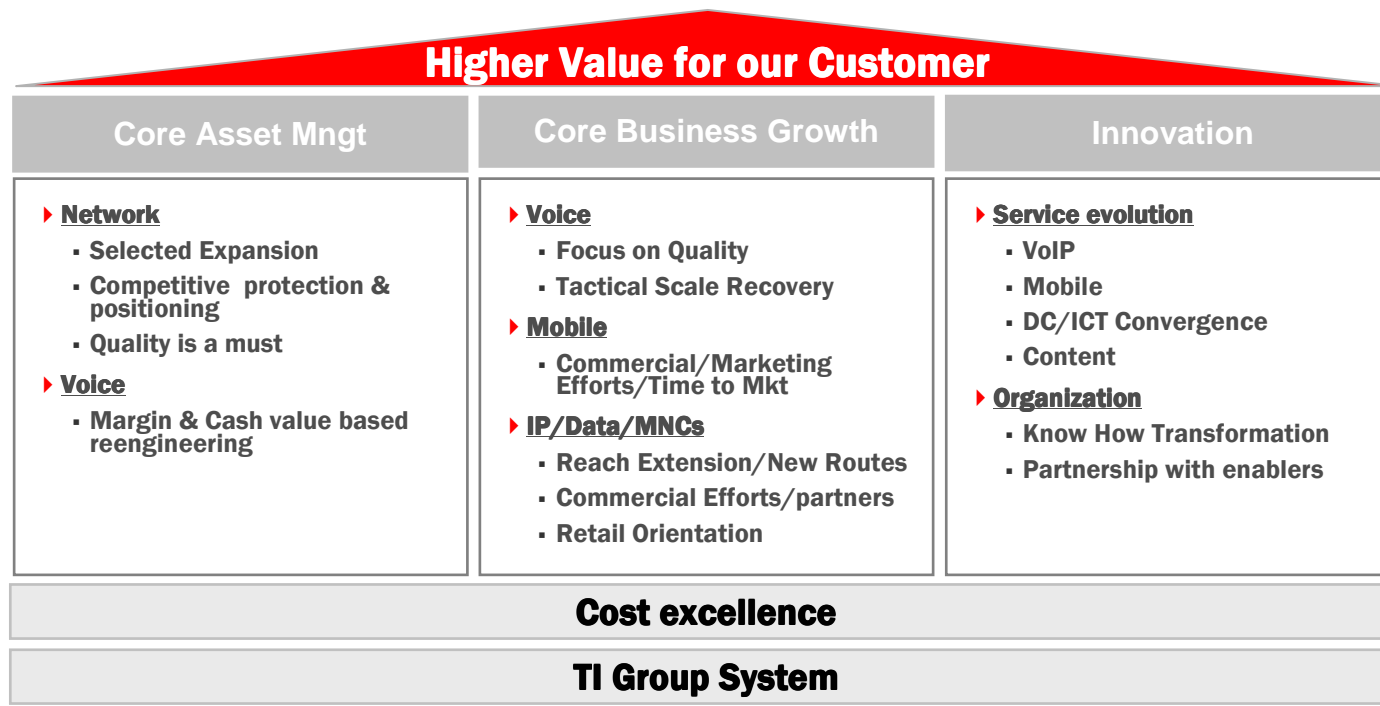
Revenues Growth (Cagr. '09/'13 - %)						
	Voice	MNCs	CDN	IP& Data	Mobile Data	
West Europe	-5%	4%	16%	10%	0%	+ 1%
East Europe	-1%	8%	20%	14%	10%	+ 5%
North America	-3%	5%	12%	13%	17%	+ 4%
Latin America	0%	6%	9%	15%	18%	+ 7%
AP/ Middle East	1%	7%	14%	16%	23%	+ 7%
Africa	2%	19%	23%	18%	24%	+ 10%
Cagr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

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



Tremendous volume growth fuelled by IP connectivity, CDN & Cloud Computing

Sparkle Strategy as a response to Market



Our Distinctive assets

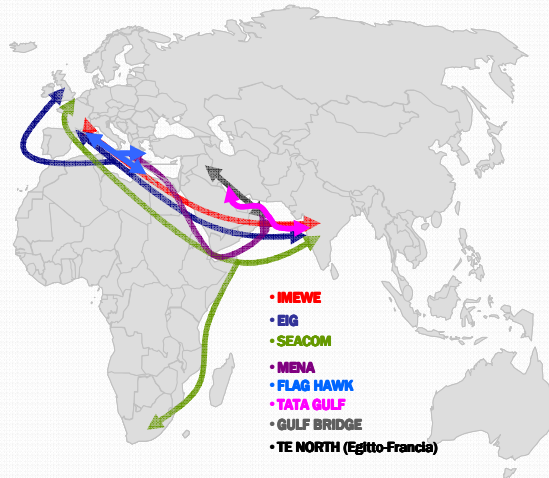


Sparkle to join the Partnership Game

Scale & Scope – Italy as gateway between West and East

Market says ...

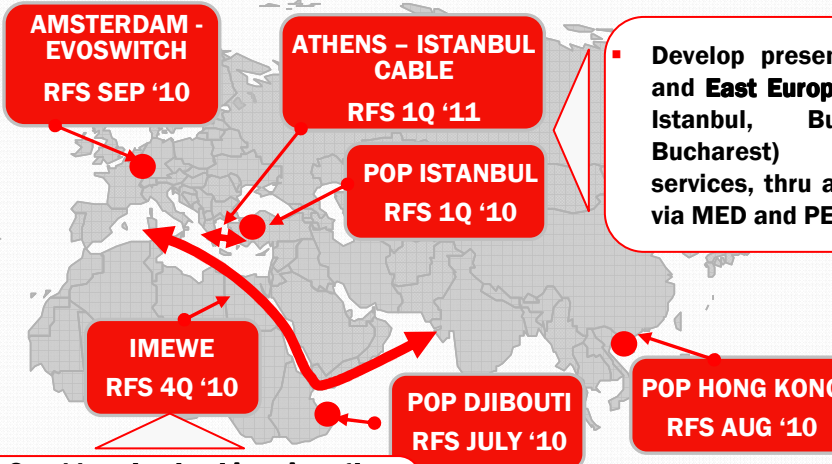
Europe/Gulf/Asia: Significant Cables Consortia activity



- ▶ 4 new sub cables will land in Med Basin in the next 6-12 months
- ▶ 2-3 new terrestrial alternative will enhance competition covering Caspian Zone

Need to participate/monitor new cable initiatives and defend consolidated positioning

TIS says ...



- Develop presence in **Balkans** and **East Europe** (new PoPs in Istanbul, Budapest and Bucharest) for IP/Data services, thru a protected ring via MED and PEB backbones.

- Consolidate Sparkle leadership in the **Mediterranean** reinforcing Italy's role as main hub for IP/Data services between Europe and South East Asia

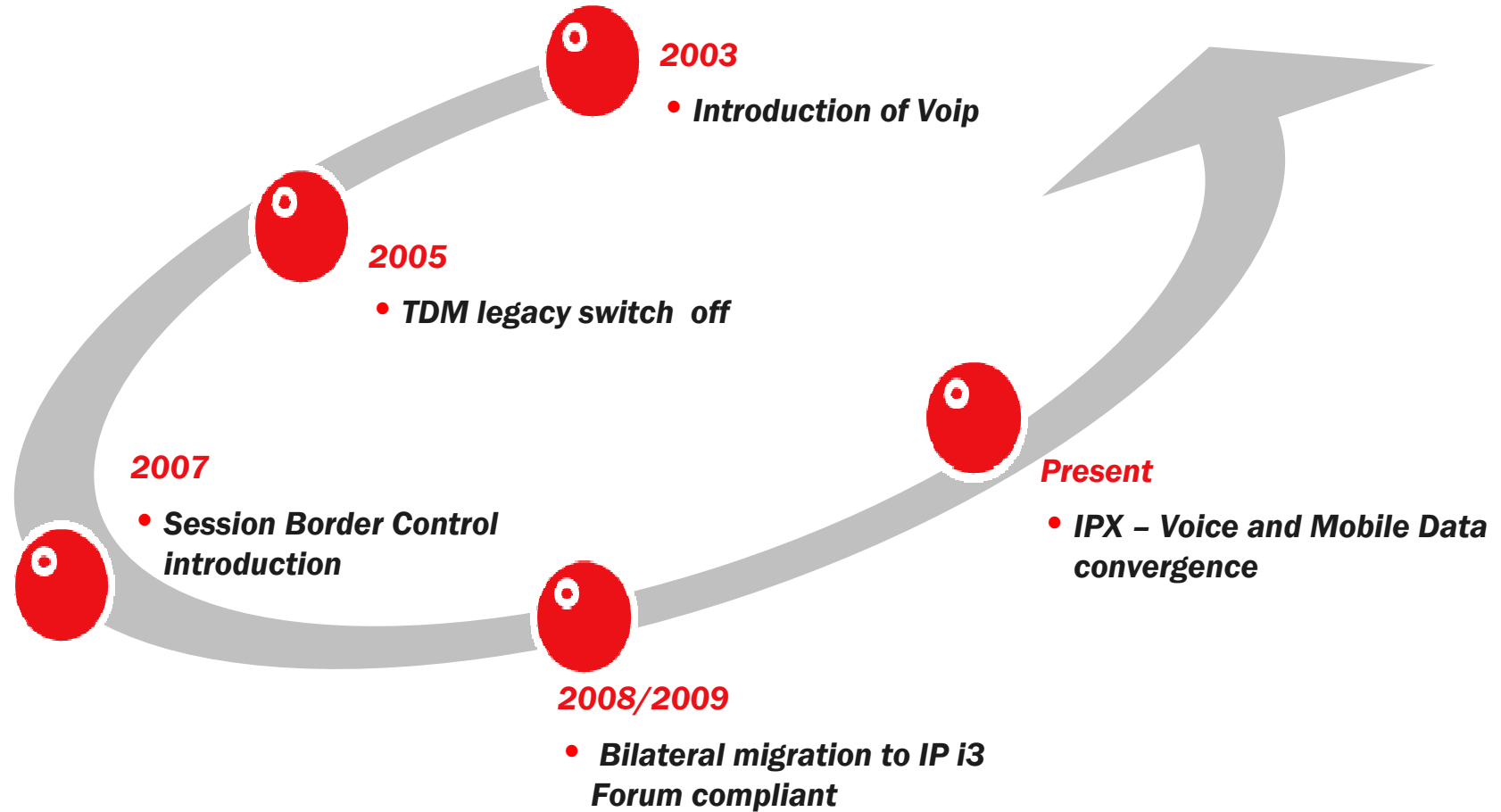
TIS strong commitment to investments to strengthen its leadership in strategic areas and to ride the wave of the new Internet paradigm

Innovation Key Topics - Away from voice, into New Products


	<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) 	<p>TIS as leading regional hub for housing and cloud solutions in Med basin</p>
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 	<p>Enhance Corporate proposition & address new market targets (i.e. web 2.0)</p>
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 	<p>TIS as provider of Mob. Money Transfer solutions over specific geographical corridors</p>

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

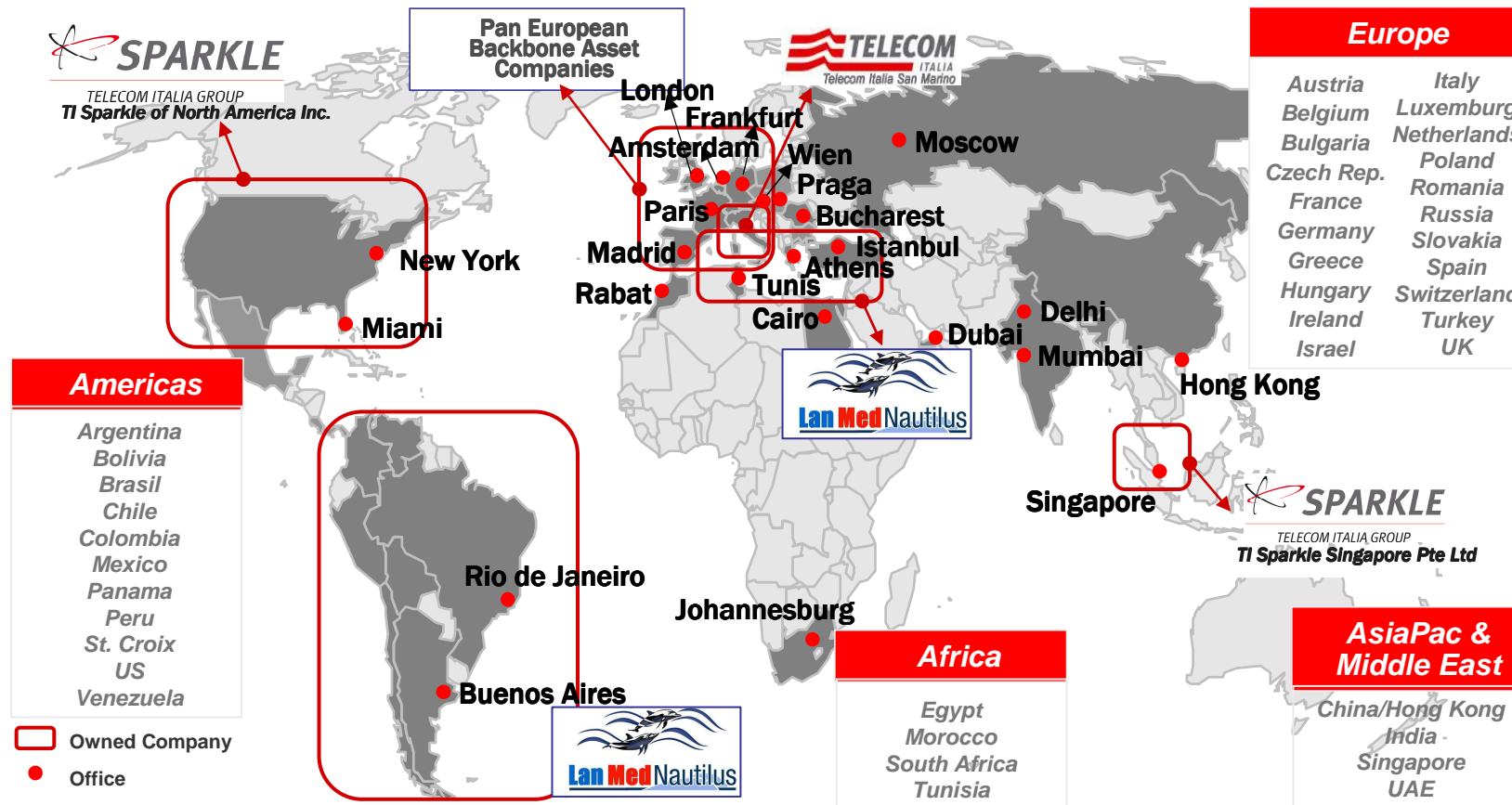
TI Sparkle leading transition to IP



TI Sparkle IPX solution

Customer's requirements	TI Sparkle Answers	Voice & Mobile Services
<p>Integrated solution</p>	<ul style="list-style-type: none"> ▪ Integrated solutions for Voice and Mobile data services through a single IP access 	<ul style="list-style-type: none"> ▪ Voice ▪ GRX services ▪ Signaling services ▪ MMS/SMS Hubbing ▪ Enhanced Roaming services ▪ Instant Messaging ▪ HD Voice ▪ Presence ▪ Video-share ▪ Push over Cellular
<p>End-2-End QoS</p>	<ul style="list-style-type: none"> ▪ Multiple Class of Services ▪ Guaranteed standards of quality ▪ Integrated IP and Service layer monitoring system (one single CDR) 	
<p>Guaranteed Security</p>	<ul style="list-style-type: none"> ▪ IP private interconnections with full separation from public Internet ▪ Additional capabilities: traffic policing, anti-fraud measures 	
<p>Future proof IP Services</p>	<ul style="list-style-type: none"> ▪ Ready to test RCS (Rich Communication Suite) 	
<p>i³ forum  TIS is a co-founding member of i3 forum, an International body which comprises of more than 37 among major telcos worldwide</p>	<ul style="list-style-type: none"> ▪ TI Sparkle is a leader and a pioneer in the VoIP business ▪ TI Sparkle is one of the first service providers to design an IPX solution compliant with I3 Forum and GSMA specifications and one of the first operators to successfully migrate its bilateral traffic to IP 	

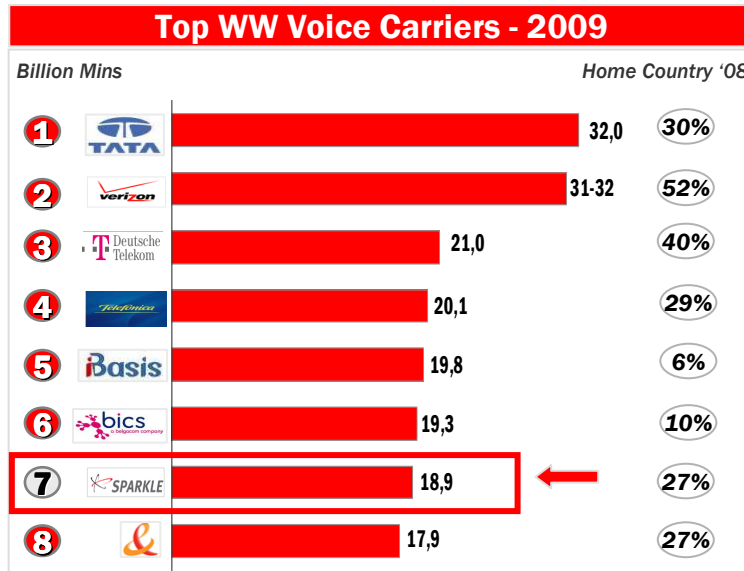
TIS at a glance



TIS Global Capabilities

- 50 cities in 27 countries
- 122 PoPs. >1,000 PoPs through partners
- 55,000 Km fully resilient Pan-European backbone, covering 13 countries
- 14,000 Km Italian Network
- 30,000 Km LANautilus backbone in 8 countries
- 7,000 km MED Nautilus backbone, covering 3 countries
- 434,500 km submarines cables

TI Sparkle Positioning



Source: Annual Report and TIS estimates on Telegeography Data

IP Backbone Ranking	
1	Level 3
2	Global Crossing
3	Sprint
4	Savvis
5	Telianet
6	Tinet
7	TATA

13	SPARKLE

Source: Renesys, 6 October 2010

VOICE	#1 in Europe in terms of international revenues (<i>Ovum</i>) and #7 for worldwide managed traffic
IP&DATA	“Seabone”, TI Sparkle IP Backbone, ranked #1 in the Mediterranean, #3 in Europe, #13 worldwide (<i>Renesys</i>)
MOBILE	Among the few global players active today within the wholesale mobile market
MNCs	#1 in Italy, challenger in Europe and emerging player on the global market