

The Broadband Convergence: Act II

The Convergence of the Communications Marketplace and SBC's Transition to a Multimedia Communications Company

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The Broadband Convergence – ACT I

ACT I:

- Broadband and IP combine to create convergence
- SBC's answer to convergence = Project Lightspeed
- Regulatory response: Will the regulatory environment adapt to the new marketplace?

AND NOW...

The Broadband Convergence – ACT II

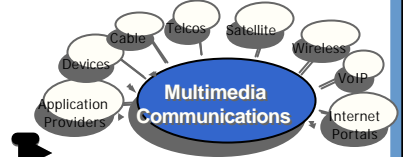
ACT II:
Convergence Continued...

Convergence Continued . . .

Old World...

Telephone
Cable
Satellite
Wireless

New World...

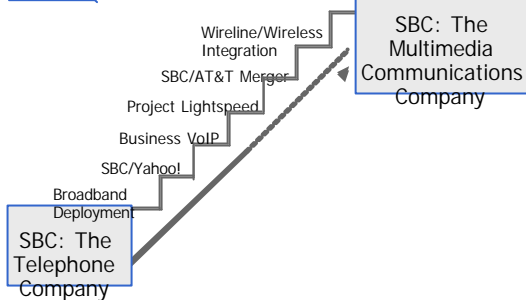


What's New This Year?

- Rise of pure internet video providers: Akimbo, BitTorrent Technology
- Apple Video IPOD
- Maturity of Google, Yahoo! and MSN
- The spread of VoIP: Ebaybuys Skype/Vonage with over 1 million customers

Convergence at SBC

Past...



The 6 C's of Convergence

- More **Competition** – more platforms providing similar services
- More **Choices** – consumers benefit from competing technologies and innovative services
- More **Capacity** – increased deployment of advanced broadband networks



The 6 C's of Convergence

- More **Connectivity** – with IP, the shared language of the digital age
- More **Commercial Deal Making** – means more opportunity
- More **Customization** – consumers don't just use devices, services and applications, they design them according to their own preferences



Policy Implications

The current regulatory framework needs to be re-formulated based on the following assumptions...

- Regulating future technologies based on yesterday's communications landscape does not work
- Active oversight, not active intervention
 - The market works, monopolies are not the norm
 - Broader view, lighter touch
 - Bad actors, not bad networks
- Investment, innovation and competition define a consumer drive marketplace
 - Regulation must foster growth in these areas



U.S. Regulatory Update

Progress has been made...

- Removing regulatory barriers for new broadband and IP-based technologies is increasing
- Movement to pass legislation that better reflects market realities and technologies

However...

- Industry is still governed by the existing regulatory silos of yesterday's communications marketplace

