



GRUPPO TIM

ICOREC 2018

Tunis, March 13th 2018

Technology Trends and New Business Models

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ICOREC

Agenda

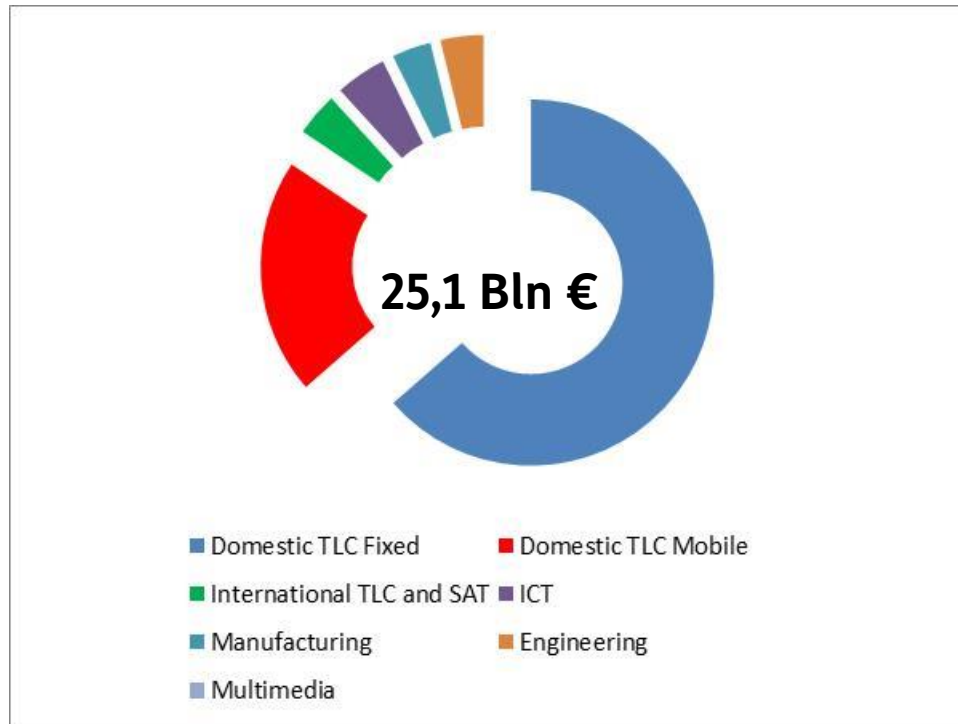
- 1** TIM Group and the DigiTIM Plan
- 2** The Giga Era drivers
- 3** New opportunities and business models
- 4** Regulatory challenges



From Telecom Italia Group (1998) to TIM Group (2017)

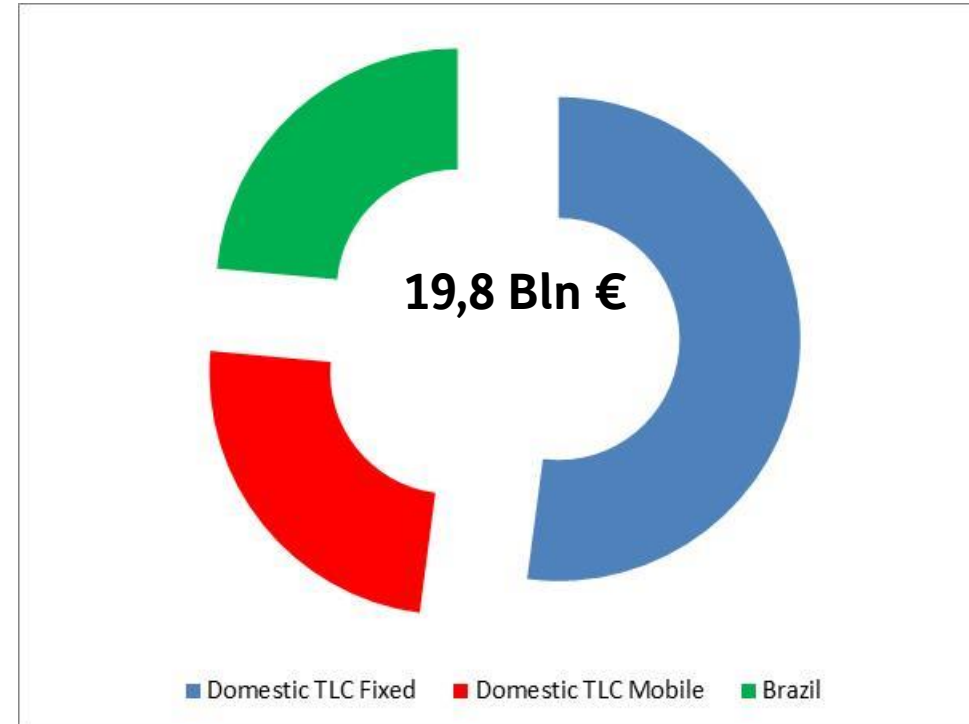
TIM (Telecom Italia Group) operates in the ICT market in Italy and Brasil offering fixed and mobile telephony, Internet, digital content and cloud services

Telecom Italia Group 1998



Customers > 26,0 Mln fixed lines, 0,4 Mln Internet
14,3 Mln mobile lines

TIM Group 2017



Customers > 19,0 Mln fixed lines, 10,2 Mln BB
30,8 Mln mobile lines, 13,2 Mln BB

DigiTIM 2018-2020 pillars

Best in class customer engagement

Domestic

1 Consumer

- Sustain premium base through convergence (data and exclusive content)
- Extract more value from CB accelerating fiber migration and new avenues of growth
- Transform customer engagement through Digital journeys and new simplified portfolios

2 Business

- Sustain traditional revenue base through convergence, fiber and VOIP migration
- Accelerate evolution towards an "ICT Company" to capture new growth opportunities (e.g., cloud, ICT on SMEs)

3 Wholesale

- Sustain traditional revenues through fiber migration (e.g., NetCo)
- Step-change growth of non-regulated sales by radically improving customer engagement
- Optimize coverage to improve competitive positioning

4 TIM Brasil

- Win share on affluent segments (e.g., post-paid SMB) leveraging premium infrastructure and improving customer digital engagement
- Further deliver on fixed and mobile UBB by expanding coverage
- Accelerate cash generation through smart CAPEX and efficiency program

5 Inwit

- Strengthen leadership on Italian tower market leveraging on new mobile opportunities and leading network densification phase

6 Sparkle

- Sustain traditional business, expand commercial footprint on new geographies and accelerate data/VAS services

7 OPEX efficiency

- Create a lean efficient and zero-based cost structure leveraging the digital transformation and data analytics

8 CAPEX effectiveness

- Maximize value driven CAPEX deployment leveraging current UBB infrastructure

9 Digital

- Enable superior customer engagement and omnichannel experience while unlocking efficiency

10 Advanced Analytics and AI

- Implement leading capabilities to capture value both on customer engagement (e.g., predictive CLM) and cash flow generation (e.g., predictive maintenance)

11 People, culture & organization

- Drive accountability, transparency and performance based culture via agile organization and high employee engagement

12 Execution

- Drive implementation pace and drastically streamline internal processes with end-to-end Transformation Office

Leadership positioning

Cash-flow generation

Agile organization



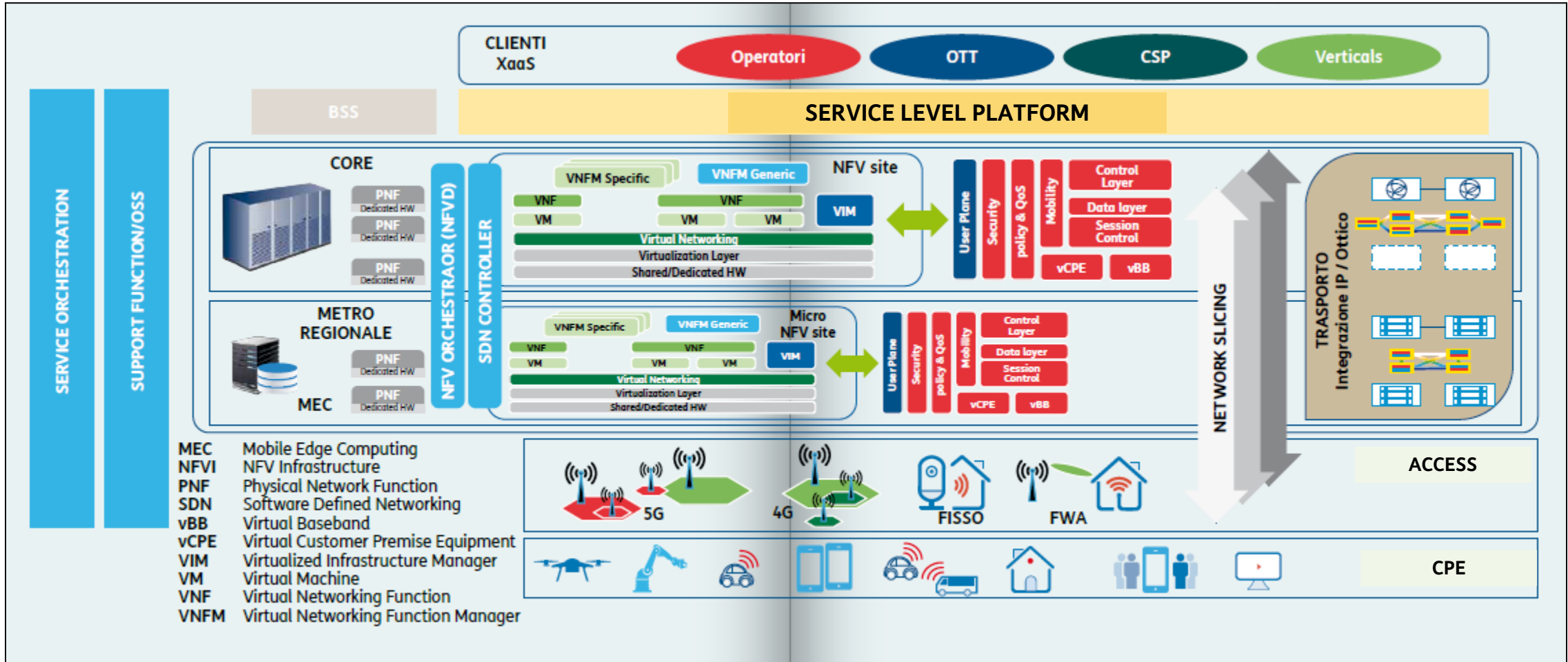
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5G and beyond: the next generation E2E architectures

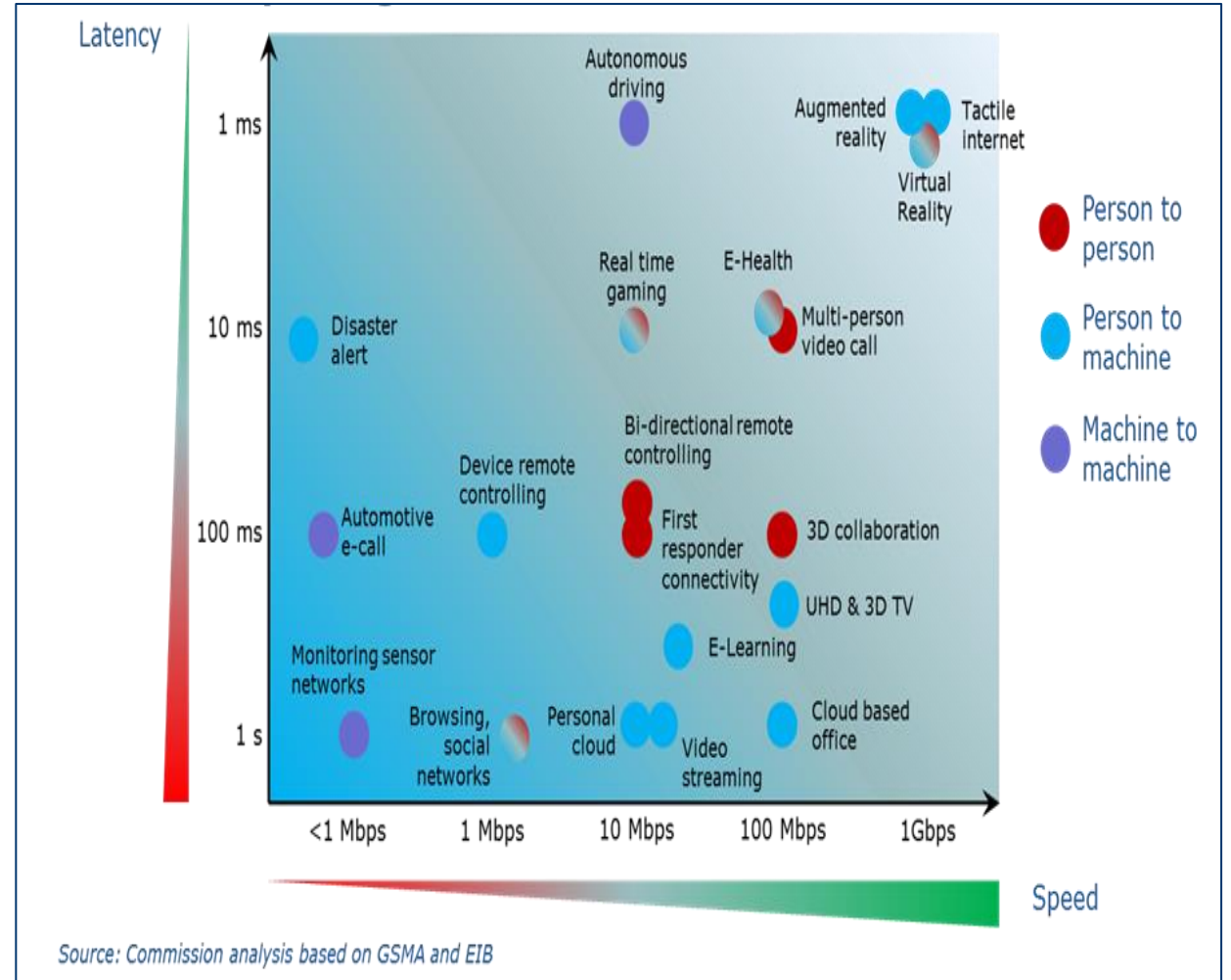
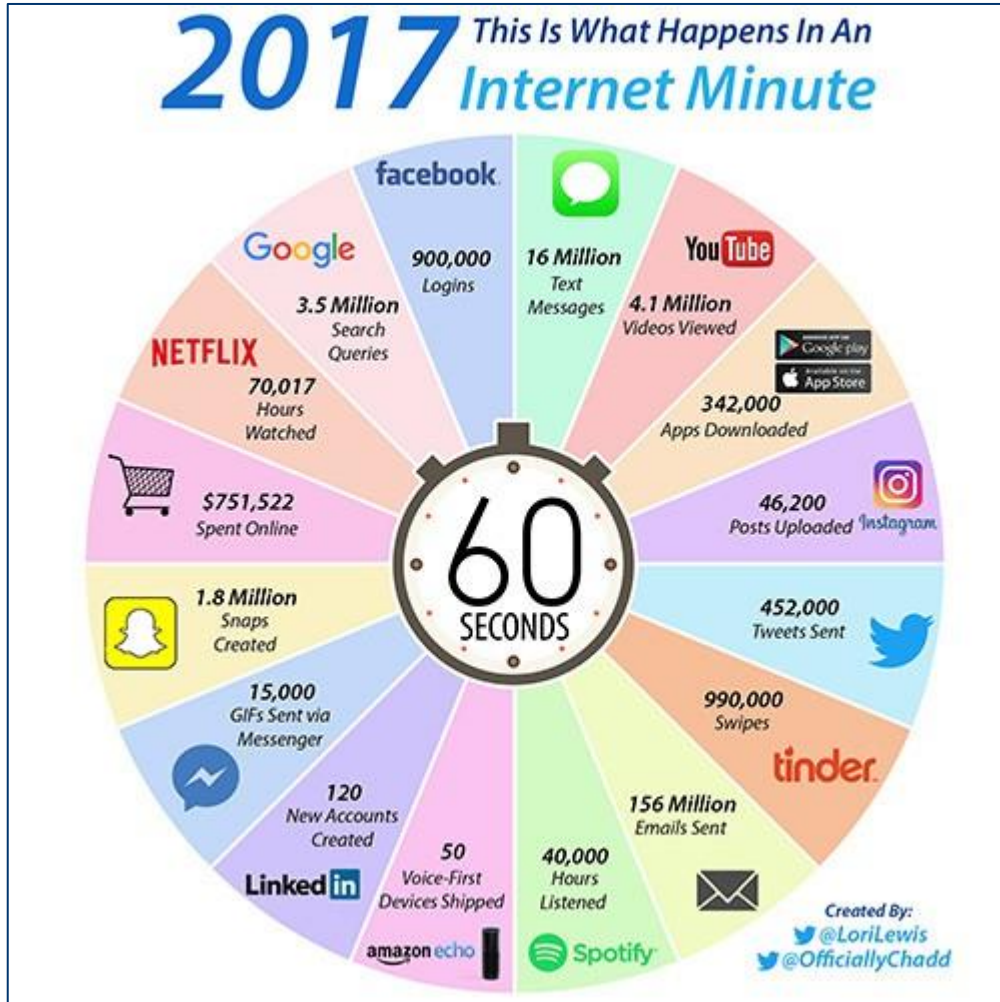
Software Defined Networking, Virtualization, Cloud Edge Computing and Artificial Intelligence will enable high degree of flexibility of network functionalities and services (network slicing, on demand services)



Source: TIM, 2018

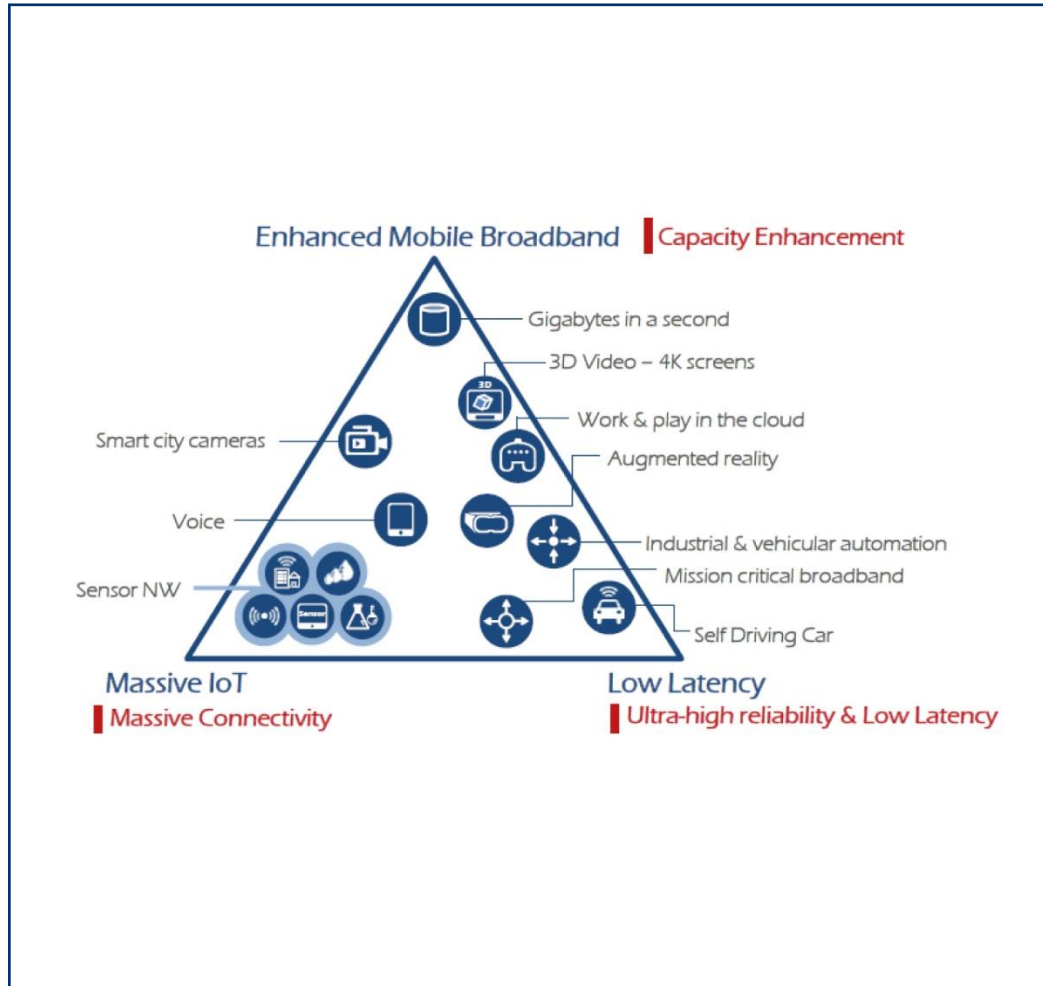
The new Customer Needs

Customer Needs and Technological Performance



5G services without boundaries

5G USE CASES



Industry	Enhanced mobile broadband	Massive Internet of Things	Mission Critical Services	5G-enabled output (2018\$, M)	Percent of Industry output
Ag., forestry & fishing	High impact	High impact	High impact	510	6.4%
Arts & entertainment	High impact	No impact	Low impact	65	3.5%
Construction	Low impact	High impact	High impact	742	4.7%
Education	High impact	No impact	No impact	277	3.5%
Financial & insurance	High impact	Low impact	High impact	676	4.6%
Health & social work	High impact	Low impact	High impact	119	2.3%
Hospitality	High impact	Low impact	No impact	562	4.8%
Info & communications	High impact	High impact	High impact	1421	11.5%
Manufacturing	High impact	High impact	High impact	3364	4.2%
Mining & quarrying	High impact	High impact	High impact	249	4.1%
Professional services	High impact	No impact	No impact	623	3.7%
Public service	High impact	High impact	High impact	1066	6.5%
Real estate activities	Low impact	High impact	Low impact	400	2.4%
Transport & storage	Low impact	High impact	High impact	659	5.6%
Utilities	Low impact	High impact	High impact	273	4.5%
Wholesale & retail	High impact	High impact	Low impact	1295	3.4%
All industry sectors	\$4,400	\$3,600	\$4,300	\$12,300	Average: 4.6%

Legend: No impact (Grey), Low impact (Light Blue), Medium impact (Medium Blue), High impact (Dark Blue)

Source: ITU-R IMT 2020 Requirements

Source: IHS, 2017

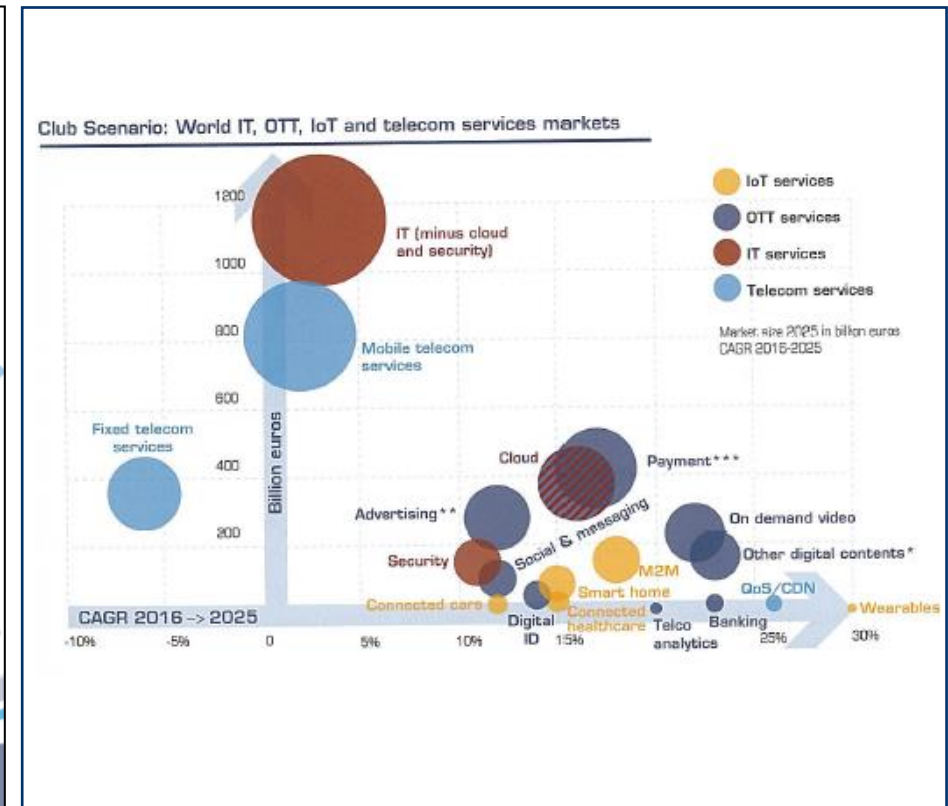
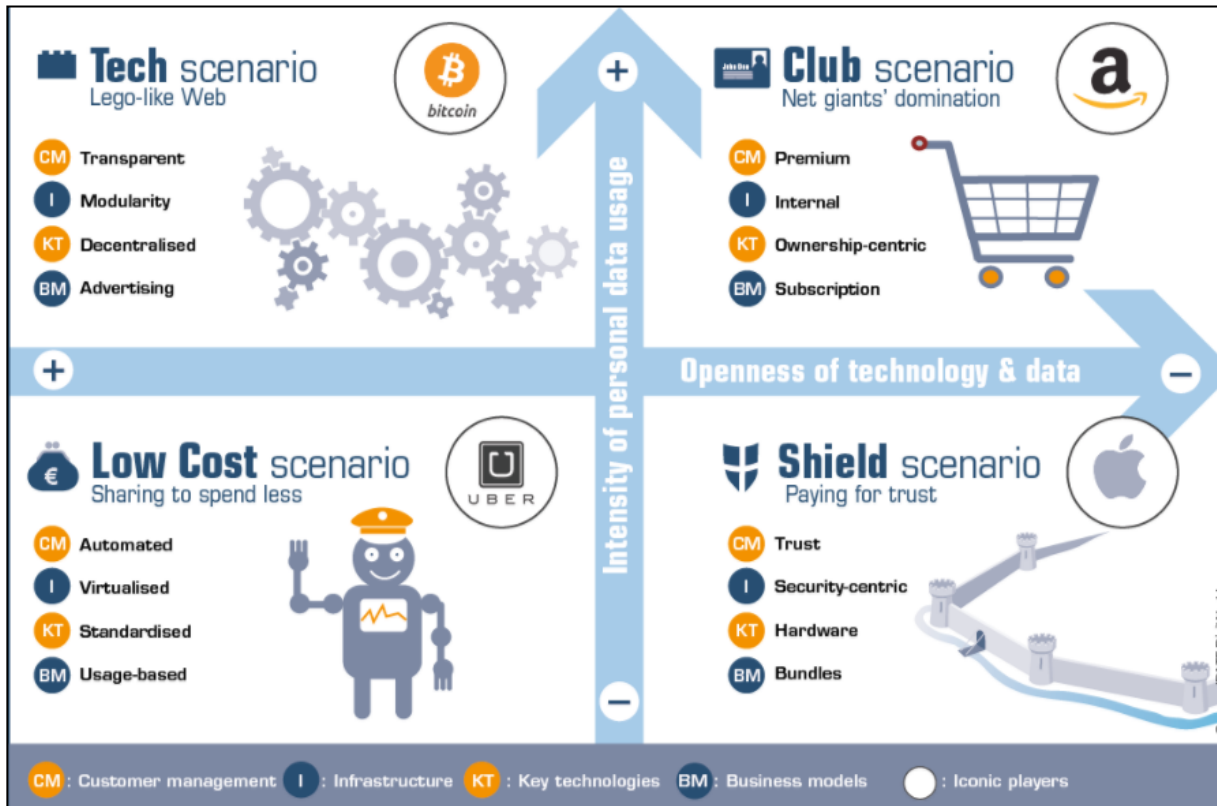
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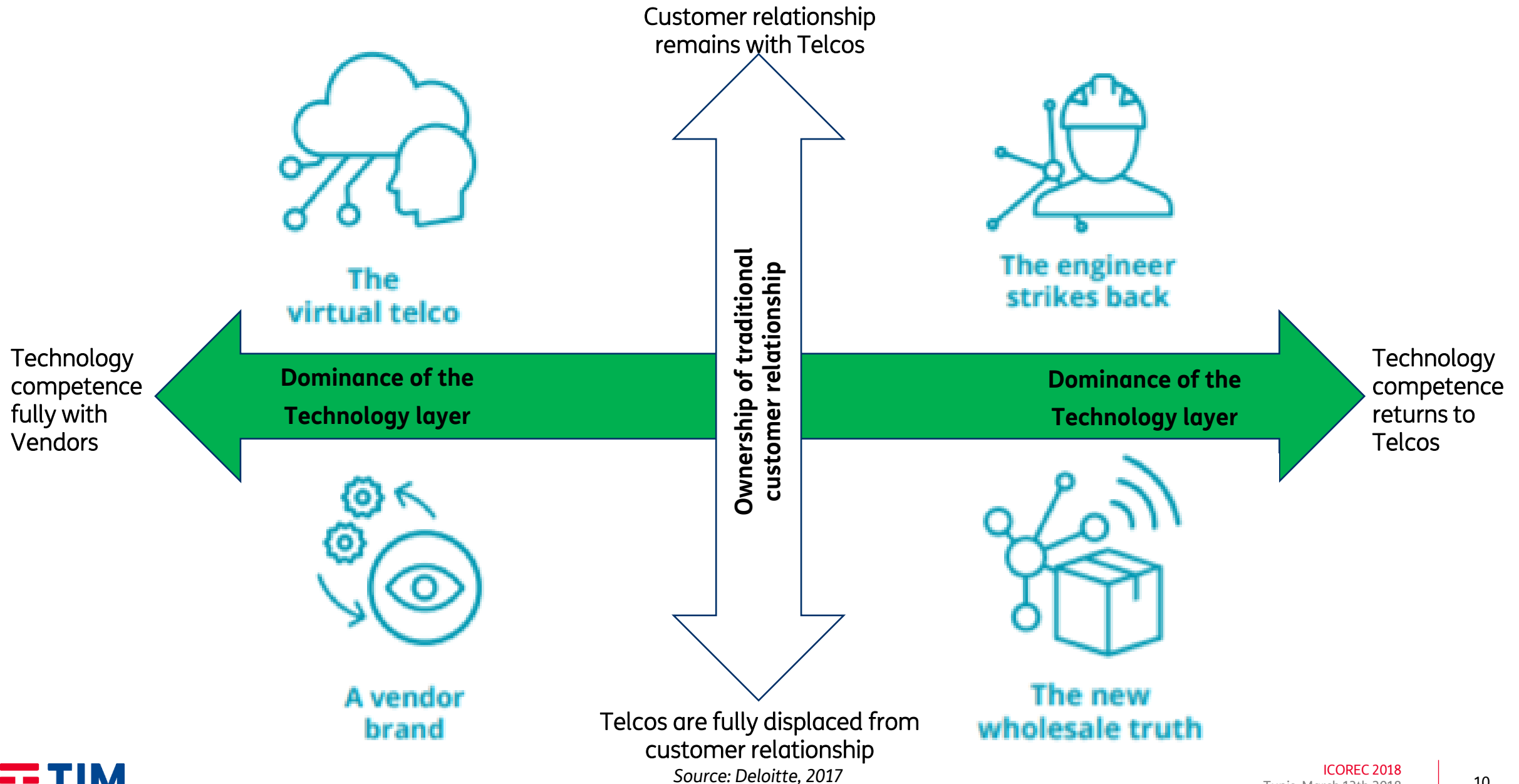
The Digital Economy Scenarios

Digital Economy and Business Scenarios

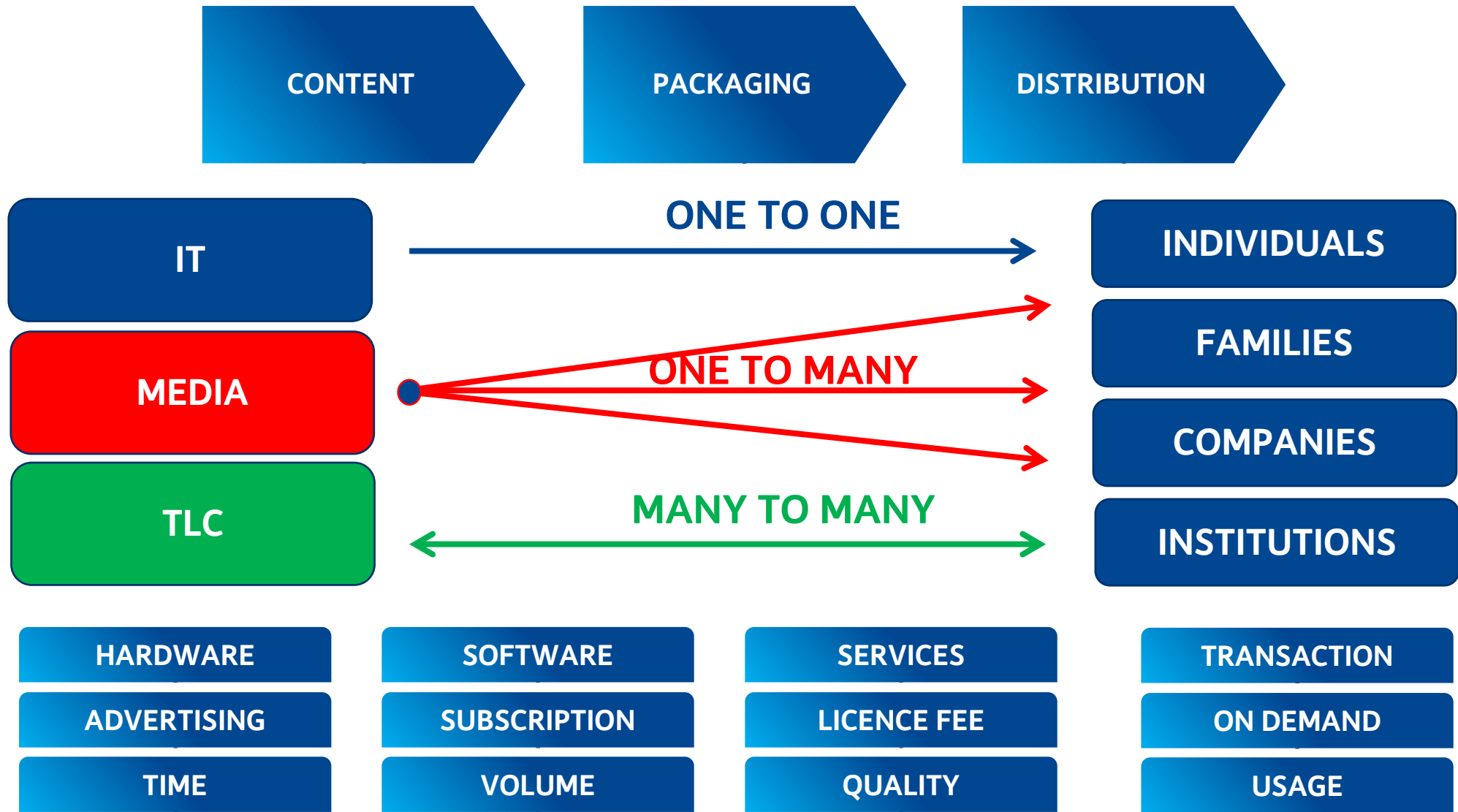


Source: IDATE, 2018

The new Telcos business models of the Digital Era



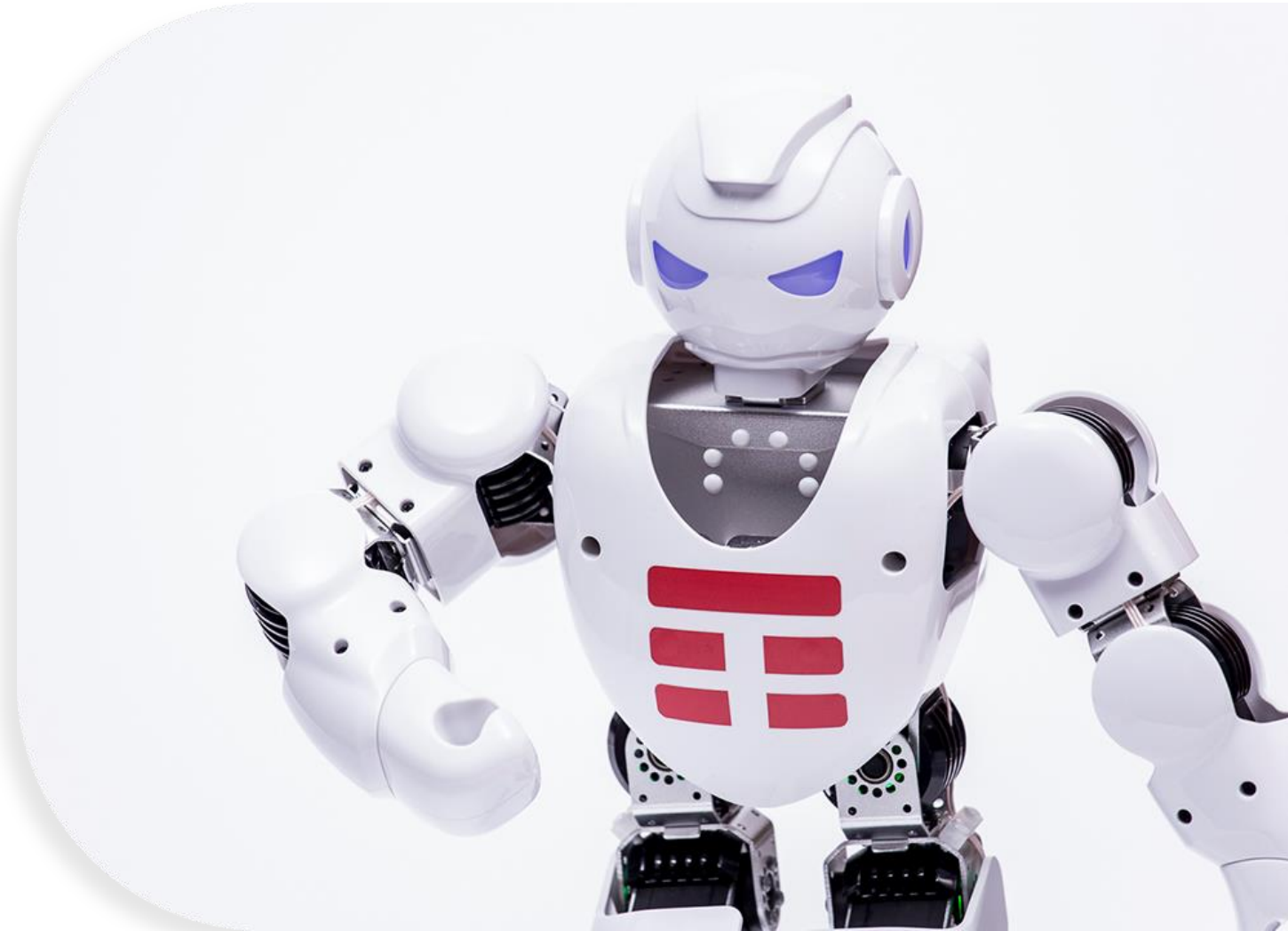
The Convergent Multisided Business Model



Source: Between, 2010

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Towards a new regulatory framework

FAST



The regulatory process is complex and long. We need more simplicity and harmonization in national rules.

SMART



Digital is a paradigm shift. The new digital ecosystem will be driven by convergent markets.

LIGHT



Same rules for same service or less rules for everybody?

**The best
way to
predict the
future is to
create it.**

Peter Drucker

