

Bluewin TV: Guaranteeing good entertainment

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Bluewin TV: Guaranteeing good entertainment

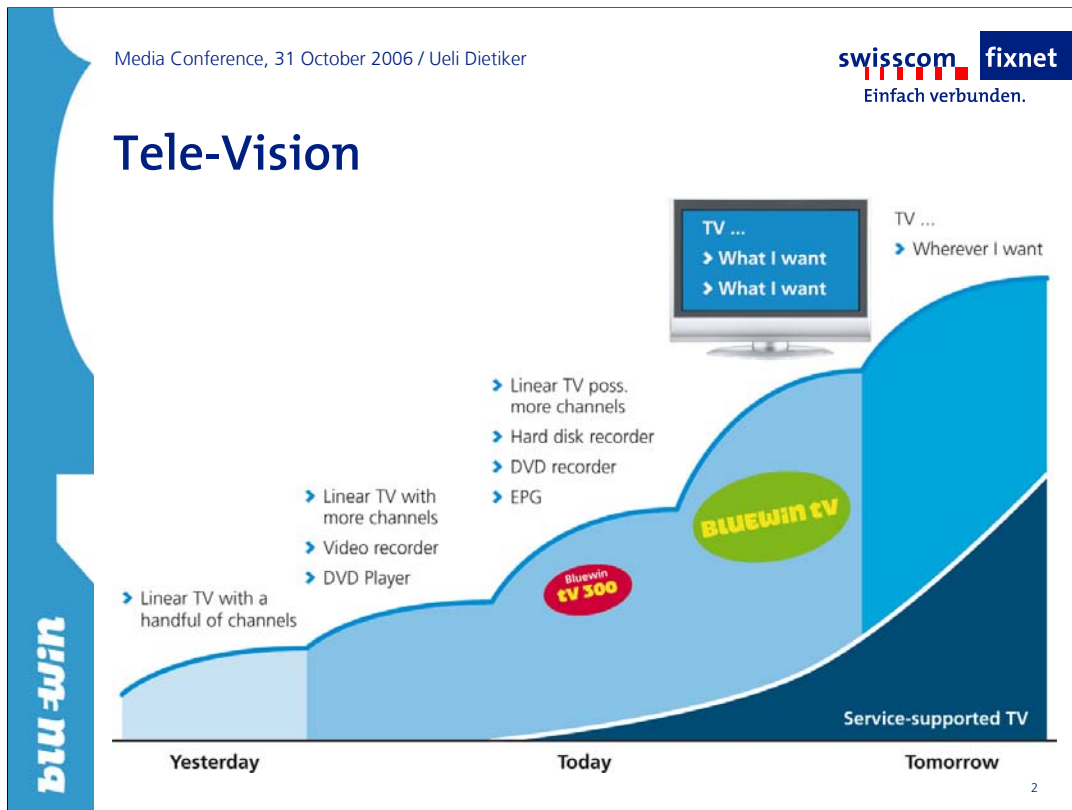
Welcome.

"Guaranteeing good entertainment"

This is the Bluewin TV promise with which we aim to launch our product on the market.

Today I'd like to address the following questions:

- What are our **customers'** viewing habits?
- What are our **customers' needs**?
- How does **Bluewin TV** respond to these needs today as we enter a new chapter in television history?
- What is the **outlook**?



Tele-Vision

This slide shows **the evolution of TV services**.

Typical television offerings cover the transmission of a few dozen channels over **cable**.

Transmission is **analogue**, and for the end customer, viewing **is user-friendly**.

TV signal transmission is becoming increasingly digitised in all infrastructures; the number of channels is growing and additional functions such as hard disk recorders and an electronic programme guide are being introduced.

Analogue transmission technology is being phased out. Viewers are virtually being forced to use a set-top box for their non-digital terminals.

In future, personal choice will play a much stronger role in viewing habits and **content will be consumer-driven rather than provider-driven**.

Viewers want to choose what to watch, when, where and in whichever form they want – they want to be their own programme directors.

A year ago, Swisscom's **Bluewin TV 300** first addressed the need for more television functionality.

Now we are rolling out Bluewin TV.

TV viewing in Switzerland



CH = 3.5 hours a day*

German-speaking CH 3.4 hrs

French-speaking CH 3.8 hrs

Italian-speaking 4 hrs

*Source: Telecontrol 2006

TV viewing in Switzerland

When it comes to leisure activities, television is a perennial **favourite**. Despite new technologies and a wide range of recreational offerings, according to the findings of a Telecontrol poll the Swiss population spend on average **3.5 hours a day watching television**

(German-speaking Switzerland: 3.4 hours, French-speaking Switzerland: 3.8; Italian-speaking: 4).

So what exactly are their viewing habits?

The TV diary

?
Initial
survey

Keep diary – observe own viewing habits (7 days)

?
Post-diary
survey

Friday xx.yy.2006

When did you watch TV today?

1930-2000 SF1
2000-2115 RTL
2115-2200 Sat1
2200-0125 PRO7

What did you watch today?

News and weather
Who wants to be a millionaire
Menach Mendels
The Big One (The Big Quake)
Shark Zone - Death from the Deep

Was there anything particularly good or bad on TV today?

The Big One, otherwise nothing

Which programme did you enjoy on TV today?

I enjoyed The Big One

What annoyed you?

No interesting films ? only shows

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The TV diary

We conducted a three-step **qualitative customer survey** to determine viewing habits.

1. Initial survey
2. Keep a diary for 7 days and observe personal viewing habits and
3. Post-diary survey.

Initially, participants declared themselves happy with the available TV offerings. But the results of a subsequent survey were surprising:

It turned out that participants were not really satisfied.

Our findings



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Our findings

Watching TV is meant to be a relaxing occupation.

But when I'm in the mood for a good film or some sport:

1. **there are rarely any highlights on TV**
2. **or they are aired at times when I can't watch.**

Added to this, private channels **bombard viewers with ads** that interrupt good programmes, and **coverage of world-class sport is increasingly less available on free TV.**

What alternatives do I have as a viewer?

Either I adjust my life to fit in with the TV schedule, or I subscribe to Pay TV and use the video store. To be honest, however, going to the video store is just too much effort.

In short: There's rarely anything good on, and when there is it's hard to find.

Differing interests



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Differing interests

This slide shows our employee Patrick B. and various groups of TV consumers.

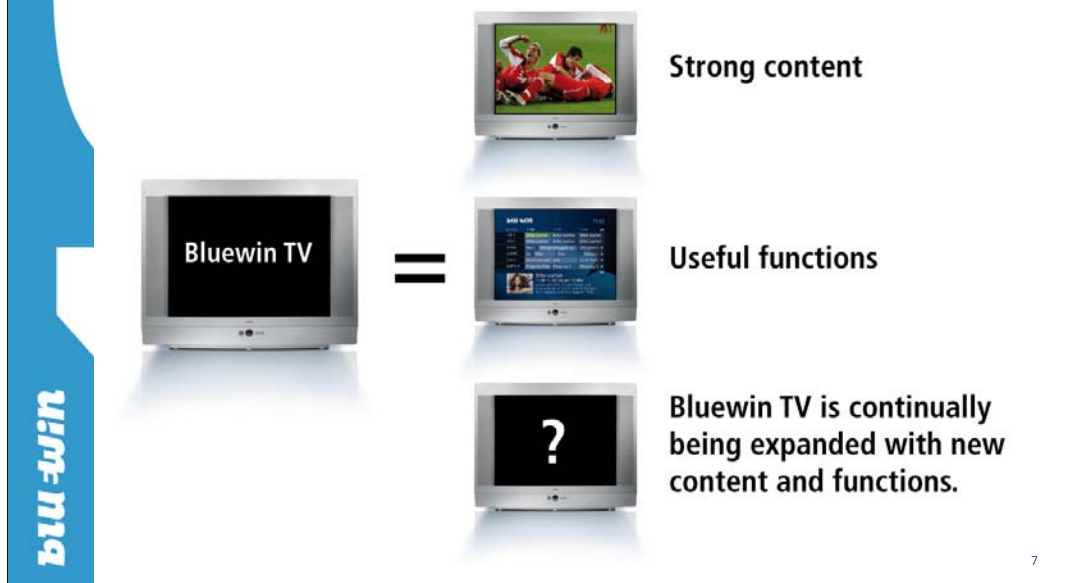
Lots of viewers zap their way through different programmes. Out of habit or because they can't find anything good, or because they're not sure which channel a programme is on, or there are two or three films being shown at the same time.

There are also viewers who consume a particular genre of content: **film buffs** and **sports fans**, who systematically search for specific content.

Finally there are the **techies** who always need to have the latest home entertainment and hi-fi technology.

How do we aim to address the needs of these different target groups through Bluewin TV?

What does Bluewin TV offer?



What does Bluewin TV offer?

Bluewin TV offers something for everyone.

At its core is the content: we offer film buffs a library of fantastic films that can be rented from home at the touch of a button. Sports fans enjoy exclusive sport content.

In other words: **"Content is king at Bluewin TV"**

We offer top-notch entertainment and strong, exclusive content, in a wide variety of genres.

To make things even simpler for viewers, Bluewin TV offers **innovative new tools** to help them find what they want to watch quickly and accurately.

Bluewin TV **opens up a new dimension of TV viewing.**

We are on the threshold of a new era in television history.

We are launching an offering that draws on **all Swisscom's strengths** including PCs and mobile communications. Our approach is based in particular on delivering subject-specific offerings on all types of screens.

In short



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In short

In short: Bluewin TV guarantees good entertainment.

Channel diversity



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Channel diversity

While individual consumers generally restrict their viewing to a limited number of favourite channels, this adds up to a large number of channels in order to cater to the entire population.

To meet this demand, Bluewin TV offers **100-plus national and international TV channels** including, naturally, all **well-known** channels such as SF1, ARD, ZDF, PRO 7, Sat.1, RTL, various **regional channels**, as well as other interesting **special-interest channels** for music, kids, culture and sport.

For consumers who prefer listening to viewing, the offering includes a wide range of more than **70 radio channels** (regional, national and international). Bluewin customers can also receive these radio channels separately over an Internet radio with antenna link to a WLAN, and play them over their stereo system.

Note!:

The **complete list of programmes is included in the media kit.**

Do we differ from cable TV providers up to this point?

No. Up to this point our offerings are comparable

Top-class sport - live!

STUISSE
ICE HOCKEY

4 GAMES
per round



2 GAMES
per round



all GAMES
in each round



all GAMES
in each round

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Top-class sport - live

An analysis of target groups showed a **strong demand for sports coverage**. Here, too, everyone has his **own favourite club** (regional, national or international).

In addition to sports coverage by public and private TV channels during the 2006/2007 season, **Bluewin TV offers you exclusive coverage** of the following sports highlights on "Teleclub Live Events":

- 4 National League ice hockey matches in each round
- 2 Axpo Super League matches in each round
- All UEFA Champions League matches on each match day
- All German Bundesliga matches in each round

To ensure coverage of the wide variety of sporting events, we have reserved 11 channels for live sports broadcasts.

Viewers have the choice of what they watch, at a cost of **CHF 1 per event**.

No-one else offers more live sports coverage.

Videothek@Home



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Videothek@Home

The Videothek @ home or video-on-demand store adds clear value for our customers by offering **virtual DVDs**. Instead of a trek to the video store, you can access your video store at home at the touch of a button.

The huge range of films covers every genre from **"documentaries" and "action" to "humour" and "drama"**. There's something for **every taste and mood**. Documentaries are available from CHF 2.50, classics for CHF 3.50 and box-office hits for CHF 6. The rental period starts with the order and ends 24 hours later.

More than 500 top films are on offer in several languages. The **library covers some 1000 films, including approximately 400 German, 400 French and 200 Italian**. Some films are available in several languages.

The video-on-demand store will also offer films from leading film studios.

Note!

Workshop **"Content" with Dr. Willy Heinzelmann**. The **Teleclub-on-demand store** on Bluewin TV is jointly offered with Cinetrade.

Functions



- Bluewin TV Guide
- One-click recording for programmes and serials
- Remote programming
- Live pause
- Search



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The functions

Finally I would like to explain the **tools or functions** that make viewing **much simpler**.

We'll start with the **Bluewin TV Guide** – the electronic programme guide that shows you on-screen what's on now and what's on later.

You can also programme your recorder by entering the programme you want to watch in the Electronic Programme Guide (EPG) and pressing the "Record" button. And you don't even need to be at home. You can set a programme for recording even in your office **via the Internet** or on your mobile. Detailed information is available at www.tv.bluewin.ch.

Simple recording with up to 100 hours' capacity: Simply press a button to record the current programme or serial.

Naturally we also provide a pause function that allows you to pause a programme at the touch of a button and continue watching it later

We also offer a **search function** that allows you to search for programmes, serials, films or actors on all 100 TV channels and in the video-on-demand store.

As a non-techie myself, I believe these functions provide a fantastic service that makes the entire TV experience even more enjoyable.

What are the **concrete** offerings of Swisscom's Bluewin TV service?

Offerings

The advertisement for Bluewin TV Plus Strong basic offering features a grid of 30 channel logos including ARD, ORF, ZDF, MDR, K&K, tfr1, CNN, and others. It highlights a monthly price of CHF 29.-, a set-top box with 100 hours of recording capacity, live sports broadcasts for CHF 1.- per event, and video-on-demand access to 500 top films for CHF 3.50 per film. The Bluewin logo is on the left, and the page number 13 is at the bottom right.

Offerings

We have put together a strong basic offering

A **monthly charge of CHF 29** (excluding Suisa copyright fee of about CHF 1) gives you

- free-TV offerings comprising over **100 TV channels** and over **70 radio channels**
- The option of viewing **live sports broadcasts** – for only CHF 1 per event
- Access to the **video-on-demand store with a huge choice of top films**
- The Bluewin set-top box with **more than 100 hours' recording capacity and all functions**
- The monthly **Bluewin TV Magazine**
- **Remote programming** from the Bluewin TV Guide via Internet, TV and mobile.

Options & home installation

From **CHF 29.90** per month

TELECLUB

- TELECLUB BASIC
- TELECLUB MOVIE
- TELECLUB FAMILY
- TELECLUB SPORT

DAS BESTE. ZUERST.
Up to 30 channels.

Only **CHF 30.-** instead of CHF 48.-

*Until 31.12.2006

One-off charge **CHF 95.-**

Bluewin TV HOME installation

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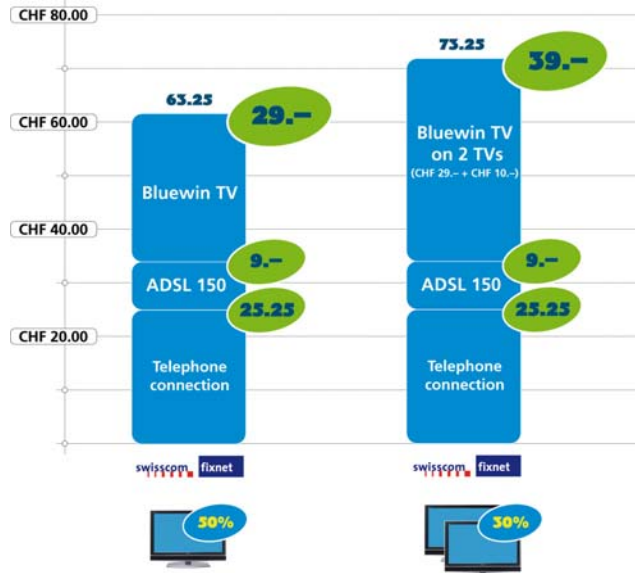
Options & home installation

And that's not all. With the same set-top box and the ability to record on a hard-disk recorder, you have access to a wide range of pay-TV channels **for the first time in Switzerland in this form**

- **Teleclub is available from Bluewin TV from CHF 29.90**
- **French-speaking customers** can also access Canal+.
- Swisscom will install Bluewin TV at the customer's home for a **one-off charge of CHF 95.**

Why a home installation? Based on experience gained in installing Internet access for new **ADSL customers**, we have found that customers prefer being advised by a specialist in their own home. We want to ensure that our customers can simply switch on their TV after Bluewin TV has been installed, and everything functions as expected. Our specialists will only leave when the TV package is working perfectly.

Our prices



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Our prices

How do Bluewin TV prices compare?

Given that more than **50%** of Swiss households have **one TV set**, the first of the two cost models is based on this premise.

1st column: If a customer decides to subscribe to **all services from Swisscom**, the fixed costs come to **CHF 63.25**.

2nd column: Here we assume that the customer uses two TV sets and therefore requires a second Bluewin set-top box for another **CHF 10** a month. The **total amount therefore comes to CHF 73.25**.

Our **3 million customers** currently pay **CHF 25.25 for their telephone line**, in addition to which **1.3 million ADSL customers** pay at least another **CHF 9 for ADSL**. For an additional CHF 29 our customers will receive a unique range of TV services

Conclusion: With Bluewin TV a customer can enjoy **much more content and intelligent functions at a fair price**.

What's happening abroad?



T-Mobile

swisscom

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What's happening abroad?

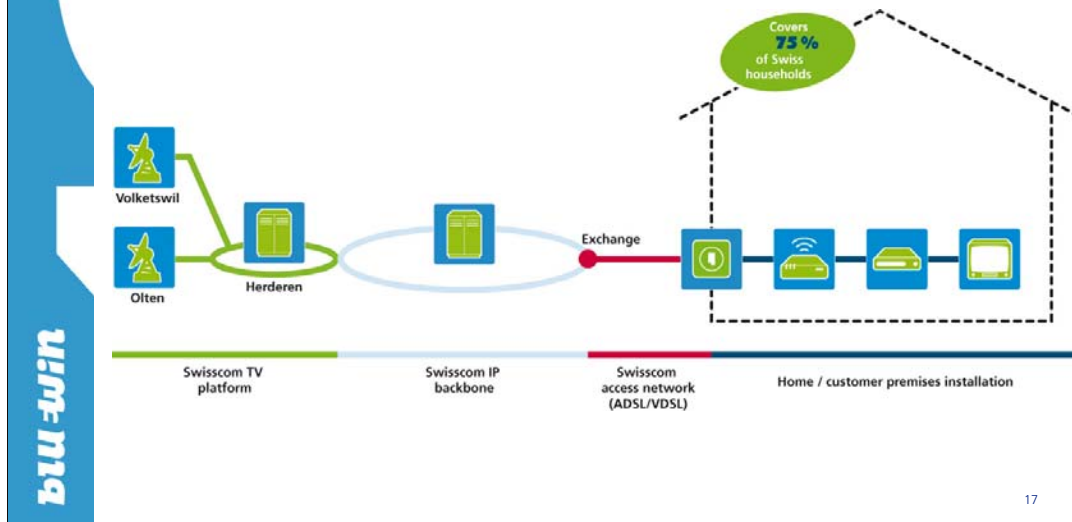
Germany's T Com recently launched a Triple Play offering that bundles telephony, Internet and television.

Unsurprisingly, there are some similarities in terms of **product elements** and **functions**. For instance, we selected the same technical TV platform provider, Microsoft.

The **main differences** are related to the **marketing approach**:

In Germany customers can purchase a Triple Play package. Our focus is exclusively on the new TV viewing experience.

How do we deliver the TV viewing experience?



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How do we deliver the TV viewing experience?

This slide shows what it takes to deliver Bluewin TV from the signal **to the television set**. We operate digital cablehead stations in Olten and Volketswil. The server farms are located in Herdern, Zurich. Signals are fed to local exchanges via our IP backbone and from there via ADSL or VDSL to the customer.

Currently Bluewin TV **covers** some **75% of Swiss households**. Some 65% or **2 million households** have access to **VDSL technology**. Continuous upgrading of the networks with VDSL technology will increase coverage and bandwidth in Switzerland. Customers can check online via the Internet whether or not Bluewin TV is available on their phone line.

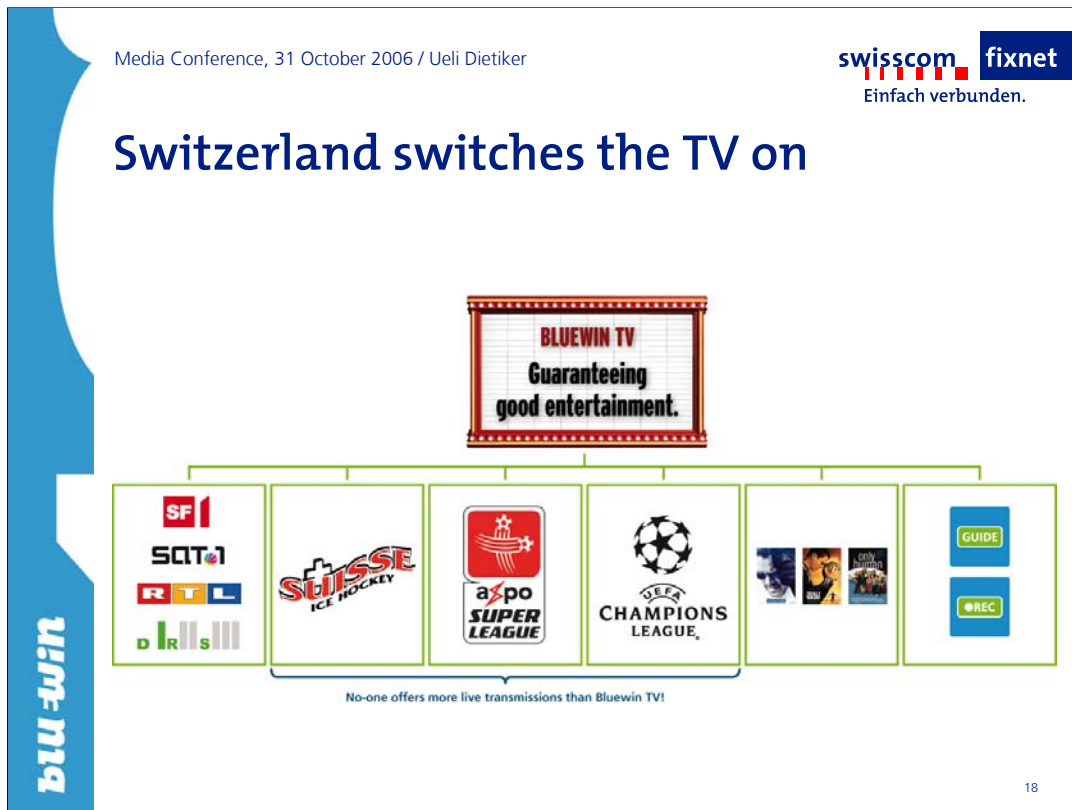
Note!:

"Technology" workshop with Michael Zumsteg

Note!

"Network" workshop with Patrice Haldemann

Switzerland switches the TV on



Switzerland switches the TV on

In summary, the **good news for TV viewers in Switzerland is:**
Good entertainment is guaranteed.

In concrete terms, this means:

- A basic offering of over 100 TV channels (channel diversity) and over 70 radio channels
- Top-class sport: The best live coverage of Axpo Super League games, UEFA Champions League matches, all German Bundesliga matches and Swiss ice hockey matches
- Great big-screen experience on the small screen: 500 top films on demand, 24 hours a day
- Innovative functions or tools: individual search for favourite programmes and recording at the touch of a button
- Integrated hard-disk recorder with more than 100 hours' capacity
- And all this at a **fair price**

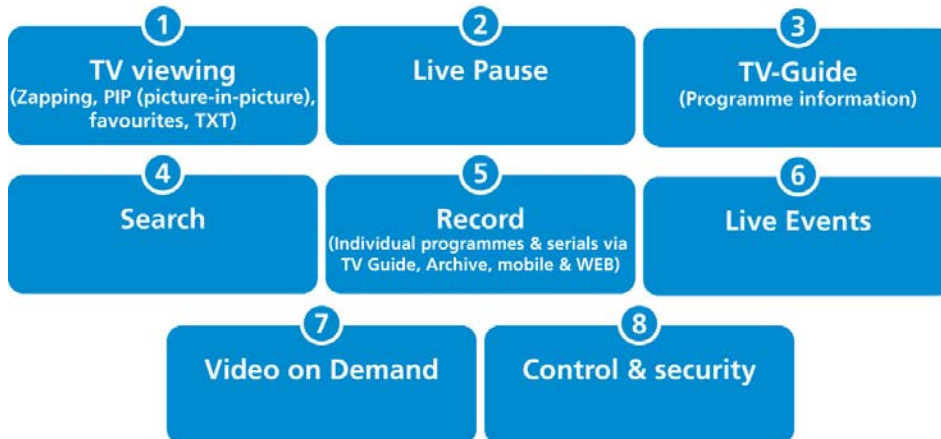
We are on the threshold of a new television evolution. Our next step will be to enable the use of all types of screen – TV, PC and mobile device – for a consummate television experience. Watch this space!

We have had a long journey to arrive at today's product launch. I would like to take this opportunity to thank the project team who have worked so incredibly hard over the past few years. Other telcos like Deutsche Telekom are now reaping the benefits: Deutsche Telekom is also drawing on Swisscom's experience for its product.

Now I would like to hand you over to my colleague **Dr Felix Graf** for a **live demonstration of Bluewin TV live.**



(Info) Demos by Felix Graf



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