

“...all inhabitants of Switzerland should have equal access to the new information and communications technologies...”

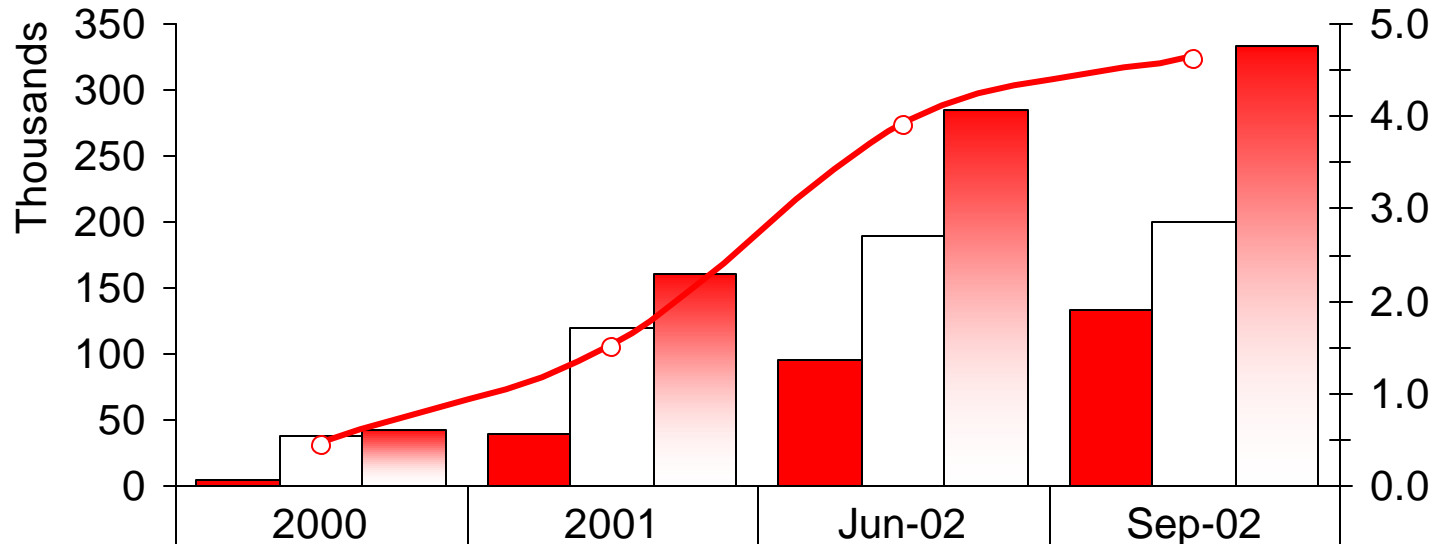
– Swiss Information Society Office



Broadband in Switzerland: Between dreams and reality

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Market evolution

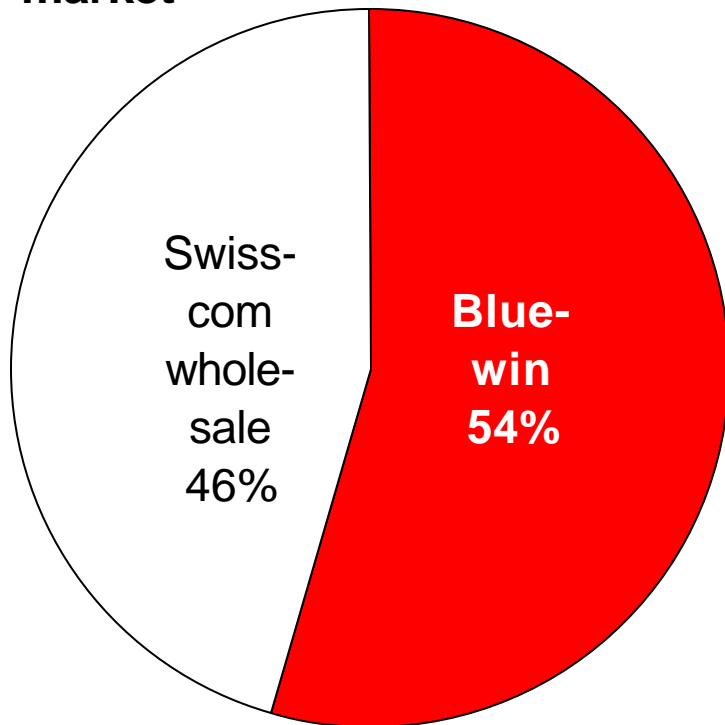


Source: ITU adapted from Swisscom, Swisscable.

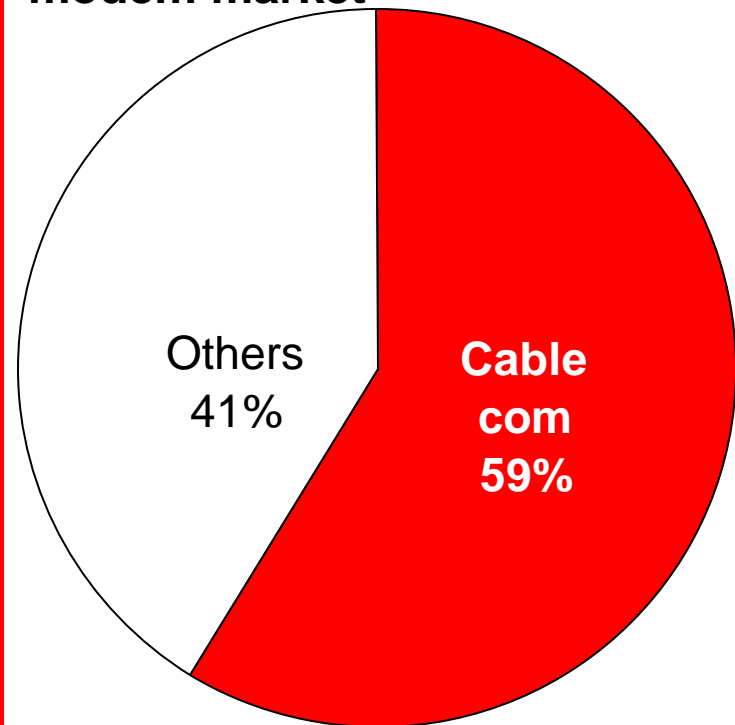
Swisscom launches ADSL in October 2000. By September 2000, Cablecom reported 19'000 cable modem subscribers, with uptake accelerated after March 2000 purchase by NTL.

Market structure

Swisscom controls entire ADSL market



Cablecom dominant in cable modem market



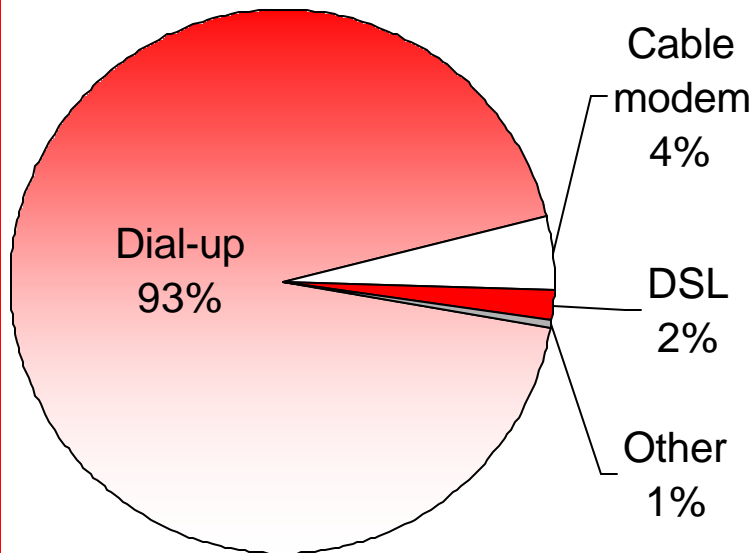
“Bluewin” is Swisscom’s ISP

Potential demand

Potential broadband demand of around 2 million compared to just 0.3 million subscriptions (only 15% satisfied)

Internet subscriptions, 2001

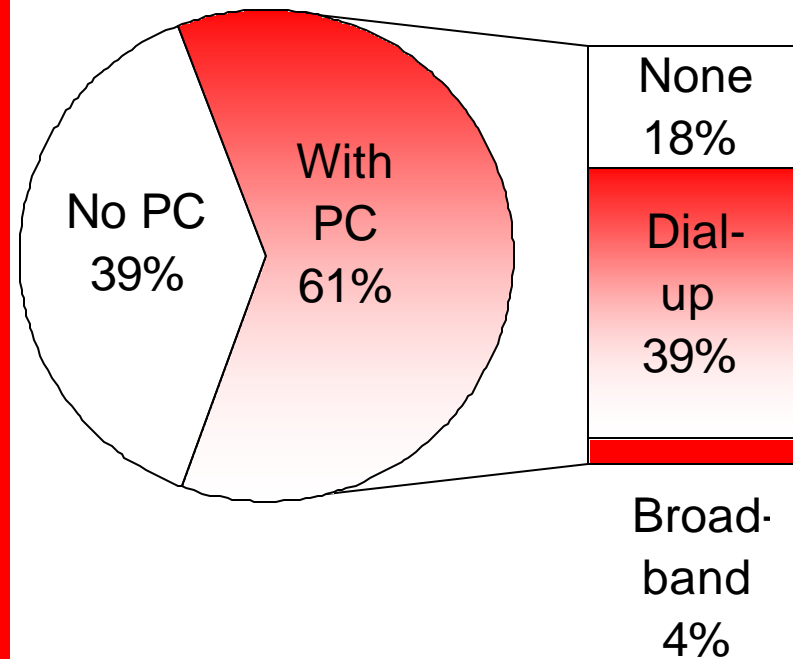
Total = 2.22 million



Households with PC

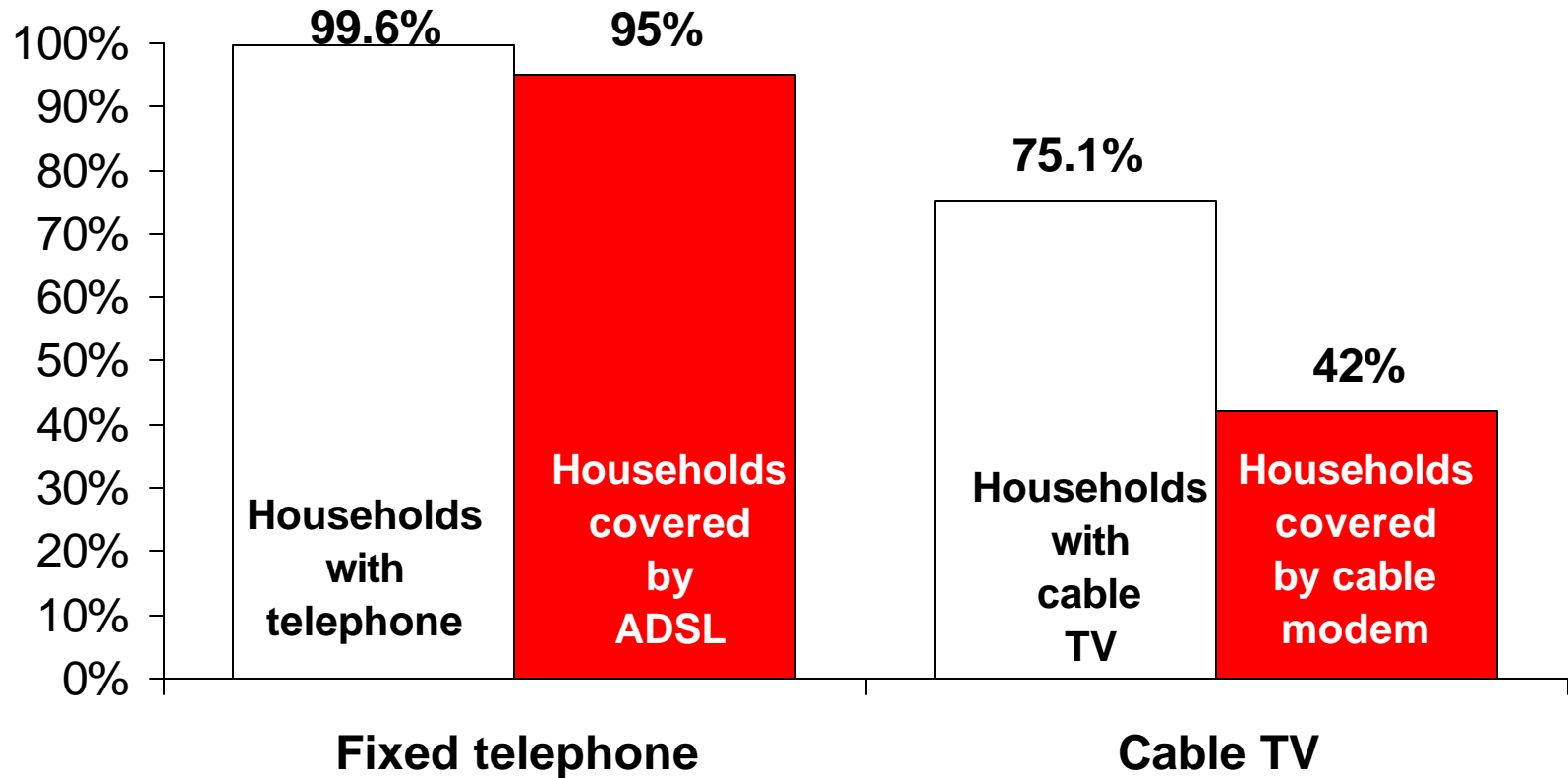
Total = 2.2 million

Internet access



Source: ITU adapted from OFCOM, Swiss Federal Statistical Office, Nielsen//NetRatings.

Coverage

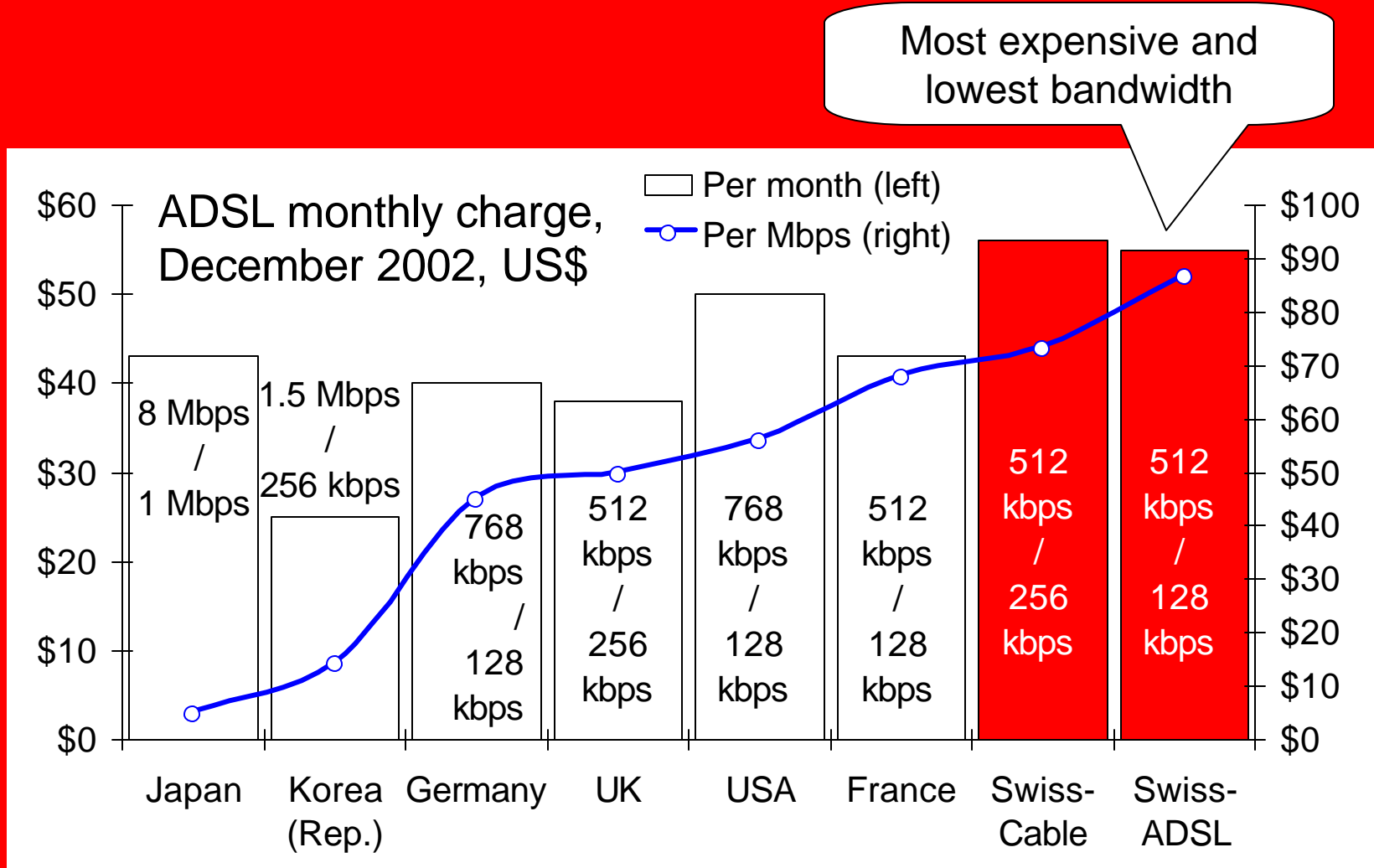


Delay

“ADSL - The Wait is Over.”Bluewin web site, December 2002

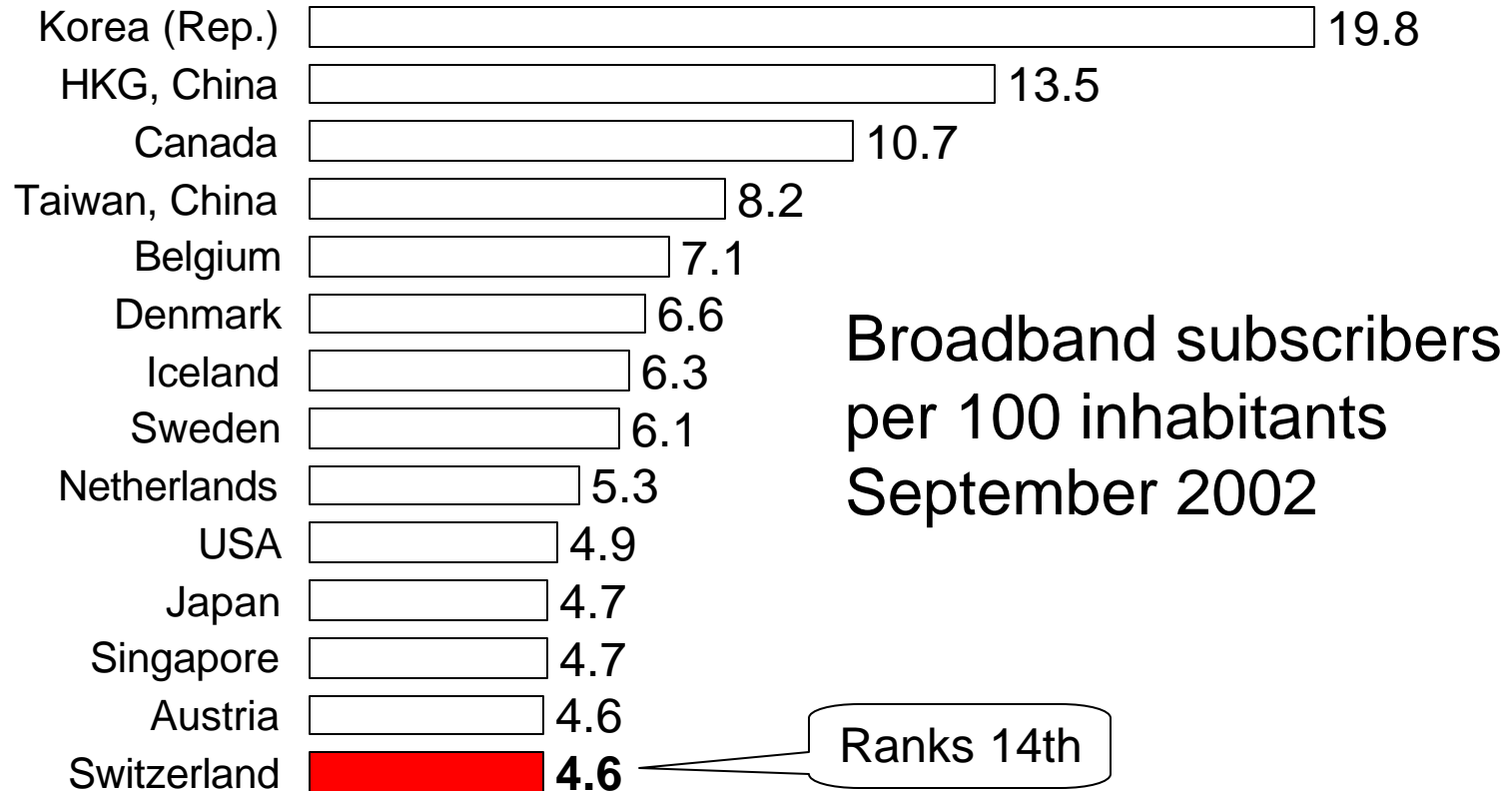
- Delay in ADSL Service
- 17 December 2002
- The ADSL market is in full boom. Unfortunately, this rush for ADSL connections is currently generating a reduction in the capacity to connect ADSL lines, on which the suppliers of Internet access do not have any influence. All the Swiss ADSL market is largely concerned with this situation. We regret this delay and ask you to excuse us for this prolonged delay. We will do our best to forward to you in the six next weeks the inscription documents as well as the terminals that you ordered. Your conditions of purchase do not change because of this delay. We thank you for your comprehension

Pricing



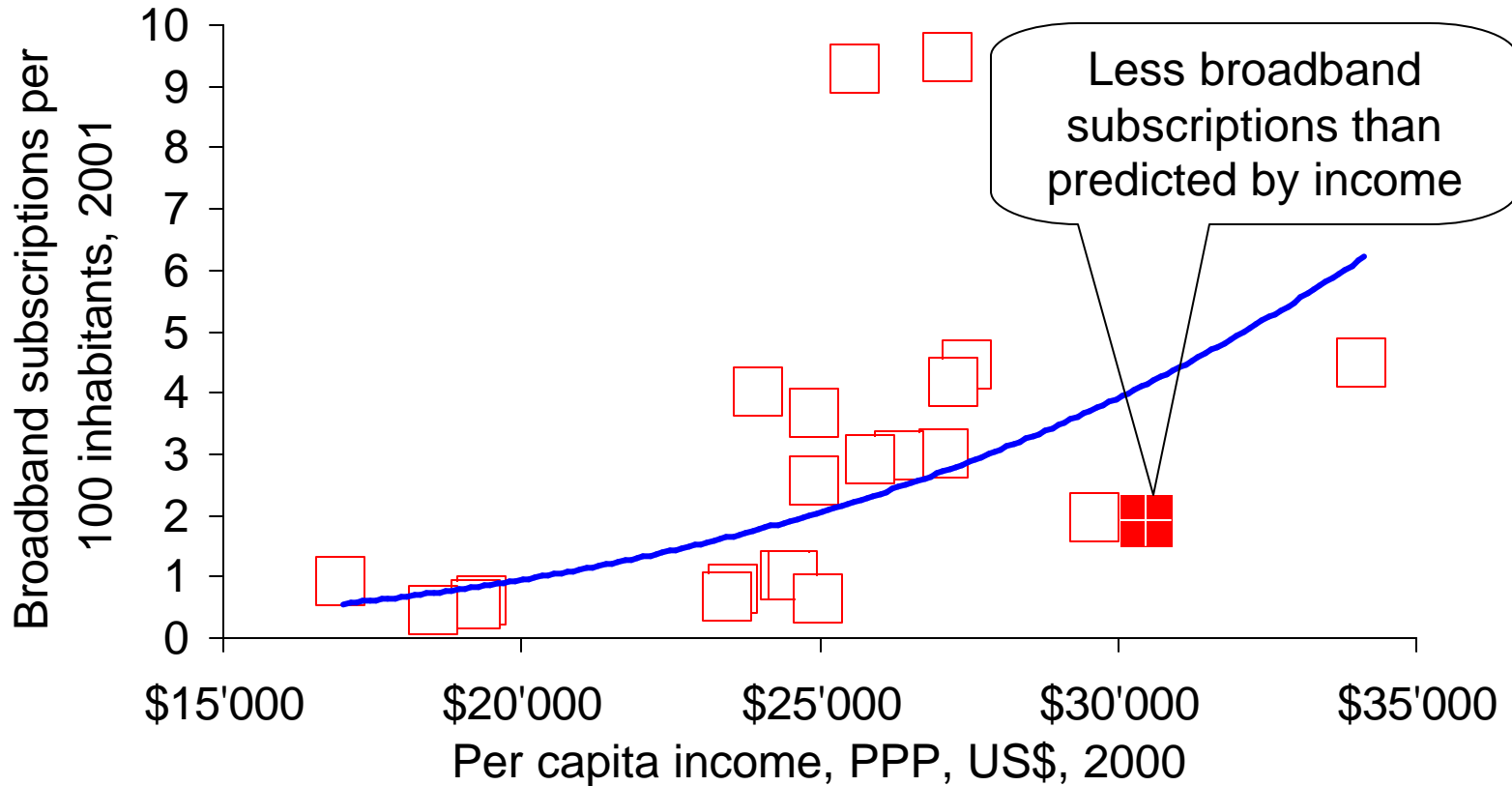
Source: ITU adapted from operator reports, MHPT (Japan).

International comparison



Source: ITU adapted from national sources, Point-Topic, ECTA.

Wealth & broadband



Broadband policy

Theory

“Swiss policy begins with the principle that the market will be able perfectly to meet the needs as regards broadband technologies in the long run without the State having to intervene. It will intervene only in the event of market failure, that it is by defining conditions in favor of competition or targeted in the event of the absence of private investment. Switzerland thus does not have an interventionist policy as regards development of the broadband infrastructure, but counts on market forces.”

– OFCOM (Telecom Regulator)

Reality

- High broadband prices
- Low broadband penetration considering income
- No local loop unbundling
- Choice of alternative broadband operators not widely available
- Delays in service