3G: New & Untapped Market Segments



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Scott K. Erickson

Senior Vice President, Mobility Solutions

Lucent Technologies
Bell Labs Innovations

Forward-Looking Statement Disclosure

This presentation may include some forward-looking statements about our expectations for our future performance. Actual results could differ materially from those suggested by our comments today. Additional information about factors that could affect future results are addressed in our SEC filings, including our 10-K, 10-Q, and 8-Ks.



The services vision…



Provide the Business Segment the ability to conduct professional and personal business anytime and anywhere through Universal High Speed Mobile Data Access; providing for “Always On” connectivity to important company and personal information.

3G High Speed Data Opportunity

- Untapped, profitable market for High Speed Wireless Data
- Second generation technology not competitive
  - Technical – Too slow
  - Business – Requires significant spectrum currently serving voice
- Starting with High Speed data – First, gives you:
  - New business opportunity
  - Early access to prime users – 1st to market is key
  - Ability to begin getting a return on the spectrum infrastructure is evolvable/reusable
- Providing 3G Voice alone adds complexity, with limited additional value
  - Voice terminal subsides lower viability of business. Not true for data.
- Primary Market Research – “Pent-Up” Demand



Mobile Professional Segment

Mobile Professional market segment will be the critical “Early Adopter” segment for Mobile Data services in North America:

- Highest penetration of laptop PC’s in world
- Highly Mobile business community
- Familiar Applications require minor shift in behavior to eliminate significant frustrations (e.g. email)
- Easy-to-Identify Target Customers: Fortune 500 corporations
- Strong Value Proposition versus Remote Access
- Research Indicates large Pent-Up demand for HSD Access to Corp. Intranet
- Early Availability of all Key Offer Elements: Corporate VPN and laptops (today), Network Infrastructure, PCMCIA devices



Who Will Adopt Mobile HSD Services?

- Highly Mobile Workforce
  - Little or no home office staff (e.g. Sales, Servicing, Logistics)
- Require real time access to time critical information
  - Medium to large quantities of information need to be transmitted in real time
- Need to distribute limited expertise over wide geographic area
  - Bottleneck currently exists in getting expert to problems
- High cost of not having information
  - Repeated trips, lost business opportunities, delayed medical care

	Mobile	Real Time access to info	Limited expertise avail over wide geog area
Emergency services	✓	✓	✓
Insurance	✓	✓	✓
Financial services	✓	✓	✖
Pharmaceuticals	✓	✓	✓
Tracking / Logistics	✓	✓	✖
Consulting	✓	✓	✓

US Enterprise Market Size – Initial View

A nation-wide wireless high speed data offering can reach a large potential market:

- 5 target Job Functions (across multiple vertical segments):
  - Mobile Workers (Primary HSD Target Market representing 15M subs):
  - Mobile Executives (8M)
  - Field Services/ Engineers (4M)
  - Field Sales (3M)
  - Telecommuters (10M)
- Remote Workers (Secondary HSD Target Market representing ~26M subs)
- 5 target Enterprise Vertical Market Segments (which represent approximately 75% of IT spending):
  - Finance, Banking and Insurance (23%)
  - Manufacturing (25%)
  - Government (10%)
  - Communications (9%)
  - Services - Professional/ Business Services (8%)



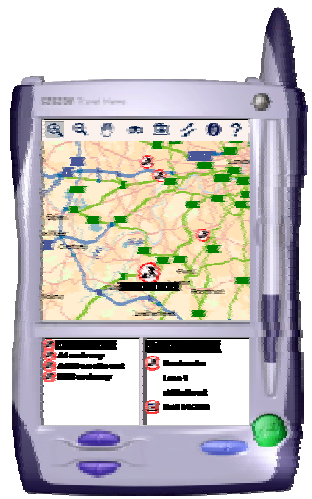
Typical 3G Business Launch Services

Three key categories as follows:

- Corporate Access
  - Corporate Database/Internet/Intranet Access
  - Enterprise applications
  - File Transfer
  - VPN for security
- Messaging
  - Unified Messaging
  - SMS services for closed business communities
- Location Based services
  - CityGuide & Route Planning Service
  - Tracking tied to enterprise applications

PCMCIA-Card





Infrastructure to support Enterprise Business Services is available now !

CIO Cost Reduction - Just the beginning… Productivity Gains are 10x Larger!

- CIO cost avoidance can be achieved over existent wireline data remote access with the added benefits of providing Mobility
- The most significant gains come from operational productivity improvements ranging from 6%-20% (reduced costs and/or increased sales) per employee

	Cost Reduction	Increased Productivity
	Lucent CIO	Large Insurance Company
Business Case Drivers	**Wireline Remote Access Replacemnt**	**Increased Sales, Reduced Costs, Reduced Payouts**
Total Employee Base	42,000	37,000
# Adopting WHSD **% of Total Base**	5,060 12%	3,000 8%
Total Annual Gross Cont.	$11M per Year	$45M per Year
NPV Contribution	$25M	$126M
Savings per Employee **NPV Cont. per Employee**	$2,174 per Year $4,941	$15,000 per Year $42,000

Summary

Success in Third Generation will Require a Focused Segment Strategy

- Mobile enterprise data applications offer a clear value proposition and significant market opportunity
  - Success will be directly linked to the ability to demonstrate value creation (i.e. cost reduction & productivity gains)
- The operator needs to move aggressively and quickly to secure the considerable first-mover advantages in this market
- Existing technologies and infrastructures are limited in their ability to support enterprise and end user needs
  - “Speed & Bandwidth”
  - “Activation and Provisioning”
  - “Security”



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