

Paris, 13 July 2011

## **Vivendi: How to Achieve the 2020 European Digital Targets**

Jean-Bernard Lévy, CEO of Vivendi, René Obermann, CEO of Deutsche Telekom and Ben Verwaayen, CEO of Alcatel-Lucent, presented 11 proposals to the European Commission today about broadband and its 2020 targets.

These 11 proposals are:

**1-The 2020 digital agenda objectives will be achieved only through sustainable business models and more efficient use of scarce resources.** Europe needs healthy companies willing and capable to invest. Players who add value should be stimulated by the right incentives, in order to deter/avoid pure arbitrage strategies.

**2-Our industry has basically four layers:**

- layer 1 access,
- layer 2 transport,
- layer 3 service creation and aggregation,
- layer 4 applications and content.

Competition on layers 2 to 4 is becoming global but layer 1 (most capital intense) is local. Some players are active on one or a few layers; others are active across the value chain. Framework conditions or *de facto* negotiating power cannot lead to an imbalanced situation where the most capital intensive players bear the burden.

**3-Scale and specialisation are overall market trends.** They do not contradict. Europe should support these trends which can imply cross-border mergers or layer-focused investments. European competitiveness is at stake.

**4-There should be one binding European framework.** The rules of the game must be the same all over Europe while allowing for the necessary flexibility to adapt to the regional circumstances.

**5-Europe should promote traffic management differentiation** to foster innovation and new services and meet demand for different levels of quality. Sound business models combining those services with best effort ones would allow a wide range of innovative offers.

**6-Business models could be two-sided, based on commercial agreements, respecting the principles of openness and non anti-competitive discrimination.** Exploiting the potential of two-sided markets will bring more innovation, efficiency and quicker roll-out of state-of-the-art networks to the benefit of consumers and creative industries.

**7-Europe should foster innovation and investment, as much as consumer interest.** Long term consumer interests coincide with the promotion of innovation and investment.

**8-The market for next generation access will be differentiated, based on local circumstances.**

In principle, if market parties are willing to invest within a reasonable period of time, market driven private investment will get priority. In areas where competition on infrastructure doesn't develop, co-investment models will be promoted (this should involve at least two parties). Public funding should be available where otherwise a roll-out of NGA would not be possible.

**9-Europe should help to improve the framework conditions for NGA roll out and eliminate barriers to investment** by promoting measures that stimulate demand, derisk investment and reduce roll out costs, in particular in the areas of civil works and in-house wiring.

**10-There is an immediate need for Europe to promote open and interoperable standards** for IP-based Quality of Service Interconnection (such as IPX) as well as for next generation bit-stream access and other NGA products. They are essential to enable the provisioning of NGA/NGN services across networks in a multi carrier environment.

**11-Europe should promote symmetrical open access** to civil works and in house wiring.

### **About Vivendi**

#### ***The best emotions, digitally***

*Vivendi is at the heart of the worlds of content, platforms and interactive networks.*

*Vivendi combines the world leader in video games (Activision Blizzard), the world leader in music (Universal Music Group), the French leader in alternative telecoms (SFR), the Moroccan leader in telecoms (Maroc Telecom Group), the leading alternative telecoms provider in Brazil (GVT) and the French leader in pay-TV (Canal+ Group).*

*In 2010, Vivendi achieved revenues of €28.9 billion and adjusted net income of €2.7 billion. With operations in 77 countries, the Group has over 51,300 employees.*

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