

# Telekom Austria Group: Evolving strategy

Hannes Ametsreiter, CEO Telekom Austria Group talks to InterComms about the company's main strategy on growth, technology and efficiency



Hannes Ametsreiter, CEO Telekom Austria Group.

Hannes Ametsreiter was born in Salzburg in 1967. He studied journalism and communication studies there, together with sport science. After completing his doctorate, he continued his academic education with an MBA at Pepperdine University in the USA.

He began his professional career as an international brand manager with Procter & Gamble. In 1996 Hannes Ametsreiter transferred to the telecommunications sector, working in product management for mobilkom austria and became manager of the department two years later. In October 2000 he was promoted to marketing manager and became an authorised signatory.

From January 2001 to March 2009 Hannes Ametsreiter had board level authority for sales and marketing in mobilkom austria, which since June 2002 has also included customer services.

*From July 2005 until June 2006 he was CMO of Mobiltel, a member of the mobilkom austria group, in Bulgaria.*

*Hannes Ametsreiter continues his professional development with executive level courses at top universities such as Stanford and INSEAD, and is a member of the Board of Directors for Mobiltel, Vipnet, Si.mobil, paybox austria, A1 BANK and Omnimedia.*

*As of July 1, 2007 Hannes Ametsreiter was appointed Chief Marketing Officer of Telekom Austria TA AG. Hannes Ametsreiter was appointed as Head of the Fixed Net segment of the Telekom Austria Group starting from January 1, 2009. Hannes Ametsreiter has also been appointed as CEO of Telekom Austria TA AG.*

*As of April 1, 2009 Hannes Ametsreiter has been appointed as Chief Executive Officer and Chairman of the Board of the Telekom Austria Group and Chief Executive Officer of mobilkom austria AG. Hannes Ametsreiter also remains Head of the Fixed Net segment.*

**Q: Please introduce Telekom Austria Group.**

**A:** The Telekom Austria Group is Austria's leading provider of telecommunications services and has been listed on the Vienna Stock Exchange since November 2000. The company generated revenues of EUR 5,170.3 million in 2008 and has roughly 17,000 employees. The Group has two main business areas: the Fixed Net segment encompasses fixed line telephony, data, broadband Internet, security and multimedia services as well as IPTV, and the Mobile Communication segment covers all domestic and international mobile communications activities. In Austria more than 2.3

million Fixed Net customers and 4.5 million Mobile Communications customers place their trust in the products and services of the Telekom Austria Group. Together with our international operations in Belarus, Bulgaria, Croatia, Liechtenstein, the Republic of Macedonia, the Republic of Serbia and Slovenia we have almost 18 million customers.

**Q: What is Telekom Austria Group's strategy for the fixed net?**

**A:** First of all, we have to say that we are facing fierce competition in the Austrian telecommunications market. As with other telcos throughout the world, our domestic market is marked by a strong fixed-to-mobile substitution. Against this background, our strategy in the Fixed Net segment focuses on leveraging our strong market position and on embarking on new business areas. Furthermore, we want to develop an attractive broadband proposition and a wide range of product bundles (encompassing both fixed line and mobile telephony) with a view to protecting our customer base and further consolidating our positioning. It has to be clearly stated: The future is broadband! So we are building our main strategy on growth, technology and efficiency, and we plan to further invest in broadband infrastructure. Our new slogan "in the Centre of Life" clearly demonstrates that everyday customer needs take centre stage in our strategy and that we want to be in every household and every office.

**Q: How are you progressing with your combined product offering - aonKombi?**

**A:** We are progressing very well with aonKombi: For the first time in the past 12 years we were able to record access line net additions in the months of November and December 2008. This demonstrates that our product

► bundles have proved extremely effective in significantly reducing fixed line loss so far. If you take a look at our figures, Fixed Net access line loss was more than halved in 2008 compared to 2007.

What does the "aonKombi" offer look like? The "aonKombi" product bundle encompasses fixed line and mobile telephony (up to three SIM cards) as well as Internet broadband access, and "aonSuperKombi" offers the same package plus aonTV, our IPTV service. I'd like to stress that the mobile offering "aonMobil", included in these product bundles, recorded a total of 199,500 subscribers at year-end 2008, up from 30,500 at the end of December 2007, becoming the most rapidly growing mobile offering in Austria. Due to the success of "aonKombi", we are planning - as a further step - to offer product bundles to our business customers this year.

**Q: What role does aonTV play in your strategy?**

**A:** Telekom Austria TA AG's IPTV service - "aonTV" - plays a vital role in our portfolio and is a perfect product for up- and cross-selling. Therefore, we have included it in the "aonSuperKombi" product bundle. The aonTV service developed very successfully over the past year and aonTV customer numbers tripled to 65,000. The service encompasses a video library providing real video-on-demand, which is still unparalleled in Austria and popular: In December 2008 we had 112,000 movie downloads.

There are more than 300 movies currently available, which can be viewed any time. Top blockbusters include: The Dark Knight, Indiana Jones 4, Mamma Mia!, Kung Fu Panda, Iron Man and many more. Numerous blockbusters are made available at the same time as the corresponding DVDs are launched on the markets (e.g. Dark Knight and Sex and the City). When playing, movies can be stopped any time just like a conventional DVD,



they can be fast forwarded or rewind, viewed later or more than once within 24 hours after retrieval. The ORF news programs are also available on demand and free-of-charge shortly after they have been aired.

An Electronic Program Guide (EPG) provides an overview of aonTV's wide range of programs. The continuous expansion of the aonTV portfolio in terms of both video library and TV channels will play a pivotal role in the future and the focus of the service will be on quality rather than quantity. The aonTV service also offers a 'HD video library', which encompasses numerous movies, documentaries and video clips as well as the ORF 1 HD channel, is charged extra and can be viewed on demand. Customers can subscribe to the 'aonTV HD video library' as well as to the "Premium TV" or the "Video-Abo" packages via their TV screen.

**Q: Where have been the problem areas in the implementation of this strategy and how have you overcome them?**

**A:** The main problem areas concern the regulatory issues we have to deal with at both the national and European level, aggressive competition with fixed-to-mobile substitution and ever changing framework conditions. However, we can rely on very motivated and skilled employees and with a joint effort we can manage the challenges we face on the market. A clearly defined vision and strategy is of key importance to be successful in the long term and a wide range of quality products and innovative services tailored-made to the needs of our existing and future customers provide us with a competitive edge. We have a diversified portfolio of activities and are solidly positioned with successful operations in 8 countries. Our market, technology and innovation leadership in the domestic market gives us stability. Our strategy of diversification over several regions and two operating segments as well as a sensible management of risks are the guarantee for positive corporate development, even under changed conditions.

**Q: What are the key obstacles still to overcome?**

**A:** Against the backdrop of the current tense economic situation, we are committed to striking a balance between growth projects and shareholder returns, aiming to guarantee a sustainable corporate development, while enhancing shareholder value. Moreover, we strive to continuously adjust our business

to the ever-changing market and technology requirements, while anticipating future developments. We are consistently streamlining processes and optimizing costs to enhance profitability. At the same time we intensively search for new growth opportunities in the Fixed Net segment. We continue to address the challenges we are facing in our domestic markets and are devoting concerted efforts to overcoming the regulatory hurdles at both the national and European level. On the technological side, we are consistently investing in our cutting-edge infrastructure to respond to growing demand for data services.

**Q: At the end of 2008 the fixed net access line downward trend was stopped and reversed for the first time in twelve years. How do you explain this?**

**A:** As I said before we were able to stop line loss due to the introduction of the "aonKombi" A. product bundle. In 2008 alone, we sold a total of 334,800 product bundles, which proves that our strategy based on the combination of the products of both the Fixed Net and Mobile Communication segments is very effective. If you consider the fact that before the launch of our product bundles, we had 30 different broadband tariffs and 27 different voice tariffs, we have come a long way in terms of price transparency and customer convenience. We provide our customers a very sleek and attractive offer that combines the strengths of both mobile and the fixed line.

**Q: There's been a recent change in leadership and with your CEO taking up a position in another firm and in another country. Do you anticipate a change in strategy for the company?**

**A:** I have been appointed by the Supervisory Board as the successor of Boris Nemsic - who joined VimpelCom in Russia - and I'm now the new CEO of the Telekom Austria Group. Through my positions as CMO of mobilkom austria, the domestic mobile subsidiary of the group, and as CEO of Telekom Austria TA AG, the domestic fixed line subsidiary, I had the opportunity to develop in-depth expertise in both segments. It is a logical step that I use this experience to continue to execute our corporate strategy jointly with Telekom Austria Group's CFO Hans Tschuden.

**For more information visit:**

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