TMF Management World 2015
Customer Centricity

Delivering superior service with a local touch at Euskaltel

Together, win the future
1. Euskaltel Managed Service Project

2. Other Related projects
About Euskaltel

- **No.1 Operator in Basque Country (Spain)**
- **Provide Quad play Service:** TV, Broadband, Fixed Line, Mobile
- **Customer:** Residential, Enterprise, Big Accounts, Public Administration, etc.
- **Strategy:** Align in Managed Services & Network Evolution
Euskaltel: Next generation access network with broadest coverage in the Basque Country

Leading next generation fiber access network

**Fully-invested network**
- 350,000 km fiber network
- 100% accessible network, with 85% through fiber and the rest through satellite/WiMAX
- 100% EuroDOCSIS 3.0 upgraded
- Predominantly success-based capex going forward

**Most modern network**
- Greenfield network (started to build in 1999)
- Fully bi-directional HFC network
- C.500 households per node; c.500m distance to node in average
- Abundant capacity with 862 MHz
- First class suppliers—Cisco, Alcatel, Ericsson, etc.
- Fully digitalized monitoring and maintenance systems

**Proprietary network with more than 99% of the ducts owned**

**Scalable network**, ready to meet increasing speeds and data demand

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Fiber coverage to 86% of Basque households

| Homes passed | 869,900 |
| Homes provisioned | 804,025 (+c.51,000 within 3 years) |
| Businesses passed | 146,778 |
| Business provisioned | 131,074 (+2,700 within 5 years) |

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Fiber Alternative technologies

Fiber coverage to 86% of Basque population
50% customers more than 30 Mbps
85% basque homes are able to sign on 250Mbps Services

Leader Internet Operator in Basque Country

NGN- Optical Fibre
3G and 4G-LTE

Convergence of networks, services and devices M3GUSTA
Network Topology of Euskaltel

- Vendors: Ericsson, Nagra, Tandberg...

- Vendors: Alcatel Lucent, Cisco, Huawei
- Mobile Access 2G/3G provide by Orange

- 265,000 Broadband users
- 377,000 Fixed Phone/TV users
- 135,000 Digital TV users
- 490,000 Mobile users
- 3,000 WiMax users
Euskaltel: Leading quality service provider

Key factors of Euskaltel's service quality

Sound design criteria
- From fiber optic ring architecture to fully mesh interconnection design, Euskaltel provides telecom services over a fully redundant network
- Equipment design according to international standards

Tier 1 partners
- Euskaltel selects Tier 1 partners to provide best-in-class solutions

Conscious operation
- Euskaltel defines detailed operation procedures based on provider experience to minimize downtime service
- Euskaltel surveillance procedures send automatic status information from all equipment and services

Complete maintenance
- Euskaltel invests in qualified trained operators capable of executing not only emergency procedures but also routine procedures to follow up provider recommendations

Continuous improvement of service quality metrics

Customer failure ('000s)

<table>
<thead>
<tr>
<th>Year</th>
<th>Phone</th>
<th>Broadband</th>
<th>Television</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>80</td>
<td>37</td>
<td>24</td>
</tr>
<tr>
<td>2014</td>
<td>19</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

% decrease: (18.8)%

Telephony faults per access line (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Phone</th>
<th>Broadband</th>
<th>Television</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

% decrease: (28.4)%
Key Points of Managed Services for Euskaltel

• Strategic Alliance.
• Full Scope Managed Services Contract for 10 years.
• Setup ZTE Managed Services Southern Europe S.L. in Basque Country.
• Guarantee for Network Transformation for Euskaltel.

“We signed the contract with ZTE in December 2014. The idea was not only to look for a partner that would give us managed services but would be with us over the long term as we evolve the company”

Fernando Ojeda, General Manager of Euskaltel

“Euskaltel’s technological strategic alliance with ZTE, will allow for the creation of wealth and qualified employment for Euskadi, as well as attracting other industries from the sector.”

-Alberto García Erauzkin, President of Euskaltel

“This is an essential step forward in our investment in Europe, incorporating into our company the experience and knowledge of Euskaltel’s highly qualified personnel”

Xiao Ming, President of ZTE Europe
Why ZTE?

Expectation of Euskaltel

Establish ZTE Managed Services Southern Europe S.L in Basque Country

Unified Interface
Tailor-made and focused services, optimization of subcontractors, maintain stability of the network

Managed Services Convergence of Network Operation, Network construction and Service Provisioning

Opex Optimization
Commercial reasonable as synergy obtained from service provision and further network evolution

Leading Equipment Supplier & Professional Managed Service Provider to Achieve Synergy for Euskaltel

Strategic Alliance
Continuous network innovation and long term business development
<table>
<thead>
<tr>
<th>Manage the Equipment from Ericsson</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Nepal Ncell Project</td>
<td>3. Germany E-Plus Project</td>
</tr>
<tr>
<td>2. Colombia Movistar Project</td>
<td>4. Spain Euskaltel Project</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manage the Equipment from ALU</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Colombia Movistar Project</td>
<td>3. Spain Euskaltel Project</td>
</tr>
<tr>
<td>2. Germany E-Plus Project</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manage the Equipment from NSN</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Nepal Ncell Project</td>
<td>4. Pakistan Telenor Project</td>
</tr>
<tr>
<td>2. Austria H3G Project</td>
<td>5. Germany E-Plus Project</td>
</tr>
<tr>
<td>3. Colombia Movistar Project</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manage the Equipment from HUAWEI</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Nepal Ncell Project</td>
<td>3. Pakistan Telenor Project</td>
</tr>
<tr>
<td>2. Colombia Movistar Project</td>
<td></td>
</tr>
</tbody>
</table>
## Managed Services Scope

<table>
<thead>
<tr>
<th>Provisioning</th>
<th>Construction</th>
<th>Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision Fixed Line</td>
<td>Network Low Level Design</td>
<td>Help Desk</td>
</tr>
<tr>
<td>Provision Mobile</td>
<td>Feasibility Analysis</td>
<td>Configuration Mgmt.</td>
</tr>
<tr>
<td>Provision TV</td>
<td>GIS Information Update</td>
<td>Network</td>
</tr>
<tr>
<td>Provision Internet</td>
<td>Customer Installation</td>
<td>Monitoring</td>
</tr>
<tr>
<td>Provision VAS</td>
<td>Ad-hoc Projects Installation</td>
<td>Technical Support</td>
</tr>
<tr>
<td>Reporting</td>
<td></td>
<td>Fault Mgmt.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance Mgmt.</td>
</tr>
</tbody>
</table>

- Television
- Broadband
- Fixed Phone
- Mobile Phone
People Transfer

133 employees transferred from 6 departments

Secretaria (Secretary)
Control Economico, Reporting y Administracion (Reporting & Administration)
Ingenieria y Planificacion Tecnologica (Technological Engineering & Network Planning)
Programacion y Construccion de Red (Network Program & Construction)
Instalaciones de Clientes (Customers Installations)
Gestion de Red y Garantia del Servicio (Network Management & Service Assurance)
Operacion de Sistemas (Operation Systems)

Dirección General (CEO)
Operaciones (CTO)
Negocio (Business)
Ingenieria de Clientes (Customers Engineering)
Compras y Servicios Generales (Purchasing and General Services)
Servicios Generales (General Services)

People Transferred
133
Transition Methodology

Pre-transition
- Identify the Stakeholders
- Prepare DD List
- DD Process
- Prepare and Identify Transition Plan

Risk and Risk Mitigation
Communication
2 months

Transition
- Transition Execution
- Eliminate the Gap

Post-transition
- Stabilization
- Hand-over to Delivery Team and Release Transition Resource

Transition End
- LOI
- Contract
- SCD
6 months
## Main Tasks

<table>
<thead>
<tr>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Transfer</td>
</tr>
<tr>
<td>Business Flows &amp; Procedure Definition</td>
</tr>
<tr>
<td>IT/ERP/OSS Integration</td>
</tr>
<tr>
<td>Facilities &amp; Tools Setup</td>
</tr>
<tr>
<td>SLA Scheme Roll Out</td>
</tr>
<tr>
<td>Field Services Handover – Outsourcing Contracts Transfer</td>
</tr>
<tr>
<td>Governance Model Setup</td>
</tr>
</tbody>
</table>
Study Business & Customers of Euskaltel

<table>
<thead>
<tr>
<th>Customers</th>
<th>Services Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Mobile Phone ✓, Fixed Phone ✓, Internet (ADSL) ✓, TV ✓, VAS Solution ✓</td>
</tr>
<tr>
<td>Distributors/Shops</td>
<td>Mobile Phone ✓, Fixed Phone ✓, Internet (ADSL) ✓, TV ✓, VAS Solution ✓</td>
</tr>
<tr>
<td>SOHO</td>
<td>Mobile Phone ✓, Fixed Phone ✓, Internet (ADSL) ✓, TV ✓, VAS Solution ✓</td>
</tr>
<tr>
<td>PYMES</td>
<td>Mobile Phone ✓, Fixed Phone ✓, Internet (ADSL) ✓, TV ✓, VAS Solution ✓</td>
</tr>
<tr>
<td>Big Account</td>
<td>Mobile Phone ✓, Fixed Phone ✓, Internet (ADSL) ✓, TV ✓, VAS Solution ✓</td>
</tr>
<tr>
<td>Other operators</td>
<td>Mobile Phone ✓, Fixed Phone ✓, Internet (ADSL) ✓, TV ✓, VAS Solution ✓</td>
</tr>
</tbody>
</table>
Setup ZTE Own ERP System

Achieve Automatic Work Order Dispatching & Invoicing
Set Up Own IT system
SLA Achievement after ZTE take over the Managed Services in Dec. 2014

Global 2015 SLA compliance

January  85.3%
February  70.6%
March  84.2%
April  102.5%
1. Euskaltel MS Project

2. Other Related projects
Others Project - IMS Project Introduction

Target:
This Project is to launch the IMS service in 5 Sites and swap the old AXE equipments

Scope of Work:
- Site Survey & Design;
- Equipments Delivery from China to Sites;
- Equipments Installation and Commissioning;
- Migration
- Remove the AXE equipment
Others Project - LTE Project Introduction

Scope of Work:
- Total 300 Site with Basque Region.
- Turn-Key Project
- EPC
- Site survey and design, Logistics, transportation, warehouse, hardware installation and commissioning, network optimization
- LTE network managed service plus site renting

Milestone

- 15.6.30 Contact Signed
- 15.6.30 Network Planning & Data Planning
- 15.7.1 Kick-off Meeting
- 15.7.15 EPC equipment commissioning
- 15.8.24 EPC and Pilot Customs clearance and transport to warehouse
- 15.9.25 Mass eNodeB equipment produce, transport by sea
- 15.10.5 Equipment delivery to site and start installation
- 15.10.1 First internal LTE call
- 15.11.1 Site installation and commissioning DONE
- 15.12.1 100% FAC Done
- 15.12.31
Others Project - FTTH Project Introduction

Scope of Work:
- In first phase, total 9 industrial areas with 1K users, in 2nd phase expand to 38 regions,
- Turn-Key Project
- 6+33 OLTs and 6 type of ONTs proposed
- Logistics, transportation, warehouse, hardware installation and commissioning
- Long term vision of 50K users

Milestone

<table>
<thead>
<tr>
<th>No</th>
<th>Milestone description</th>
<th>Date from</th>
<th>Date End</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vision and Feasibility of FTTH</td>
<td>2014, Dec</td>
<td>2015, Feb</td>
<td>Done</td>
</tr>
<tr>
<td>2</td>
<td>Tender budget and documentation</td>
<td>2015, Jan</td>
<td>2015, Mar</td>
<td>Issued and done</td>
</tr>
<tr>
<td>3</td>
<td>Network design ,equipments testing</td>
<td>2015 April</td>
<td>2015, Jun</td>
<td>On going</td>
</tr>
<tr>
<td>4</td>
<td>FTTH project deployment</td>
<td>2015, Sep</td>
<td></td>
<td>Planning</td>
</tr>
</tbody>
</table>
Thank you