



# Our Take

## The Future of the Internet (Abridged)

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**Danger!**

### **1** Predicting the Future of the Internet is a perilous business

- While we've generally done well predicting 1-2 year trends relative to growth
- Few have predicted the applications that now cast such tall shadows online



## Some of What We've Built



- UUNET, first Commercial Internet Service Provider and global backbone
- Broadband access solutions for consumers and businesses culminating in FiOS
- In partnership with Vodafone, Verizon Wireless is the largest mobile Internet provider in the US
- World's largest Managed Security Services and Professional Services business

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## Investing in the Internet



**2** Even without perfect prescience we've made enormous investments

- \$17 Billion Verizon Capital Expenditures in just 2009
- A huge preponderance spent on Internet enabling infrastructure

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## This is FiOS

- **Very high speed Internet**
- **High Quality Voice**
- **Premier Television Services**
- **Verizon will pass more than 70% of homes in our US footprint by end of year 2010.**
- **Capacities available to customers today:**
  - 20 Mbps upstream / 50 Mbps downstream
  - Future capabilities to 100 Mbps
- **The lowest throughput option now available to FiOS customers:**
  - 5 Mbps upstream / 15 Mbps downstream

### Fiber-to-the-Home

Verizon's 'Fiber-to-the-Home' network doesn't rely on traditional copper phone lines or coaxial cable—it's fiber-optics all the way.



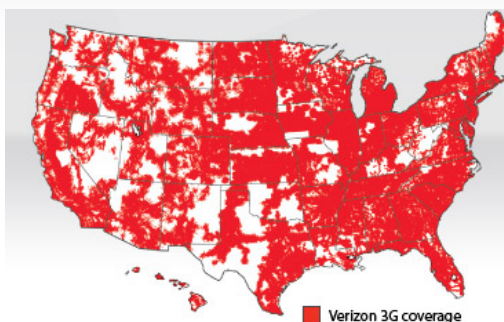
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## Mobile Internet 3G?

“There’s a Map for That”

- **Verizon Wireless today offers the greatest 3G coverage in the US market**
- **4G LTE Coming Quite Soon**
  - 30 major US markets in Q4 2010
  - 5 Mbps upstream / 7 Mbps down average
  - **Peak in field trials:**
    - More than 15 Mbps downstream



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## Some Key Global Business Investments

- Global Internet backbone
- Global Private IP MPLS network with Internet access options
- 100 Gig service – in production now: Frankfurt <-> Paris
- Business class Voice over IP service expansion
- Global collaboration services (video, net and audio)
- Global Professional Services and Managed Services
  - Hosting, Security, LAN, Wireless LAN, WAN, Mobility, Voice, Video
- Global IT transformations



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## 2010 and Forward

**3** Two of our most major opportunities in 2010 and beyond

- Computing as a Service
- Video over IP

Source: *Post-American World* – Fareed Zakaria

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## Video over IP

A market that will more than double in the next four years\*

- **Video already a sizable % of Internet traffic**
  - From consumer video
    - Commercial and User Generated
  - To corporate applications
- **Consumer expectations of video content has already shifted**
  - And more change is coming
- **Business expectations of video are being reshaped by High Definition video conferencing**
  - As well as business applications of consumer video sites and technologies



- **Mobile video is in its infancy but will drive 4G mobile networks**

\* Insight Research Corporation, "Streaming Media, IPTV and Broadband Transport...2009-2014," June 2009

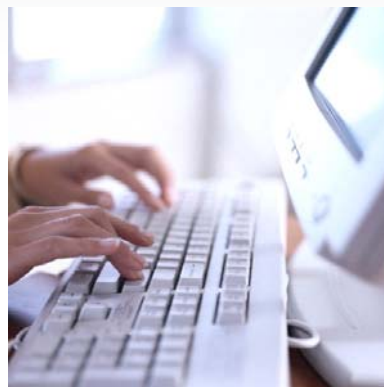
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## Computing as a Service

Feature Summary

- **Verizon leverages history of hosting innovation and service to deliver Computing as a Service**
- **Key Service features include:**
  - Customer Management Portal
  - Virtual Farms with Intelligent Networking
  - Physical and Virtual Infrastructure
  - Utility Based Pricing and Reporting based on Daily Usage
  - Comprehensive Security
  - Integrates with Global Private IP network offering
  - Optional features and Professional Services



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## 4 Final thoughts

- While predictions of the Internet's future are at best difficult, two areas that will drive Verizon's future Internet investments, marketing and sales are **Computing as a Service** and **Video over IP**
  - Both offer end users new paradigms
  - Both will drive network performance and reliability
  - Both are likely to disrupt market segments and offer new opportunities