



Conversations on Convergence: An Interview with Hamid Akhavan

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We are pleased to present the inaugural edition of *Conversations on Convergence*, a Russell Reynolds Associates' periodic dialogue with top decision makers in the world of convergence. With every major player in the technology, media, and content markets scrambling to harness the power of the converged platform, there is as much hype and confusion as there is real innovation and market success. Our goal in these exchanges is to cut through the hype and present the facts straight from the key executives who are really setting the agenda and defining the future of this industry. Our interview with Hamid Akhavan from T-Mobile is an ideal start. Hamid's straightforward style and understanding of the global wireless business from both a technical and commercial perspective position him as someone who will help shape this market for years to come. Enjoy.

Q: What is your assessment of the current state of the convergence space?

A: The first thing to understand is that convergence is not the future—it is happening now. Look at the emerging ability to access full Internet applications in a mobile environment. Historically, mobile connectivity has meant compromised speed and quality compared with broadband on a desktop. But now, mobile devices come with full desktop-quality operating systems and download speeds greater than one megabyte per second, while tools such as “push” and “store and forward” technologies give full mobile access to any Web site. We soon will see all fixed applications available on mobile devices with the same look and feel you would experience in a non-mobile environment. Television is part of the equation, too, with IPTV placing the consumer in control of the viewing experience with the ability to time-shift and play-shift content. The experience and the content are becoming independent of the medium—that is convergence. And as mobile broadband speeds rapidly surpass multi-megabits per second, all Internet activity becomes real time—you have an always-connected world in your pocket, with significant implications for the entire communications ecosystem, from social networking to entertainment. It is going to make for a golden age of communications.

Q: What are the challenges in this evolution?

A: One key issue is continuing to increase device capability to fully leverage the connectivity possibilities and continue to move toward fewer devices with a wider range of applications. At T-Mobile and Deutsche Telekom, for example, we are partnering with Intel, Hewlett-Packard and Lenovo on the PC end of the spectrum, as well as with handheld manufacturers such as Samsung, Nokia and Sony Ericsson to improve device profile and connectivity. Looking ahead, the likely result is that everything is going to meet in the middle so that you will have 10 companies manufacturing ultra-mobile PCs and handheld devices, but five of those companies will be legacy laptop manufacturers, and the other five will be handheld mobile producers. As the products converge, so will the original equipment manufacturers.

Q: What about in terms of content?

A: Internet and portal providers such as Google and Yahoo! all have been eager to partner with carriers. These companies have recognized that it is not an easy game to penetrate the wireless market without the help of the operators, which has led to collaborative relationships. On the media content side, there still are significant cultural, legal, technical and practical challenges related to both the technology and, more important, digital rights management as well as the ability to track music, video and content downloads, which significantly complicates matters for the content aggregators.

Q. What complications does your own business face?

A: The biggest challenge is to adapt our market perspective and business model to one based on partnerships, content and applications. Historically, wireless carriers had a relatively simple business model—end-to-end voice service—with



correspondingly simple billing. That is no longer the case. When AT&T and Apple partner on the iPhone or T-Mobile partners with Google on mobile advertising, these new arrangements force the question: "Who pays whom and when?" Billing, payment and content management for broadcast, advertising, search and music all are significantly different. Carriers are having to develop new business models that are compatible with the changing business models of the other key players in the ecosystem. The business models have to be as interoperable as the technologies.

Q. What are some of the human capital implications of these changes?

A: We have had to bring on people who understand these new and progressive business models. Advertising is a prime example. We need to ask what the carrier's role is in advertising. We have had to add talent when it comes to marketing and deal-making expertise in advertising and Internet-related issues. We also have had to add information technology expertise related to billing, account payment and processing because of the growing complexities there. The sales and customer care organizations have had to change as they transition to selling and servicing multiple and more complex products.

In this new market, the risk profile is radically different, which calls for distinct leadership skill sets. Historically, service providers have been risk averse, and telecom executives always have been able to plot and track—with a fairly high level of consistency and accuracy—the cost-benefit analysis of various possible initiatives and then could mitigate nearly all the risks prior to launch. In this new world, there are enormous uncertainties in forecasting future revenue streams and the attached risks. So now there is a premium on leaders, across all functions, who have a higher capacity for risk and the ability to manage in uncertainty.

Hamid Akhavan

Hamid Akhavan, born in 1961, has been a member of the Board of Management of Deutsche Telekom AG responsible for the Mobile Communication business area since December 5, 2006 and is also Chairman of the Board of Management of T-Mobile International AG & Co. KG. He is responsible both for the management of the mobile communications companies in Western and Eastern Europe, and for the European national companies that are present in the fixed network and mobile communications systems. This technology expert is also responsible for innovation and product development throughout the firm.

Hamid was previously Chief Technology and Information Officer (CTO) on the Board of Management of T-Mobile International. Following a strategic realignment, he was also appointed CTO of the Deutsche Telekom Group in September 2006. Hamid has been working at T-Mobile International since September 2001 and was appointed to the Board of Management in December 2002. Before that, he was Chief Technical Officer and Chief Information Officer at Teligent Inc., an international broadband fixed wireless access company, and held various positions at other technology companies.

Communications and Convergence Practice

The Russell Reynolds Associates' Communications and Convergence Practice sits at the intersection of dynamic digital content, which is reshaping the way we work and play, and wireless and broadband networks, which keep us connected seamlessly around the globe. We also have significant experience in helping our clients recruit in the managed services and outsourcing areas. The combination of our experience with service providers as well as infrastructure solution providers (who design, build, and deploy their platforms and networks) allows us to work at the forefront of technologies including: IPTV, WiMAX, FTTx, IMS, Ethernet, 3G/4G and VoIP. Finally, our success with assisting media and content providers and aggregators to leverage these powerful new technologies positions us at the heart of the convergence movement as the key human capital solutions provider on a global basis.

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