PIKE 2009
Polish National Cable Show

Keynote address
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Ladies and Gentlemen—

Poland must be doing something right.

I understand Poland was the only country in Europe, and one of the few in the world to show a positive GDP growth in the third quarter.

A strong, modern country, taking full advantage of EU membership.

In Brussels, where I spend a lot of my time, Polish politicians, executives and young active professionals are outperforming many other Europeans in their eagerness to grow and develop.

That also creates a firm foundation for a strong, modern cable industry, even outpacing the growth of the national GDP. But that's not so special: cable everywhere in Europe is outpacing national GDP growth with 6-8% annually.

For such a long time, Cable remained an unfulfilled promise, a technology of great expectations, but 2009 has for all of us been really a year of breakthrough.

The 72 million households we represent, are genuinely starting to get convinced that we provide a superior product, full stop.

Cable in most countries in Europe is now delivering High Definition, Video On Demand, Interactive and lots and lots of speed. 120Mb Fibrepowered cable is driving incumbent telecom operators nuts across the continent.

They will need to seriously invest to keep up. Recent research has shown that in past years, cable operators invested around 25% Capex as percentage of revenues in upgrades, where telcos only invested 12%. We are ready for the future, they are not.

Provoking the big Bear, the Telecom incumbent, comes at a price, however: we are seeing competition intensifying everywhere.

There is no question cable is superbly positioned to meet that competition, but there is no room for complacency. The status quo is not good enough.

We all need to keep changing, investing, modernising to stay ahead.

And that also means more scale. It is inevitable that Cable throughout Europe grows to a national scale. Ireland has one operator, Sweden has one operator, France has one operator, and the UK has one very big operator. After years of struggels, these are now all strong national cable operators to compete head-on with the incumbent telco and with satellite. Many other countries have at least reduced the main number of operators to only a handful of strong players.

That is a fact, and will eventually also be true for Poland.

If there would be one weakness of the Polish cable industry, it would be its level of fragmentation. Four operators make up around 50% of the cable market and no less than 500 make up the rest. Trust me, that is not a model for the future.

In addition, here we have some of the very few examples in the world of cable companies fighting it out street by street among themselves instead of confronting the real enemy.

In the end however, cable shares much more in common than it differs. The industry has always been characterised by a strong internal comeraderie. A brotherhood among its people, its companies, its marketing, its technology.

There are few high thech industries in the world which are prepared to share as much valuable information, technology and experiences. And we need to. Intense cooperation on a cheap worldwide Docsis 3 standard, was simply the only way to get to a competitive technology. If your main DSL competitor anywhere in the world is on average ten times bigger than your entire national industry, you have no choice.

If the telco marketing budget is 20 times larger with a truly national footprint to advertise on national television, you have no choice.

And the good thing is, this stretches beyond technology. On marketing, Customer Care, Business-to-Business and government relations, this industry is as tightly aligned as can be.

Just last week, I joined the CEOs of the twelve largest cable companies of Europe, meeting with EU Commissioner Viviane Reding. The third time in three years we met her to discuss the future regulation of our business. An 18 Bn EURO industry reaching over 20 million broadband customers and doubling employment to 200,000 in less than ten years, we have something to talk about.

The cable industry has matured and is taken seriously on a world scale. And I know that is also increasingly the case among the Polish political leadership.

It has been clear to all that consolidation in our industry has been in hybernation since the turmoil in the world financial markets. But that situation will not last forever.

Very soon, sellers and buyers in the Polish market will start finding eachother again. At that time, the age of true telecom infrastructure competition can finally begin.

I wish you a great conference .

Thank you

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