

Five Megatrends in the Global TMT Market[^]

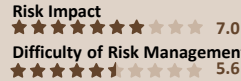
Regulation and Legal Risk

Regulatory uncertainty arising from the explosion of the data economy, active antitrust law and unpredictable political cycles affects TMT organizations



Digitalization and Technological Advances

Irresistible technological progress and escalating consumer expectations are forcing heavy investment in IT infrastructure, process and strategies



Business Model and Strategy Pressures

The pressure to stay relevant in the TMT sector demands a continuous output of innovation and diversification



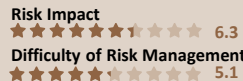
Operational Complexity and Vulnerability

The global marketplace is having a profound effect on the operations of TMT companies, lengthening supply chains and precipitating greater operational complexity



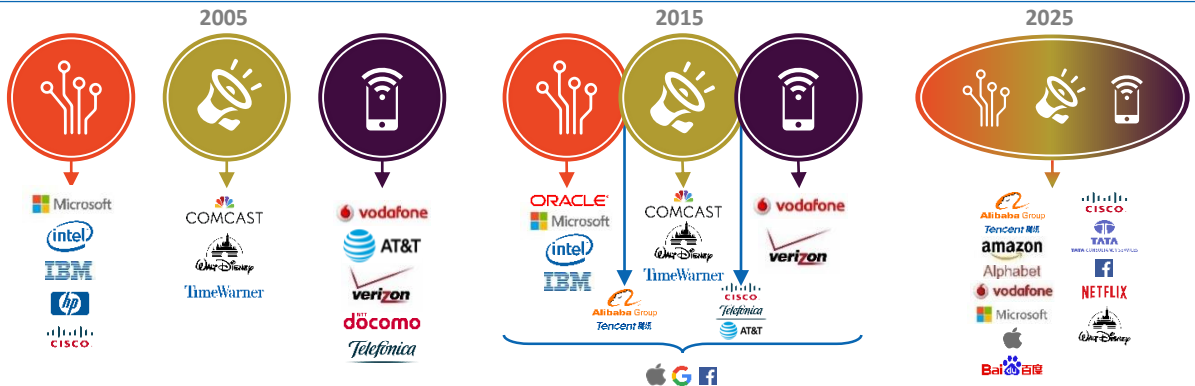
Global Talent and Skills Race

A growing shortage of skills and talent across the TMT sector is making attraction and retention of key people a critical success factor



[^]All Risk Ratings out of 10 as calculated by Willis Towers Watson in the TMT Sector Risk Report 2017. Risk Impact rating signifies the degree of consequence of the risk. Difficulty of Risk Management signifies the degree of difficulty of mitigating the risk. The product of both ratings provides the combined risk score, according to which the rank order is determined.

Convergence Within the TMT Sectors



Convergence Drivers = Disruptive Innovation + Value Chain Digitization + M&A Activity

TMT Convergence Through Disruptive Innovation and Value Chain Digitization

Drive Disruptive Digital Innovation

- New Disruptive Business Models and Offerings
- Corporate Venturing Approach
- New Business Model Acquisitions

Digitize the Value Chain End to End



Transformation Goals

- Funding Short Term Moves to Establish Momentum and Free Up Capital for New Growth Engines
- Increasing Competitive Advantage by Developing a Winning Portfolio and Operating Model in the Medium Term
- Setting up the Organization for Sustainable High Performance by Building the Right Team, Organization and Culture

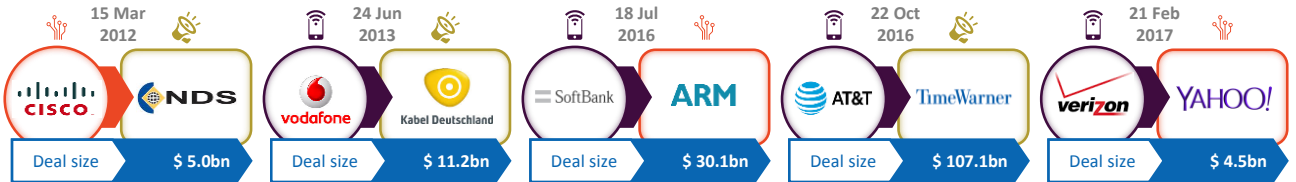
Disruptive Innovation in the TMT Sector

- Uber**: Uber's introduction of 'Share Riding' is one of the biggest disruptors to the supply chain management
- Intel Capital**: Intel Capital has acquired numerous Startups that are focused on providing new technologies
- Google**: Google's acquisition of DoubleClick in 2006 solidified its focus on online advertising as its core business model

Digitization of the Value Chain in the TMT Sector

- Alphabet**: Google has focused on Virtual Reality and Augmented Reality Technologies to create products such as Google Daydream
- BuzzFeed**: BuzzFeed uses an algorithm to monitor 120mn+ sites for viral content
- Facebook**: Virtual Currencies created by social media networks such as Facebook are used for online game purchases
- HBO**: HBO allows streaming video on demand (VOD) on mobile phones, consoles and media players
- Dell**: Dell is using the social media network Twitter to handle user complaints and to gather customer feedback

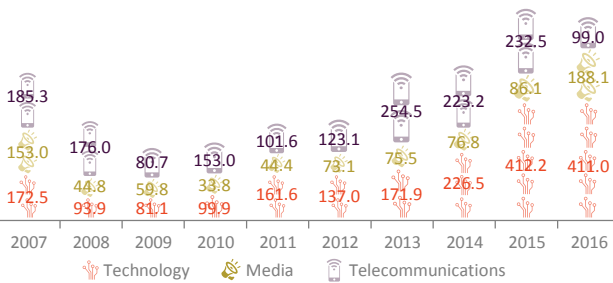
TMT Convergence Through M&A Deals



M&A Themes

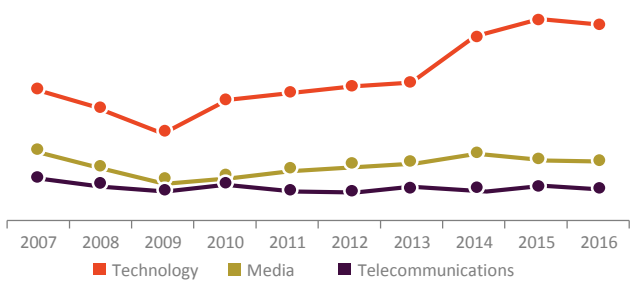
- Potential for Tax Cuts that Benefit Growth**
- Deregulation Unlocking the Potential for Mega Deals**
- Investments in Startups to turn New Technologies into Commercial Opportunities**
- Improves Customer Experiences by Diversifying their Services and Reducing Prices**

Sector-wise M&A Deals Value



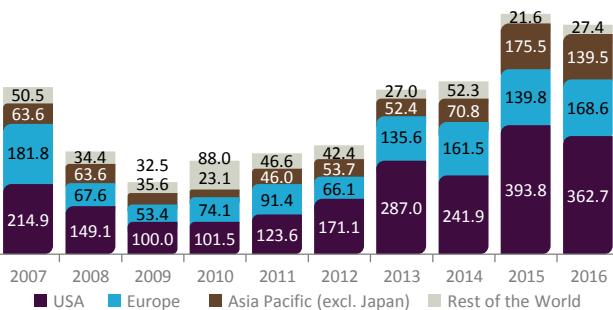
Source: MergerMarket TMT Trend Report 2016

Sector-wise Number of M&A Deals



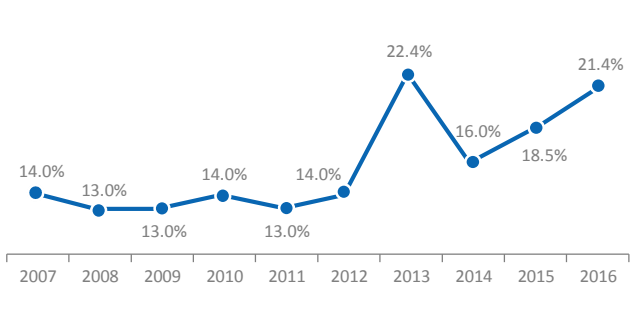
Source: MergerMarket TMT Trend Report 2016

Regional M&A Deals Value Breakup



Source: MergerMarket TMT Trend Report 2016

TMT Deal Value as Share of All M&A Deals



Source: MergerMarket TMT Trend Report 2016

Sources: Deloitte TMT Predictions 2017, Willis Towers Watson TMT Sector Risk Report 2017, MergerMarket TMT Trend Report 2016, BCG 2016 TMT Value Creators Report, Cushman & Wakefield TMT Workplace Report 2017 and Bloomberg