

## SFR Multiscreen Strategy



### EXECUTIVE SUMMARY

#### COMPANY PROFILE

SFR is an integrated operator, owner of its mobile and fixed-line infrastructures, able to respond effectively to the needs of all customers: the general public, professionals, businesses, and other operators.

#### COMPANY HISTORY

SFR is a 56 percent subsidiary of Vivendi. In 2009, SFR merged with Neuf Cegetel. With 20.4 million mobile customers, 4.4 million broadband Internet customers, and over €12 billion in revenues, SFR is Europe's leading alternative operator and France's leading alternative telecommunications operator.

### Challenge/Opportunity

SFR is the number-two integrated operator serving the consumer market in France. The company has nearly 20.5 million mobile subscribers and over 4.5 million fixed broadband subscribers. Its multiscreen strategy is aimed at differentiating its communications and entertainment offers from strong competitive services.

Since SFR launched its IPTV service in 2004, the company has sought apply a multi-screen consumer strategy to help increase its fixed broadband market share. The development of a high-end set-top box (STB)/home gateway has been instrumental to delivering a compelling consumer experience. SFR faces the following challenges in building on its initial home media experience:

- SFR must continue to develop a differentiated offer in a fiercely competitive market, where all players offer standard triple-play services for approximately €30 per month.
- SFR must compete with strong growth of digital terrestrial TV and the increasing range of free channels, which means consumers have a more compelling alternative to pay TV operators.
- SFR needs to develop an effective partnership ecosystem to deliver new content/services quickly and efficiently.
- SFR must help ensure that its new STBs can deliver enhanced functionality to support a more sophisticated multiscreen strategy.

SFR is focused on seizing the following opportunities:

- SFR can build on its leading market position and newly integrated brand (fixed and mobile) to grow consumer revenues, particularly from mobile broadband and content.
- SFR can leverage its multiscreen presence (TV/PC/smartphone) to deliver a combination of free and subscription content to customers.
- SFR can continue to upsell mobile TV users onto higher tariffs as mobile data usage, driven by increased content consumption.

“Customers want to experience the same services, voice or data, in a seamless manner, whatever media they use. The Internet is spreading everywhere, in all households, on all screens, at home and on the go.”

— Pierre-Alain Allemand, Senior Executive Vice President Networks, SFR

[See quote source](#)

### Alliances/Partnerships

SFR has also sought to build a leading position in popular content areas such as music and user-generated content (UGC). Since 2009, they have developed the following partnerships and alliances:

- SFR partnered with Deezer (digital music) to develop its own exclusive live music broadcasts from artists that are well-known in France and make them available across multiple platforms.
- SFR partnered with Daily Motion, a user-generated content site that is very popular in France, to deliver standard definition (SD) and high definition (HD) user-generated content to TVs. Customers can access over 10 million SD videos and 30,000 HD videos that are searchable by theme.
- SFR has started to work with WyPlay to develop a more comprehensive multimedia experience in the home with more integration of different functionalities within one device. This is likely to include an emphasis on multidevice connectivity and web services.

### Strategy

SFR has worked hard to simplify the consumer experience and increase content functionality across a unified brand in order to drive triple-play and multiscreen penetration. It has also taken a more innovative and open approach to expanding its ecosystem for content partners, not only in terms of content line-up, but also flexibility around content formats and channels. For example, SFR makes live broadcasts available consumers via TVs, smartphones, and PCs. SFR has also focused on developing on-demand content with native French brands, which are particularly popular in France (such as DailyMotion and Deezer).

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## Success Factors/Metrics/Monetization

SFR continues to make steady progress across a number of metrics in terms of revenue growth, average revenue per user (ARPU) and subscriber adds. The company's multiscreen strategy and triple-play offers have been a key factor in growth. SFR's IPTV subscriber base grew 58 percent year-over-year to reach 2 million subscribers at the end of 2009. Here are several specific performance highlights:

- Revenues from fixed broadband were up 9 percent for 2009, and fixed broadband activities are becoming more profitable; year end 2009 Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) grew about 45 percent.
- SFR had approximately 500,000 subscribers to its pay TV packages at year end 2009 (a growth of 88 percent year-over-year). OVUM estimates there are more than 400,000 subscribers to the DailyMotion NeufBox channel.
- SFR has also leveraged the growth in mobile data usage (including video) to sell more higher-ARPU mobile data packages. Mobile data revenues grew by 31 percent in 2009.

## Company Background

- Read [SFR overview](#)



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