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PRESENTATION

Brett Feldman - *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

All right. Well, good morning, and welcome to the 29th Annual Communacopia Conference. I'm Brett Feldman, Goldman's U.S. telecom, cable, media and telecom infrastructure analyst. We are thrilled to kick off this year's conference with Hans Vestberg, the CEO of Verizon. Hans, welcome back to Communacopia.

All right. Well, before we get started, I need to provide some brief important disclosures. We are required to make certain disclosures in public appearances about Goldman Sachs' relationships with companies that we discuss. The disclosures relate to investment banking relationships, compensation received or 1% or more ownership. We're prepared to read aloud disclosures for any issuer upon request. However, these disclosures are available in our most recent reports to you as clients of the firm on our portals. Disclosures and updates to those disclosures are also available by ticker on the firm's public website. Also, the views stated by non-Goldman Sachs personnel do not necessarily reflect those of Goldman Sachs.

So thanks for being here, Hans. I think you might have some safe harbor language, and we'll get into it.

Hans Vestberg - *Verizon Communications Inc. - Chairman & CEO*

Yes. If I continue then, and maybe we don't have any time left. But of course, we have our safe harbor so I would like you to pay attention to the safe harbor statement. I might do some comments that are forward-looking statements, which are subject, of course, to some risks. So I would like to just draw attention to that.

Now I can -- I think we can start this.

QUESTIONS AND ANSWERS

Brett Feldman - *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

All right. Well, we'll get started here properly then. So 2020 has been a historically difficult operating environment, and yet your business has been remarkably resilient. And so I really have a 2-part question here. The first is, first, why has Verizon been able to perform so well? And then second, more importantly, what steps are you taking to ensure that Verizon can return to a growth phase as we inevitably emerge from this pandemic?

Hans Vestberg - *Verizon Communications Inc. - Chairman & CEO*

So first of all, I think that when (inaudible) times with multiple crises and a constraint on the network. So the network has performed very well during this pandemic even though traffic has moved dramatically from peak hours, the people's of usage of the network. So I think that also tells you how well we have built our network over the years. At the same time, our brand resilience and brand strength has, of course, helped us in this crisis as well. And then we decided very early on, on a very clear strategy how we manage the company in this pandemic, which, basically there was a three-pronged governance with a crisis management; a business-as-usual team, which is the executive team working with that because we

knew this would take a long time; and finally, we have a team that's looking on opportunity with [COVID-19] because a lot of new societal behaviors are coming up. And as a technology company, we have to look at those opportunities.

So that's how we've been managing it. But we've also been very clear on how we have been prioritizing it because many of our employees has been in the field all the time. We never shut down. We have our stores. We have our field engineers being out there. So we have been prioritizing the safe and health of our employees. But ultimately, that has also paid off for our customers and also to society at large. So I'm proud of what the team has done so far, and we just need to continue to execute like that.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

That's great. And so let's talk about the go-forward here, right? You've talked in the past about Verizon being positioned to inevitably achieve GDP-plus type of growth over time. What are the key initiatives that you're pursuing right now to make sure that as we come out of this current environment, you're able to start accelerating back towards that long-term growth objective?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So when we outlined the Verizon 2.0 some 2 years ago now, we had some 5 distinct transformations that put us in a position to be able to capture the growth that we believe is in the industry. I mean I will not go through the transformation but some of them are very, very important from where we are today. I mean the go-to-market that we changed, meaning we have a consumer segment, business segment as well as a media segment. The change of the network, which became a multipurpose network, enormously important for our capital efficiency but also for releasing some of the new services that are needed, especially in 5G. Then, of course, we did the brand change. We did the process changes. And of course, we've worked with the leader. So that was the fundamental in the Verizon 2.0, which is the Network-as-a-Service. That's where we put it.

When we had that in place, of course, we worked in parallel. We had these 5 growth vectors that we have outlined, which we're working with constantly. And I will briefly go through them and I guess, maybe we will come back to them later on.

First, of course, is scaling 5G. That's the mobility case as well as the 5G Home. Mobility is where we are the clear leader in the market and taking the next step with 5G. The 5G Home is a market which is a new opportunity for us outside our Fios footprint. First vector of growth, which we are getting closer and closer to start having an impact on.

Second is, of course, scaling on Network-as-a-Service, having (inaudible) networks, for example, that are using network is a good way to continue to monetize our network better than anybody else in the market.

And then scaling the business at the new (inaudible) mobile edge compute with new types of revenues.

And the fourth pillar, very much the (inaudible) very much kind of way of sort of offerings together with Disney, with Apple and others, where we actually are making a huge differentiation for our customers. We call it Mix & Match 3.0, which we launched previously in August.

And finally is, of course, address new segments from a Network-as-a-Service potential. And here, we have Visible, Yahoo Mobile. And yesterday, I guess, we added new piece into that vector as we intend to acquire TracFone, which is the prepaid -- biggest prepaid player in the market.

So those are the 5 vectors which we are now working on underpinned by the Network-as-a-Service and the network we have built, which is the best in the market. That is really how we believe we can do GDP-plus. And some of these things are now starting to unfold, and we have been working on them for a couple of years, including the transformations we started within October 2018.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Great. Well, thanks for that. You referenced TracFone. So I want to get into that since you announced that acquisition yesterday. It's a deal that could be valued up to \$7 billion. With some of the earnouts that you've put out there, you're going to be taking on 21 million new wireless subscribers as retail customers. And the key question we've got is, why did you decide to make this acquisition? Why now, particularly at this pivot point where you're getting ready to really accelerate your positioning into 5G?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

As a -- part of the Network-as-a-Service strategy was, of course, to broaden out and see that we're using the network in the best way. We think we have a unique sort of competence in running networks and customer innovation. We have been #1 in the premium segment. We now are going to be the #1 in the value segment. We think we can scale everything in the back office in order to make this even a better experience for our customers, everything from our network, to our innovation, to the distribution and all of that. And that's why we think this is a good fit.

And we all need to remember, I mean, the majority of these customers that are on TracFone are today actually using the network of Verizon, 13 million of the 21 million. So this -- we started to talk to TracFone in the latter part of last year. We have been a partner with them for many years. So this was clearly part of our strategy, how we want to execute on the Verizon 2.0 strategy and coming to GDP-plus. So this is an addition to it.

Then, of course, in the midst of this, the pandemic hit them and, of course, maybe some more interest in the value segment, but that was never the driver. The driver was actually this is fitting in 100% to our strategy. We can scale our back offices, the network and the billing and the customer innovation and see the value segment get the best out of Verizon as well.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Just 2 more questions here, which -- some that [we've gotten is], one, which is, was any element of this decision in any way a reaction to some of the changes you've seen in the wireless landscape? For example, you've seen DISH buy into the prepaid space recently.

And then second, just for clarification, it is your full intent to bring all of these customers inevitably onto the Verizon network and to get the degree of synergy out of that, correct?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So first of all, there was no -- nothing around what's happening (inaudible) with the network and application. So this was clearly a reaction from our strategy (inaudible) for asking you to be on the Verizon network. And I said 13 million of the 21 million is on our networks. We will, of course, see that the other 7 million also would love to enjoy the Verizon opportunity with these different brands. And of course, we're going to keep the brands as they are. And important for us is we're going to see that we can meet the demands of this segment of the market as well with our offerings.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Got it. And you just went out for a moment. Just to clarify, you did say this was not a reaction to anything you have seen in the market. This was part of the strategy, and you began these conversations last year.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Yes.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Okay. Great. Thanks for clarifying.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Absolutely.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Another transition here, I think, off of this is a question we've gotten on the deal, and it speaks to your network. You know that some investors have been asking a lot of questions around how confident you are that your network is prepared for 5G. You've made significant investments in ultra wideband. There's been some more questions around whether you need to fortify the capacity around maybe mid-band spectrum. So the first question would be, what gives you confidence that even ahead of all that, you can bring another 7 million customers onto your network as you migrate the TracFone base off the MVNO partners onto yours? And then after that, we'll get into talking about some of the other steps you're taking to get the network ready for 5G.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

I feel very confident about the engineers at Verizon, that they are engineering the network for the best performance. And as you saw just a week ago, I think we won the RootMetrics for the 14th consecutive years or something like that.

But at least for a long time, the team is doing an enormously good job. I think that as we showed to our investors in the beginning of the year, our headroom in the network has increased, even though we haven't added any spectrum. And the reason is that we continue to upgrade sort of the software in the network, the types of devices in the network. We densify the network. That's how we get more capacity as well.

So we feel really good about the network and the headroom that we have created in the network. And so that's why we also said when we announced this acquisition yesterday, this will come with very little to no expansion on our CapEx because this is nothing that we need to add to. This we can handle.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Great. So let's talk a little bit more about the investments you've been making in the 5G network. Your 5G ultra wideband network is now available in parts of 36 cities. However, we've seen T-Mobile and AT&T already run advertising, claiming that they have nationwide 5G coverage. The first question is going to be, when do you expect to be able to offer 5G on a nationwide basis? And more specifically, people tend to ask whether you expect to achieve that in time for the 5G iPhone launch.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Okay. With many questions and important ones in that statement. We build -- as we have said from the beginning, we build 5G right. We wanted to be transformative. We don't want it to be inferior to a 4G network or something like that. So for us, we have all the time wanted to delight our customers with something exceptional as we have done all the time since the start of Verizon that was basically 20 years ago this year. So that's how we're thinking.

So the ultra wideband is something that is just extraordinary. I mean it's 10, 15, 20x faster than our 4G network. That's something transformative. The latency is so low. So yes, you're right, we have so far launched 36 cities. By year-end, we're going to have 60 cities at least. And we're going to have probably double the footprint in the cities that we launched last year.

We are on the right trajectory for all that deployment that we laid out in the beginning of the year on the 5G ultra wideband. So we feel good about that sort of extraordinary sort of experience that we'll give our customers.

At the same time, we have said that we will also have nationwide when it's commercial and the right timing of it. So we will definitely have that later part this year. We're going to build it on something called DSS. The DSS trials are going very well, where our technology team is basically telling our commercial team, "Okay, tell me when we're going to turn it on to our customers." And so we're going to have that as well.

So whenever an iPhone will come or whatever, it will have 5G or not, I can tell you, Verizon will be very ready.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

That's good to hear. So then let's talk about the monetization path in the consumer space for 5G. You've talked in the past how, I think, only a little over half of your customers are on unlimited plans. I'm not sure if you have an updated statistic on that or not. But it would seem like that this would be a real catalyst to get consumers to think about what the right plan is for them and potentially to drive upgrades. What other metrics are you going to be focused on as an operator to see that you are indeed early monetizing the 5G network?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Now so clearly, what our consumer team has built over the years right now is a much more customized offering than anybody else in the market. I mean the Mix & Match that we have built over the years has actually given the opportunity for our customer to take a journey with us into higher plans or to more sort of performance plans.

So today, as you said, we are now past -- well over 50% of our customers are on unlimited. That means that the rest is on metered plan. That is also a way for us [last year] where we took the unlimited down to a basic unlimited in order to get our metered customers coming into unlimited because, ultimately, unlimited is unlimited. And then we start moving them up in the above and beyond unlimited, which will give you also the experience of 5G.

So that's the way we want to do it. We were very encouraged in the second quarter. Even though the switcher market was fairly low, that vast majority of the customer or a big portion, at least, was taking the premium unlimited when they were starting doing upgrades. So that is the path we're going to do. So we're going to bring our customers with us with the 5G handsets in order to get that new type of experience on 5G. And the whole setup has been done. And as we move up as well, then we have our superior offerings with Disney+ included, Apple Music included, all that we're doing and probably going to come something more as well as we move that ladder. But clearly, we have found a model that no one else has found, together with premium brands and superior performance on a different type of unlimited.

We feel really good about that going into 5G. We have been preparing this for years because it's not just throwing out that offering. You need good partners. You need to have a system that can handle Mix & Match, where basically a family plan can pick different type of offerings, which we are alone in the market to be able to do so. No, we feel good and confident that we have a model where we can monetize 5G and ultimately give our customers the value and offerings they want to have in different type of segments of the market.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Great. So you've just talked about how you're continuing to expand the ultra wideband footprint to deliver those potentially gigabit speeds. You're deploying DSS now to get to nationwide coverage. It sounds like reasonably soon. And then the question we get a lot about is fortifying your mid-band spectrum portfolio. We obviously have a C-band auction coming up. Can you talk a little bit about how important that auction is to you? And do you see alternatives to adding capacity to your network beyond just what's coming in the auction funnel?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So first of all, as to capacity and being able to deliver a 5G experience, we feel good about the assets we have today. We can launch our nationwide -- we have the ultra wideband, which is just unique in the world, and has just been deemed being the fastest 5G in the world. So all that, we feel really good about.

Over time, long term, we think that there's a great opportunity for C-band because it's a good spectrum, and it will definitely handle a roaming spectrum worldwide as well. So we will, as usual, look into that and see if that is something we want to add to our portfolio. Clearly, our team is constantly evaluating return on investment between adding spectrum, densifying network or putting a new type of software in the networks.

And just making you understand, so carrier aggregation is something that is a software-enabled thing that you can do in the network. And suddenly, your capacity is going up 2, 3x because of doing that. So that is what our prudent financial team is doing with our engineering team, to look what is the best outcome for our shareholders, for our customers when it comes to our investment. So that's how we're looking [into] it. But not taking away, we believe C-band is a good spectrum. And long term, it will probably add quite a nice sort of thing for Verizon. But ultimately, we will do our prudent financial reengineering with the technicians, see that we're taking the right decisions. And today, we are very happy with the assets we have, and we will be able to compete very good with the assets we have and bringing out 5G to our customers.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

The C-band, if you do get your hands on it, is going to take between 1 to 3 years to clear. And so that's another question we get a lot, which is, okay, you're going to have the opportunity to acquire this resource, but it's going to take a bit of time. Can you help us understand what you're able to do on an engineering standpoint to preposition the network? Or maybe even from an engineering standpoint, how quickly you can move once you have insight into what form of incremental spectrum resources are available to you?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So I won't reveal what we're doing and planning right now. I think that's our competitive edge. But I can -- just to give you a parallel, when we started with millimeter wave some 4, 5 years ago, we talked and had a conversation with the whole infrastructure ecosystem. We talked with the chipset manufacturers because it takes years to get everything right. We prepared our networks. We tested it out very early on. And as you have seen, the majority of all 5G phones coming out right now, they have millimeter wave in them. As well as the network providers are scaling their base stations with millimeter wave. That's the way Verizon has worked all the time, and that's also why we have the best network because we are planning ahead.

I wouldn't go into what we're doing in C-band. But I can tell you, our team is constantly thinking about the future. Different constellation of technologies, different types of carrier aggregations, how would the chipset and the network work with the software in order to get the best performance and the best experience for our customers. And that we'll continue to do and I think is a unique feature for our team and for Verizon compared to anybody else.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Right. So just last question on this. Obviously, in addition to any investment you would have to make in the spectrum, you'd have to deploy it in your network. How do you feel about the level of capital investment the company has been making? Do you think that that's the right envelope to remain in even after an auction? And then the entire cost of getting this spectrum to use also involves the handsets. You need to drive penetration of devices that can see that spectrum. How does that shape your view around how you're going approach new handset launches that are coming up in the near term?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So if you -- I can only refer back to the -- when it comes to handset. I mean we would constantly think in planning for long term when it comes to spectrum, to handset, the chipset that can handle it and all of that, and that's our job to see that. You don't build a network and there's no handset that can use it. We have seen that happen in other places, where people have a lot of spectrum but no handsets. That's a fairly useless strategy. So we will continue to do our way of working. We're going to look at the full ecosystem, all the way from the commercials, the handset, the network, the infrastructure in order to take on new investments. That's clear.

And when it comes to the investment, our capital prioritization is clear. It's been clear for quite a while. Number one is business. Number two is continue to see that our shareholders or our Board is put in a position so they can give the shareholders a dividend that they should have. I mean we just increased the dividend for the 14th consecutive year. And number three, pay down the debt, which we now, in the second quarter, ended up below the credit metrics that we had pre-Vodafone, which was our ambition. So -- and finally, when we feel that we are in that mode, also doing buybacks. We don't think we will come back to buybacks before we have concluded what will happen in the auction on the C-band, but that prioritization is clear. And we've also said that if we find new opportunities, we are not afraid about increasing our CapEx, but it has to be clear what type of opportunity that is. Right now, we have been having this (inaudible) for quite a -- it decreased a little bit, we see here. We saw the opportunity to invest more, which we are doing. So that's how I see the investment thesis for us and how we are prioritizing our capital.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Great. I want to ask one more question about your consumer wireless business before we move on here -- or at least your consumer mobile business. You expanded your agreement with Disney. You've been offering Disney+ for a limited time to a certain number of your customers. You've now broadened that to include the Disney bundle for free at certain tiers. And so I was hoping you can maybe share a little bit about the experience you had that made you motivated -- both you and Disney motivated to expand that. And then also just to kind of remind us how this fits into your strategy because some of your peers have made a decision to become more integrated across entertainment and connectivity. It looks like you continue to see evidence that remaining in your connectivity expertise is really the right way to go.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So who doesn't want to have ESPN+ these times? We have NBA, NFL, NHL ongoing at the same time. I would love to have it. So it's a great timing. No, joke aside, when it comes to our strategy in this area, again, the Verizon Consumer Group have innovated dramatically. We learned this from Apple Music, where basically, we made it for free for our customers in combination together with Apple. Later on, we made them to be paying customers. We had our fair repayment back from Apple in that moment. We do the same with these 3, and we're happy with how this has performed. And some of you know how great start it was for Disney+, where we brought these customers in, and they are now starting getting paying customers. Now we do that on the next step together with a wider Disney+.

We will not do that for every brand or every content. We will do it for distinct areas on brand that actually match the brand of Verizon. And we think it's having a full suite of opportunity for our customer base. And clearly, Disney+, Hulu and ESPN in one package, we think that's a very attractive package. We see what's happening with the cable viewing. So of course, over-the-top streaming services is more and more important. And Hulu, of course, also have their normal linear TV in there. So it's a good way to continue to meet our customer demands together with the best network.

So I think this is great. And we're probably going to have other areas where we're going to find the best in those areas to see that our customers are having an opportunity to bundle the best of the best.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

As I sit here and do this on the screen, it can't help but constantly remind me, we're in the middle of a pandemic. And so before we move ahead, I do want to just ask, can you give us an update on what business activity is like for you? You obviously saw a significant slowdown in activity levels

as you closed stores and as people went into a lockdown. Can you give us an update, how are activity levels in your stores? You obviously have exposure across the small business and large business segment. I think your perspective would be greatly appreciated.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So just a quick rundown on the customers. On the consumer side, as we came into the quarter, of course, in the second quarter, the activity level was down some 20%, 25%. What we have seen lately is that sort of the overall activity level on consumer is down 10%, 15%, the switcher market. And that is, of course, an improvement. So we see a gradual improvement.

But let's also face it. I mean it was only 10 days ago that we had all our stores open in normal opening hours as well. So it's a little bit early to judge. But clearly, we have seen more sort of digital sort of business than the -- sort of going to stores. But right now, we have -- the last 10 days had our stores open. So we're going to see how that turns out. But that -- there's a little bit lower business right now compared to 1 year ago for obvious reasons, but it's gradually improving on the consumer side.

The other thing that we get questions about is, of course, the state and the health of our consumers. As we said that when we came out of the second quarter, we had a small portion of our customer that asked for refinancing. 80% of them are actually doing some sort of payments. We believe this will continue to be great customers for us. We have now 6 more weeks since our earnings call. The trends continue. We have one billing cycle behind us. We feel good about those customers, that we can continue to keep them and they can continue to have our services. We work with the financing. So that's happening on the consumer side.

On the enterprise side, it's a little bit split. I mean you have a big portion of our customers that actually are investing right now because they see a great opportunity of innovation and digitalization. And with our new go-to-market, Tami and our team in Verizon Business Group, they are totally sort of dedicated to solve the customers' challenges, which we've never been able to do before. So here, our transformation is actually paying in. There are, of course, some customer groups in the enterprises that cannot really execute right today because their business is basically 0 or clearly hugely down.

Public sector continue to invest. That's an area where we see good investment. We have done some announcement about how much we're supporting back-to-school. I think we're up to 38 states that are now sort of taking our broadband. I think it's over 28 million, 30 million students that will have our solutions when we kind of go back to school and having broadband. So we see a lot in this area.

Then we have small and medium business, probably the most sensitive one, but these customers are hanging pretty well. But of course, you have -- if you don't have any business, of course, we have seen some of these customers taking a little bit more easy on investments, and some of them probably see and wait if they're going to continue. So that's the state.

And finally, we have our media guys. The advertising came down quite dramatically at the end of Q1. Q2, it's down 25% at the end of the quarter '19. We believe in this quarter that probably going to be low double digits of decline. So we also see that slowly coming back.

So that's the state of the business right now. But this is an uncertain time. But clearly, we see gradual improvement constantly in all the customer groups.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Great. Well, thank you for that update. I want to talk a bit about 5G Home, which is your residential fixed wireless broadband product. You announced that maybe 2 or 3 years ago, you have an objective of rolling that out to your target market over about a 5- to 8-year period. And I believe you signaled that you're going to have better customer premise equipment coming soon. So I was hoping you can give us an update on the time line for beginning the process of really accelerating the deployment of the 5G Home product. And then also, if you could just give us some insights into how you think about the target market for that product because, obviously, you've deployed these spectrum resources in dense areas. Cable companies tend to be very highly penetrated in those areas. How do you bring this to the right customer?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Yes. As you rightfully outlined, we are now coming into having the next-generation CPE that's going to handle the radio signal and the WiFi and the hub, so to say. That is coming in the fourth quarter. Everything is on time and whatever you want to say. So we're very excited for bringing that in the space. We are working 2 years right now since 2018, when we launched the first, when we started with our own software. Then we went to the global standard, but with the chipset that was a little bit weaker. Now we're really doing this sort of big blast. And we're going to have more than 10 cities having the opportunity of 5G Home in the fourth quarter.

This is a totally transformative business. We're thinking totally different. We think about self-install. We're thinking about no bundles when it comes to TV channels. You can take the broadband. You can even move the broadband with you. It's a totally different thinking. And of course, we are addressing a market of the next-generation customers that want something much less complicated than we have seen in the cable industry. And then, of course, in many of the markets outside our Fios, there's usually one player only in the cable area. We think we can definitely compete with that. I mean we will guarantee 300 megabits per second. That's really good, and we have constantly now proven that is possible.

So all the way from the performance of the network, the self-install, the possibility of flexibility, what we want to take as a content bundle. And then, of course, we have a big customer base outside our Fios footprint that we now can work with and see how do you want sort of a seamless service all the way from the home, to the mobility. All that is totally new to the market. So I think that Ronan and team are very excited.

But remember, we call it also fixed wireless access. It can also go to small businesses. It's not only for the home. So we have multiple opportunities. As said, it's going to take us some 5 to 8 years to build that out, what we want to achieve, because we start in the urban areas with millimeter wave for the mobility case, and then we move out. And that's, of course, we're taking more and more coverage for homes and small and medium businesses. So we're going to launch 10. And then over time, we're going to launch more cities. And basically, every city, we have millimeter wave, we have the potential of 5G fixed wireless access or 5G Home.

So we're excited about it. And it's a new market for us. It's new money. And remember, we build the network once. It's just one build. So we monetize the network in multiple ways. And again, that goes back to the strategy, Network-as-a-Service. That's what we outlined 2 years ago, and that's how we do it.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

How quickly can you make 5G available -- 5G Home available in the market after you've lit up your initial deployment of millimeter wave?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So you can do that immediately. It's just that you need to see that you're covering some residential and some small and medium businesses because there's no difference in how you build the network, et cetera. So you can actually do that immediately. Then you need a certain cluster of customers to market it to before you start. So we have some rules when we're going to -- when we go after a city, depending on how much we're covering from that part of the segmentation, meaning homes or small and medium businesses.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Great. So we've talked about how you're going to initially look to leverage your 5G deployment in the consumer space by getting people into the right unlimited plans, potentially driving ARPU and ARPA there. Just talked about the opportunity in the consumer space. The third big opportunity is enterprise. And I think that's the one that investors sometimes have the hardest time wrapping their head around. Can you help us understand what your vision is for 5G as enterprise solution? Because you've already started to work with companies like Amazon and IBM, and I don't think that those partnerships are really well understood by investors at large.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So again, this is the -- now we talk about the fourth vector of growth. I outlined the 5. We have one left, which we'll probably come to.

So this fourth area of growth is, of course, the 5G mobile edge compute. It's when we bring cloud software to the edge of the 5G network in order to have low latency for applications or tremendous bandwidth or security or privacy. That's what we're doing. So you need to think about that. We take the sort of data center -- the huge data centers, Amazon, and we bring them out to the edge of the network, which is a huge difference from the compute and storage. That's what we do. This is a unique sort of partnership because, I mean, nobody has built this before. We have built this together with Amazon. The first site was launched early this year, the second site here somewhere in August. So we have 2 sites right now.

When we talk about the site, that's actually covering a quite big area as our network is fiber sort of connected. So that's what we do. And right now, we do this for public. So it's -- if you're a developer or an enterprise, you just go into Amazon and you actually say, "I want to develop and do a service on top of my -- the 5G mobile edge compute." And then you pay for storage per hour, how much is used and all of that. We have our cut on that from Amazon. So the whole offering here is coming from Amazon and their normal sort of cloud offering. Then it is a 5-year private solution later on. That's when you build, for example, a factory that's going to be connected to robotics with 5G. Then you build that for that factory and for that company and they own that. They own the whole processing, the whole 5G network for that big factory plant or it could be a big warehouse or an enormous retail store or something like that. That's in a use case. And that's where we work with the IBMs of the world, SAPs of the world because they have the software there.

So I see that we will do the connectivity. We will get revenue from a platform of 5G, which is going above and beyond connectivity. And by year-end, we're going to have 10 of the sites with Amazon, and we're constantly working with this private opportunity as well. This is revenues we never had before again. This is part of the growth vectors, the 5 growth vectors we have, going forward to the GDP-plus.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Yes. If I go to the Amazon example, in that scenario, the customer -- the app developer is not simply developing the Amazon. They're developing an app specifically to run over your 5G network because it would need to because that's where the Amazon servers are co-located in this relationship that you've created. So it does look a little bit more like a platform. What are you doing to ensure that you are creating an ecosystem of developers who appreciate that? Because it seems like the early mover advantage there can be quite valuable over the long term.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

This is a collaboration, of course, with Amazon because their developer communities now start developing on top of it. It could be enterprise companies developing something. Earlier, we have seen gaming companies coming in and start developing services that can only be sort of enjoyed on a 5G phone because of the speeds and the latency. So that's what we're seeing. So we are part of that.

Then on the other side, we work with the large software houses like IBM, SAP, et cetera, that also are creating softwares and services that will need low latency or enormous throughput or it could be only for security reasons, meaning you substitute your WiFi network in a place where you're actually going to own the whole 5G network as a private mobile edge compute center. So it is a little bit different, but that's why we have been working for years with our 5G labs. We have partnerships working with innovation on top of it. But ultimately, we want to ride together with sort of the developer communities that are out there instead of Verizon creating something new. I mean there are many of them. And hopefully, we're going to have more developer communities come in as we're going to see other cloud providers being able to offer what Amazon is doing today.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Great. I got time for one last question. So hopefully, a year from now, we'll be doing this in person. And you'll have launched 5G across more devices and across more markets. You'll have probably participated in another auction. And if Matt Ellis gets his way, you'll have an A investment rating on

your balance sheet. What are Verizon's priorities going to be at that point in time? What are -- do you think at that point, you'll be positioned to achieve that GDP-plus type of growth?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

I think that first of all, we have this pandemic that is overshadowing, and I don't think anybody can give any forecast when we're going to get back to normal. Usually, U.S. is coming back quicker than any other country in the world, but I'm not here to make a forecast on that. But if I think about how we would look 1 year from now, these 5 growth vectors that I'm talking about all the way from scaling 5G to the business-to-business opportunity, the MSOs that we're working with, the new segments, together with TracFone now and, of course, the continuation of Mix & Match, all of those will have moved forward quite dramatically. And I think that we will sit in a situation where we're delighting our customers with constantly new type of services and innovation, which we want to be recognized for. Ultimately, that's going to pay off for our shareholders as well, and we are on that journey.

And if that is GDP-plus then or a little bit later, that we're going to see because it has a little bit to do with the market in total. But clearly, we have a path for both seeing an expansion on bottom line as on top line and continue to be very prudent and having a well-balanced balance sheet, so -- and good cash generation. So we have the path on that. We see that. And that's why we have outlined these 5 growth vectors based on our network and service. So I would say we feel good about it. It's a lot of execution. We are not distracted. We know what to do.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

Great. Hans, thanks for being here, and I look forward to seeing you back here next year.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Me, too. Thank you very much.

Brett Feldman - Goldman Sachs Group, Inc., Research Division - Equity Analyst

See you.

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