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PRESENTATION

Fred Turpin - *J.P. Morgan Securities LLC - MD*

Good morning, and welcome to the 48th Annual JPMorgan TMC Equity Conference. I'm Fred Turpin. I'm the Global Head of Media and Communications for JPMorgan, and it's my pleasure to kick off the conference this morning. This is the first-ever video conference that JPMorgan media, communications and technology has hosted, and we're incredibly excited about the opportunity. The demand for this format has been overwhelming, and we've had exploding interest from investors and companies alike to present on this platform. And over the next 3 days, we expect to have over 200 presenting companies, over almost 4,000 investors and over 5,000 one-on-one meetings.

Our team has been associated, on the next slide, with the most important M&A transactions and industry-shaping events of the last several years, and you can see a number of them on Page 2. We believe this scale will continue to matter across TMC and that the COVID crisis has actually enhanced in some ways how many companies are thinking about their strategic future. There are also sort of winners and losers that we'll go through in a minute. We think financial synergies and strategic value are more important today than they've ever been, and we expect scale to continue to matter across the industry.

If you could go to Slide 3, please. So thank you. We've tried to explain the diversity that you're experiencing in the equity markets on Slide 3. And we clearly see winners and losers as a result of the COVID crisis. And so far, the winners have included the data center and communications infrastructure sector, video gaming and Internet digital media companies, as you would expect. And location-based entertainment companies, audio, music publishing have suffered in this crisis. I think the real question for many investors today, and I expect an issue that will be front of mind in our conferences, is the spread between these companies sustainable? And does this represent a new normal? Or has a flood of money from the Fed and other types of stimulus and monetary support resulted in an even more dramatic bifurcation between the perceived winners and the perceived losers that will result in more of a convergence over time?

The themes that we're seeing the most actively in media and communications, which I think Verizon matches up with very well on Slide 4, are the move to direct-to-consumer video. And you've seen an enormous growth in the number of companies offering services and watching services. We see current behavior for consumers that are about 2.8 services per household. And our own work internally at JPMorgan with our millennial community suggests that the average is actually 3 or higher.

If you look at the impact that this is having on Page 5, video is being -- is becoming more of a stand-alone product, and broadband is becoming the more important need product for communications companies. And this is actually accompanied by an improvement in margins associated with broadband as video had become less profitable across the sector. So as customers continue to reconfigure what used to be their traditional bundles, we're seeing opportunities for more types of video content and a different type of pricing and profitability model for the communications sector, which is clearly under transition.

And you can see on Page 6 that the amount of dollars being spent on content to win this arms race has never been higher. And the one thing that is absolutely the case is it's a fantastic time to be a consumer of video content.

The other themes that we see across the sector that have continued to be pronounced and somewhat disrupted by the current environment, including music, where demand for streaming video has increased over 50%, and the shipments of smart speakers have increased over 100% over



the last several years as well as esports and gaming, where now more people actually watch people play Internet sports than watch people on the NFL, although obviously, the price point is considerably lower.

On Slide 9, one of the themes that I think will be touched on in the next interview is the explosion in communications infrastructure that we've seen. Billions of dollars have been important to effectively rebuilding the global data communications network, which is providing the services that everyone is enjoying today on a remote basis. And we expect this trend to continue as increasing requirements to push caching and compute to the edge of networks and increase low latency and smart application deployment will continue to be themes that we'll see in the consumer market.

And then finally, on Page 10, 2020 was a big year for 5G with the Sprint-T-Mo merger, the C-band auction as well as the expected closing of the DISH, Boost later this month or next month. Faster speeds from wireless and mobility are certainly coming to a venue near you. And our next guest is a very, very important component in that ecosystem.

And then finally, on Page 11, we do see Verizon is exceptionally well positioned for this future. All the themes that I've discussed are areas where Verizon has initiatives and vectors in place, whether it's the core wireless business or the infrastructure development on the fiber side, or initiatives in music streaming, gaming, video streaming and mobile edge capabilities.

And so with that, as a kickoff, it's now my pleasure to introduce Hans Vestberg, who's the Chairman and CEO of Verizon to kick off our 48th Annual Telecom, Media and Technology conference. He will be interviewed by Phil Cusick, JPMorgan's all-star communications analyst. And at this time, I'd like to turn it over to the panelists. Gentleman, the stage is yours, or I guess the screen is yours.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Thanks, Fred. Thanks for joining our 48th Annual, First Virtual JPMorgan TMC Conference. I'm Phil Cusick. I cover the communications services and infrastructure space. Want to welcome Hans Vestberg, Chairman and CEO of Verizon since 2018. Prior to joining Verizon in 2017, Hans spent 24 years at Ericsson, including 6 as President and CEO. Hans, thanks for joining us.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Thank you, Phil. Great to be here. This new format, we like it. It's different, but it works.

QUESTIONS AND ANSWERS

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Well, thanks for starting off the conference. I think it's really appropriate, given the broad swath of the economy that you've -- Verizon touches. Let's start off with COVID-19. What are your priorities been within? And how are you prioritizing your time?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So we outlined very early on our emergency operations center. And unfortunately, or fortunately Verizon, is very used to this type of crises when we have had so many national disasters the last couple of years here. And we have a structure for how we set up our leadership team to work with a crisis and getting the team to also work with the business as usual. So we have a governance where we have a team taking care of the crisis, the most imminent are our employees, the safety and health of them. Then we work business as usual. And then we have one team that is also overseeing all the new opportunities you would have in a crisis like that because we want to come stronger out of this crisis. And the only thing I can say, it's an unprecedented crisis, and it will take unprecedented actions.

So that's how we run the business. I spend mainly my time right now on scenario planning and then looking into new opportunities or the decelerations or accelerations of different priorities in our strategy. We are not changing the strategy, but it could be areas where you want to emphasize more or less.

So that's how we're working, and that's how the team is working. They were doing for quite a while. And in that, we still have 120,000 employees working from home. We have gradually started opening more stores, where we've gone from -- we had at a low point, some 30% of our stores, our own stores open. We're now gradually going up to 50%. And that's, of course, we still have a touchless sort of experience for our customers and a little bit also by appointment only. But as we gradually open up, we are gradually changing that as well. So that, we have evolved since the earnings call.

When it comes to our field tech engineers out there, we see better and better yields on our installations or on Fios when you do it outside the house. You don't into the house given the safety and health issues. We are gradually coming up to higher gears on that one as well. So that's sort of what we do with it, how we run the company and how the employees are setting in that. We are working on the return to office strategy -- which we're probably going to announce in a week or 2. But it's going to be, for office people, a staggered way to come back to office with health and safety as the #1.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. Can you give us an update on your customers? What are you hearing from enterprise, small business? How are consumers doing?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

As we disclosed when we had the earnings call, we, of course, saw the last 30 days. We measure from 15th of March to 15th of April. We saw some deterioration in some certain groups when it comes to their ability to pay and their challenges. If I take them by customer group, so then small and medium businesses, they are impacted. And today, a couple of weeks later, no difference. They are heavily impacted. Some, of course, are operating and finding new ways to do it, but they are challenged.

On the public sector side, we see big demand still. I mean that's an area where a lot of things need to do remotely, a lot of new capacity. New devices did come out, so we continue to see that. Enterprise is a sort of, on one hand, there are large enterprise that need a lot of capacity. We are viewing new type of models for them. And you see another part of the enterprise, which, of course, are extremely exposed for the COVID-19 like the tourism industry or the airline industry. So there's a little bit mixed.

On the Consumer side, as we came out from the first quarter, we talked about we had [800,000] (corrected by company after the call) customers that had seeked sort of payment delays or had problems with the payments due to COVID-19. That's 2.5% of our total base. If you look now 2 weeks later or 3 weeks after our earnings call, we see some positive -- some slight positive trends when it comes to payment patterns from them. And we also said that out of the 800,000 customers, 80% of them were known to us. They have been in some sort of credit work with us before. So a majority of them are already sort of customers that has been in a credit model or setup with us, and so that's 2.5%, but somewhat better payments we have seen in the last couple of weeks.

And then finally, on the media side, there, we talked about down 20% to 30% on advertising. And that's the same that you have seen in the industry. That's where its going rate are. And finally, when it comes to wireless sort of trends, when it comes to activities, that is gradually going up, not to the levels as before, but it's going up as we're opening more stores and people are finding more and more digital ways to procure and upgrade their handset. So that is gradually coming back as well. So that's what we've seen since the earnings call. So some small improvements, or you can actually say there's no deterioration. It's basically some small improvements in some areas.



Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. It seems that we have a tougher economy to come than we've been through in the last couple of years. Do you think that Consumer and Business can continue to grow here? Or do you think one does better than the other for the next few years?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

I think it's going to be different in some areas here, and it depends a little bit on the products we have. I think that I -- Verizon definitely have products in the portfolio that's going to grow in this environment. There are areas which are going to have a harder time to grow. I mean I talked about the advertising at these times. Advertisers, including Verizon in itself, you're not advertising much in these times. You have a pandemic. It's a crisis. People are fighting for their lives and for their job and their survival. So there are things that's going to be hanging in there. But there's going to be other areas -- I mean, we have 1,200% growth in the network when it comes to collaboration tools. So of course, it requires a lot more VPNs or safe tunnels, devices for homework, and that's going to be there for a while. We see much more demand for e-learning and home schooling, which requires technology. The telehealth and telemedicine is also something that's increasing and will be there to stay. So it's going to be a little bit mixed, and it depends on how long this economic downturn will be.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. Well, at the same time, that we're going to tougher times, the wireless industry has gone from 4 players to 3 players, at least for however long. How do you think about wireless competition in today's environment? And then if DISH sort of emerges and cable gets bigger?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

No. First of all, it's a market with competition and has been so for many years. I've been around this U.S. wireless market for many years. It's always been competitive, and it will continue to be so. What I think is that Verizon is very well positioned. And the work we have done in the last 2 years both with our way of segmenting the market, our Mix & Match, which is unique for us, meaning we can offer different offerings for different groups, bundling that with our partnerships and also unique for the market and topping that with our value segment with both having Visible, having Yahoo Mobile and then, of course, our MSO agreement. So I think we can play the whole market where we're going. And we're better positioned than ever. And of course, our network is still the -- clearly the best network. So I feel the work we have done since we launched unlimited 2017, we have really fortified our ways of dealing with the market and the competition.

So we feel good about that. That doesn't mean it's not going to be a competition. But we feel good how we can operate in this market and see that we are gaining share as well as, of course, seeing that we continue to keep our value to our shareholders and that we have been doing well.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. Let's shift to starting off with 5G. 5G has been a theme of what we are expecting this year. So the 5G devices that you're going to launch this year, are a significant number delayed? Or do they look mostly on time? And any issues with getting millimeter wave into those devices this year?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So in the beginning of the year, we said that all the devices that -- on 5G that will come out from Verizon will have millimeter wave. We said also it's going to be some 20 devices. At this stage, we have no delays on any of them. We have already, I think, launched 3 of them. Sometimes I count wrong, but I think it's 3. So no, we don't see any delays on that at the moment. And as I said, I mean, all the phones that we are launching, they have millimeter wave inside. And so we think it's a clear differentiator when it comes to our network that we can both have an ultra-wideband in the most dense areas, where you have the most traffic and the most people.



And then, of course, as we said before, we're also going to have a nationwide based on DSS, dynamic spectrum sharing. And our technology team are progressing on that, and they will be ready when our commercial side is time to turn it on. So that's where we are, and no difference on that strategy even though we have the COVID-19 around the corner.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. So that 5G build progressing just fine.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Yes. As I said when we had the earnings call, we were, in some cases, even ahead of the plan when it comes to radio base stations. But we are definitely on plan when it comes to the 5x more radio base station on 5G this year. We are also on time on our fiber build. And of course, we encounter problems in some communities and municipalities. But our team, they are so good working and finding new ways. So we find new ways to work with municipalities. And some municipalities, of course, have now gone to a digital way to get permits approved, which makes it much quicker than when you have an analog world.

So I think that the whole society is adjusting to the COVID-19, which, in many cases, actually is more efficient. So, so far, so good. Does that mean that I don't think are going to have challenges along the line? Yes, we're going to have challenges. But so far, we are on plan with our 5G deployment and our fiber deployment. And just reminding that our goal today, this is year is more the 60 cities, 5x more radio base stations and then 10 mobile edge compute centers, 10 cities with 5G Home and then launching nationwide. That's the plan we have. And as we're running our governance as a company, we are focusing a lot of execution at this time even though we have this crisis happening at the same time.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. There's a lot to dig into there. I am a Verizon customer. And when I get a fancy, new 5G phone in October, let's say, what's my experience going to be versus the lousy phone that I pass down to my kids? Is it going to be a whole lot different?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

No. Yes. You shouldn't pass that down to your kids. You should give them a 5G phone as well, of course. But anyhow, the 5G phones that we're seeing so far has had a tremendous development. I mean first, Samsung 5G phones that we came out with, we were maybe almost getting up to 1 gig. Now it's up to 2 gigs. So the development of the software, what speed you can get is enormous. And of course, some of the things that you early on, going to see is, of course, the throughput in latency and the speed. And here, everything from gaming to AR/VR will be possible in the beginning when the 5G phones are out. And they are already out, and there will be more of them.

But as I said before, this market has a very high market share of iOS phones. So I think that when we talk about consumers, it is going to be a moment when Apple decides to have a 5G phone. That is important because people tend to not move between the operating system, between Android and iOS. And that's why this is clearly an Apple market when it comes to that. So that's what you're going to experience on the consumer side. Then there are many other use cases on the 5G side for enterprise, et cetera, but we will come back to that.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

That's a good description of the millimeter-wave experience. What about the sort of everywhere else experience? How is the Verizon customer going to feel about that?



Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Yes. So right now, we have already the best 4G network, and that's pretty good, to be honest. And we're going to keep that up. And we need to remember that many customers will continue to have a 4G phone as well. But the ones going to 5G, they will then have a chance to be on the 5G, also on other spectrums than on millimeter wave. And that, as we always pride ourself, we want to have a superior performance and a good performance for our customers. So that means that we will have a good performance. And actually, you're going to feel some difference here between 4 and 5G also on that one. And that's why we feel that it's so important when we come out with something, it's high quality and high performance on the network. And today, on low spectrum today, our 4 -- running 5G on a low spectrum today, our 5G is much -- our 4G is much better. So again, it's about performance for our customers, and that's why we are so prudent in when we are planning our technology and our network and our software.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

It doesn't sound like my experience as a 5G handset outside of the millimeter wave is going to be that much different than the good experience I already have.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

I think in the beginning, you're going to see some improvements; over time, dramatic improvements. Again, you need think about we already have one of the best 4G networks in the world. So that's what you compete with. It's not here like you're competing with an inferior 4G network. So -- but in the beginning, it's going to be small. But then we all need to remember how technology works. When we were sitting at 2010 talking about 4G, we can connect 15 people to one radio base station. Maybe we can have 20 meg, and we thought it was fantastic. Today, with carry aggregations you can get up to hundreds of megabits per second on the network. So the evolution of the technology and the software is, of course, going to drive much more improvements on different spectrum over time as well.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. As you mentioned, you're building fiber in about -- in 60 cities outside of the legacy footprint. Can you give us a sense of where we are in that rollout? And when it will be providing services that customers can experience?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So we have been on to the fiber for 2 -- a little bit more than 2 years. This is one of the biggest infrastructure build in the whole country. So of course, the first year, it was a little bit tough to get the speeds up. The last 6, 9 months, we're up to speeds we want to have, between somewhere 1,500 and 2,000 route miles a month. We build in our fiber networking rings because we have so many use cases for it. So let's assume you have an A ring, which is the urban part of a city. Now you can connect the 4G radio base station. You can connect the 5G radio base station. If they are in large enterprises, you can connect them, it's a small and medium, you can connect them. And all the time, it can also be a wholesale.

Then you do a ring D, which is probably more suburban, where you probably start hitting more enterprises as well as hitting more small and medium companies and the malls, et cetera. That's where we're building right now. Priority #1 for us is the mobile network, the 4G network and the 5G network. And already today, we are taking a lot of the fiber that we're building ourselves for our own build.

When it comes to offering it to customers with small and medium as well as enterprises, there, you probably have a bit left before we can monetize that. But right now, we're already monetizing our build on the fiber because we are substituting lease lines with our own. And where the new 5G cells we're bringing up, they have their fiber. So that's how we do this. We're already now seeing benefits from it, but we have even more benefits going forward.



Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. And when you complete those 60 cities, what's after that?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So after the 60 cities, it's going to be the same prudent, financial work we always do. On the other places, we see that we have a good return on investment by building ourselves instead leasing, then we're going to do it. We haven't come there yet. We are in the midst of this sort of deployment where we have the best return on investment, and we're going to have the owner's economics on the fiber, which we think is important. And the network is built of a lot of fiber, a lot of concrete and towers and radio base stations. So you want to have owner's economics on all of them.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

One of the use cases you talked about is 5G Home. And you're talking about launching in 10 fixed wireless markets this year. What are the characteristics that unite those markets? And why did you choose those?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

So what we are waiting on right now, we're already out in 34 markets with millimeter wave. And theoretically, we can have 5G Home or 5G fixed wireless access in all of them. But we need the next-generation chipset in order to have a CP that is really giving the right type of intelligence with the network. That is coming in the latter part of this year, I would say, Q4. And that's why we said, 10 out of the 60 cities we will launching. So it's more of a marketing and supply of CPs for the 60 -- or the 10. It will be the 60 over time. Everywhere we have a millimeter wave deployment, you can also have a 5G Home or 5G fixed wireless access offering. So it's more that we knew that it would be -- as we looked ourselves in the fiscal year when we did the guidance, we knew that we will not be able to run all 60 by year-end. But theoretically, we will have that opportunity coming into 2021.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Yes. Can you help me scale roughly, of those cities that you'll be launching this year, how many homes is that? Is that tens of thousands, hundreds of thousands of homes available at the end of the year?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

It's probably more than tens of thousands. It's more of hundred thousands homes we're going to cover. And that's what going to happen here. We have said already 3 years ago, I think management said where our aim is to have coverage for 30 million households, and that ambition still is there. It's going to take us a couple of years, as I said before. So that is our ambition with the millimeter wave. And the first 10, we're really starting to do right now is by year-end.

But the good thing is we have learned a lot. We have had our 4 TF cities where we have our own 5G software. We will learn a lot about millimeter wave. Now we have around one city with the sort of the standard 5G, but with another chipset. We have learned a ton on how the network is working, the billing is working, the self-install that is so important that the customer can install it themselves. All that, we have it sort of worked out, all the process improvements we need to do, which means that we can take off quickly as soon as we have the CPs out there.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Well, let's dig into those learnings a little bit. What are the biggest things that you were surprised by as you went through those test cities and that sort of changed the way you architect and think about this going forward?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

First of all, we see almost the same usage on the Fios as we see on the 5G Home. Secondly, the quality and the uptime is extremely good. So I'm not sure it's surprising, but that's really how we have worked. I think thirdly is also that initially, of course, you had how much you could cover. We have -- that, we have developed. And the team has done a great job to see that we can cover much more areas with the same radio base station.

On top of that, of course, adding more subscribers. In the beginning, when you do radio technology, you usually can only connect few subscribers on radio base station. There, we are scaling right now, and it's scaling with the new softwares coming with NR. So I think that's where I've seen a great development.

And finally, what I have seen a lot about is our innovation to do the self-install, which customers has done by themselves. We learn every time how we do our protocols much better. So I'm not only hopeful, I'm positive on -- that the whole self-install and totally different way of thinking, getting home broadband, I think it's just right in the timing of the market right now.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

And as the home usage accelerated, both up and down link over the last couple of months, has that changed how you think about the viability of wireless versus a deeper fiber-to-the-home build-out?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

And so usage has, of course, gone up dramatically in the use at home on the broadband networks, both wireless but, of course, the fiber as well. It has not changed how we think about doing 5G Home or 5G fixed wireless access. It has only sort of reinforced that is a great solution. And again, using the network that we already had built and we have a network in service, and then -- at the edge of it we decide on what type of access the customer will be -- will have. So it just reinforces a good monetization on the multipurpose network, so this is just reinforcing.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

No issues with usage and capacity, anything like that as you think about millimeter wave.

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

No.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. You announced 5G deals or partnerships with Amazon's AWS and Walmart, which are obviously 2 very different partnerships. Can you talk about those a little bit? And how those sort of lead us to where you're headed over time?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Yes. So out of the 3 business cases where I've talked about 2, 5G mobility and 5G fixed wireless access or 5G Home. And then we have the third one, which is the 5G mobile edge compute. That's basically we bring the compute and storage and the cloud software to the edge of the network in order to do services they've never had done before. As you might remember, we were the first company in the world that launched in December last year a mobile edge compute center together with Amazon. And that's the public sort of mobile edge compute, where the public can actually go straight in to do development and -- for a new app, that using the low latency in all enormous throughputs. That was a unique solution where

we actually have worked almost 1 year or more than 1 year with Amazon to get that software working. And they are hosted inside our network, so there's a combination and a spec -- a special sourcing between our network and their cloud infrastructure that can provide that. And then developers can develop by a team. Some of the early ones has been gaming companies, et cetera, that has been doing applications.

That, we have said, we're going to replicate to 10 sites this year in order to have a good coverage of the whole country and that's sort of going to be the rest of the year. Coincides with all the other deployment we're doing with the 5G millimeter wave and all of that, so customers can develop it. So this is a cloud service that is co-developed with Amazon. We have great aspirations, together with Amazon, that this can be something really different for the developers. So that's one use case, the public 5G mobile edge compute.

The other one you talk about is more a 5G mobile edge compute for the private usage, meaning, it's a private mobile 5G network where you have a compute and storage only from one company, and they can fortify their warehouses, their stores, their factories by having 5G compute and storage at the end and then processing all the data coming from the work floor, from the store or from the factory and take much more real-time decisions, both on the data but also to steer the factory or the flows in a store. That's what we're building with the enterprises.

So -- but again, it's the same technology. It's the same network that we have now built. And we're on the forefront, working with this with the most advanced enterprises in this country to see how they can use a private 5G network. But I said before, we expect this to give some revenues to Verizon 2022. So it's a longer time to develop these type of models and get revenues from it with enterprises and the 5G mobile edge compute for the public.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Yes. Other data center companies have told us that mobile edge compute at this point is more of a solution looking for a problem. But you're really thinking out a few years before this really starts to hit in terms of revenue. Are customers really pulling this forward?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

Yes. No, we see -- we see a good demand and interaction around it. So we clearly see this as a great opportunity for us. And again, what we are doing, we are using our multipurpose network that we're already building and having different use cases. At the edge of the network, we decide what type of access we're going to get and what type of business cases we'll have. I think it's a unique way of actually monetizing. And the reason we can do it is because we have all the customer groups, all the way from consumers, to large enterprises, to public safety, to small and medium. And that's why we're excited about being able to do one build and then monetize that in several times. And the 5G mobile edge compute is one of them. And we are encouraged what we see so far, but we're also patient that this is a little bit different way of building a business.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. You talked about spectrum bands earlier, and we're looking forward to the C-band auction later this year. How confident are you of getting that started this year?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

First, I want to remind you that this an ongoing spectrum auction on CBRS, so that means that I will be a little bit cautious in my comments because it's always that when it's an auction. But in generic terms, I can talk about the C-band. As said before, we think that the C-band is an important spectrum because it's also a global spectrum that you can roam on, and it has a good propagation. And it's a midband that will give good characteristic of the 5G. So it's a good spectrum. We, as usual, will do our financial review of it. And we always look into what is the best for us, buying spectrum, densifying network, putting in software. So ultimately, we always look how can we create the cheapest data bit for our customers. And there are different ways for doing that all the time, and spectrum is one of them, of course. And we think C-band is a good one. And we will definitely look into that deeply, and our team is working on.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Okay. Going back to partnerships. Verizon has partnered with Disney+, YouTube TV and Apple Music. How do you think about partnerships going forward in media versus owning or controlling content? Any advantage -- any interest in taking advantage of the recent media weakness and your strong balance sheet to get involved in that business?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

I think we have found a model when it comes to long-form media that we feel good about. The last couple of partnerships were done exclusively, has all leveraged our network, the best network, the brand we have and the distribution we have. That's how we have leveraged. The partners we have brought in have leveraged their strength, which is usually a superior content like Disney+ or superior music from Apple Music. That's how we work instead to find more value, instead of us investing in an area that we don't think we -- nor have the confidence for, nor we'll succeed in. And so we are happy with the way we're doing it. And as you have seen, when we do something, we want to find a company that have the same brand values as us, and we do it above the line for all our customers. And Apple Music and Disney are 2 of them. Then we have done some in the gaming with the A brands as well, and we do it exclusively. So that's what we have done on that side.

If you then take the 5G Home, where YouTube Live, et cetera, that's also an important offering that we're adding to our 5G Home. Instead of us building our own OTT solution, which we were actually doing up to 2017, and then we decided not to continue because we didn't see the owner's economics, and we didn't see us succeeding in it. So sometimes in strategies, you need to decide, why am I right to play here? And that's how we decide.

That doesn't take away that we are in Verizon Media Group because that's another set of content. That's over-the-top content. That is -- there were some of the strongest brand on over the top, like Yahoo! Sports, Yahoo! Finance, tremendously strong over the top, Yahoo! News as well. So that doesn't take away from them.

Then they are investing in over the top. It's not linear, et cetera. So that's a combination we are finding. And you have seen that we brought in the Yahoo! properties much more into Fios or wireless. Yahoo! Finance, Yahoo! Sports are now included. So we get some more added value there. But clearly, we have found our niche and our strategy where we want to be.

Philip Cusick - JP Morgan Chase & Co, Research Division - MD and Senior Analyst

Could Verizon Media be more successful with more scale? Or does it really need to learn to fight with the scale that it has?

Hans Vestberg - Verizon Communications Inc. - Chairman & CEO

If we look back 18 months that we have been running the Verizon 2.0, we have done a dramatic transformation on Verizon Media Group, both from the direction, what we're supposed to do. But not only that, we have taken them from a big sort of decline in revenue to actually being flat before the COVID-19. They have strengthened all their online services. We have combined 7 different advertising platforms. I think those 7 might be more or less, I don't know, but many. And now we have one, which is really strong on the demand side. So I think that we are now in the right moment where we have enough operate -- owned and operating content in order to get enough tracking on our advertising platform. And then, hence, we can bring in customers, enterprises that got good enough yield. And we can be different. We can be more customized than some of our competitors. We don't believe that we're going to be equally big as our main -- the big competitors that are on the West Coast. We have to agree on that. But we can definitely find our niche.

And then on top of that, we also have a lot of confidence in Yahoo! that is now working in our IT department, in our network department, seeing that we're virtualizing the network, doing the 5G mobile edge compute, for example. So there's a lot of integration happening, and we are getting a lot of efficiency out of it.

Philip Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

That's exciting. I think this is a good place to stop. Hans, thank you very much for your time. And thanks, everybody, for listening in. Hopefully, the rest of the day goes as well as this did. Thanks, again.

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

Thank you.

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