

From Here to Simplicity

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to the
Canadian Club of Toronto

November 4, 2002
Toronto, Ontario

Check against delivery

Father puts key in the lock.

It's 9:00 PM — maybe 9:30. Usual time for getting home.

Door opens. Spouse on phone. Pet cat chasing pet mouse. Familiar chaos.

"Hi guys!" No response.

Up the stairs. Daughter — she's 10, going on 20 — is sitting at her computer.

Allegedly focused on her homework.. but from the computer speakers Dad can hear someone singing about some skater boy — probably downloaded from a music site.

Her screen shows a website that may be part of a school project — why else would she be looking at dinosaurs — but, there's also a window open with a web-based checkers game she's playing against someone.. probably someone in another country.

Every few seconds, another window pops up and she — let's call her Laura — types furiously, chatting on-line with some friends.

"Dad, I'm busy. Can't you find something useful to do?"

Rebuffed, I go downstairs. Open the briefcase — at least that's safe. A quick flip through the press clippings. After so many months on the front page of ROB, the headlines all begin to sound the same:

- *Dow crashes in "Telechasm"*
- *Worldcom Meltdown*
- *China Syndrome hits Tech stocks*

Nothing new there.

By now, you're wondering "what's my point." My point's simple. It's the contrast. The contrast between the everyday life of my 10 year old versus the carnage of capital markets — the purported "demise" of the telecom sector.

Two opposing views. Where's the truth? What's real? What's the future?

My vote. It's with my ten year-old.

With her and the hundreds of millions of people who everyday work and live in a society defined by universal access to information at the click of a mouse. We live in a knowledge society. We work in a knowledge economy. And every day we rely on communications networks to link this all together — to make it all possible.

There is no doubt that the last two or three years in the communications sector *have* been a wild ride.

We rose to unrealistic heights based on overly optimistic expectations. Then the inevitable happened: markets broke and we plunged just as quickly and steeply down.

Restructuring. Job losses. Reduced spending. Capital markets losing faith. Companies going under.

For many, the present is, at best, a gritty fight for survival. The future? Highly suspect.

But, what we saw was neither the failure of innovative technologies nor the collapse of consumer demand for communications services. What we saw was the vulnerability of business models driven by unbridled exuberance, with too little financial discipline. Too much capital chasing far too few true business opportunities.

We've seen this before: A new technology emerges; it is seen to have significant potential; thousands of businesses clamour to board the bandwagon. Crash. The business models change radically. But the technology and growth continue.

Think of the automobile industry. In the early days, there were more than 300 auto manufacturers in the United States. Obviously not so today. The early days of the railroad industry were much the same. Tremendous opportunity. A rush to invest. The fall. Consolidation followed by sustained growth.

With automobiles, as with railroads, as with communications, the technologies endure despite the vagaries of the financial markets because of their power to transform — to extend our economic and social frontiers; to spark growth; to increase national wealth; to expand choices.

Yes, in the short term, our industry faces many challenges, but despite the headlines, the foundations are solid. And that is critically important to us both as an industry and a nation.

Advanced communications networks are the railroads of the knowledge economy because they eliminate the barriers of time and distance. They are the nervous system that enables virtually universal and immediate sharing of information. They integrate.

They enable better decision making. They remove inefficiencies — drive productivity and growth.

So we should not be surprised that even taking into account the recent meltdown, the telecommunications sector grew almost four times faster than the economy as a whole over the last five years.

The \$60 billion communications sector accounts for 6% of our GDP, up from 4% in 1996.

The sector invests more than \$5 billion in research and development, better than 40% of the private-sector R&D in this country. And even after the so-called carnage, some \$25 billion was invested this year to fund technology start ups in the U.S.

So given what the headlines say, why are people still investing in this industry, why are these venture capitalists still willing to take a risk? Because they understand the powers of communications technology.

Estimates say up to 40% of business productivity gains in the next 10 years will be driven by the spread of e-business applications.

The expansion of e-commerce in the G-7 countries could boost combined GDP growth by up to half a per cent a year — that represents wealth creation of \$175 billion every year.

While we've left behind unbridled exuberance, a revolution continues. The underlying promise of the technology and its power to transform the way we work and live continue to be true.

As this technology continues to become more powerful, more available, it will become more integral to the way we manage our lives and our businesses.

It's a world where communications is the engine for electronic commerce, for education, for health care, and for government services.

Canada has for a long time led the world in telecommunications in large part due to farsighted policies that fostered investments in infrastructure and innovation. Fifty-seven percent of Canada's population is online, and our penetration of high-speed Internet connections is second only to Korea.

And innovation creates a new competitive reality where wireless companies compete not only with other wireless companies, but also with wireline companies. Satellite companies compete with cable companies. It's not just telcos — Bell, Telus, AT&T — competing among themselves; but telephone companies versus cable companies. Telcos versus the likes of Microsoft, AOL, IBM and EDS in areas such as internet services, e-business, managed network services and other business solutions.

Anyone who thinks that competition in this sector is on the wane — is anything less than intense — just doesn't get it. Competition today is tough and that's a good thing. Thanks to fierce competition, Canadians enjoy prices that are as low and services that are as rich as any in the world.

As we go forward, we need to sustain policies that build strength and real competition among strong competitors. That's how to encourage continued investment in the communications sector. That's what sparks innovation and change. That's what puts Canada at the forefront of global economic growth and competitiveness.

And those policies are all the more critical today as the industry manages its way through some very trying times. With so much turmoil in the industry, the policy and regulatory environment must do two things. First, it must be pragmatic — recognizing the reality of today's marketplace. Second, it must provide stability: remove the uncertainties and let us get on with running our businesses.

For, the industry has significant challenges to address.

The need to reduce costs. The scramble for every dollar of revenue. Tremendous pressure to curtail our capital spending. And volatile capital markets.

At BCE, we see these challenges clearly. We are addressing them every day. But we also see broader and compelling opportunities for the future.

In the last few months we took steps to strengthen our balance sheet to better position our company. We cut our ties with Teleglobe and wound down Bell Canada International.

We moved decisively to regain 100 per cent control of BCE's cornerstone asset, Bell Canada.

We put in place the required financing despite unprecedented turbulence and uncertainty. The securities we issued were oversubscribed in every market, a clear vote of confidence in the fundamental strengths of this company and the direction we have set for its future.

And just as important, we progressed on another front as well. We came to an agreement with thousands of our employees — those in our call centres, in our offices and our network centres — on the long-standing issue of pay equity. Why did we do this? Because it's fair; simply, it's the right thing to do.

With the issue behind us, we now share a common footing from which we can build a partnership to best serve our customers.

Because of all these successes in recent months, BCE is today what it should be: a strong Canadian company fully in control of its future.

And what is that future?

Our company has always been the trusted bridge between the capacities of technology and the needs of people. And their most pressing need today? Simplicity.

We live in a fast-paced world. We feel the stresses of modern life — too many things to do, too little time. The demands of family. The demands of community. The demands we place on ourselves, to continue to learn, to stimulate our intellect, to be entertained. Pressures.

As businesses, we are expected to do more with less. Become more productive. More competitive. More profitable.

In a world of the Internet, of a multi-channel universe, in a world where all codified information will be within easy grasp — the choices will be overwhelming.

What will our customers need? Help.

Our customers want us to bring the power of technology to bear to simplify their lives and make their work more productive, more rewarding.

Our customers want a full range of products and services that are simple to use and simple to choose, from a company that is trusted to make them work and that is also simple to deal with.

Our task? Harness our capabilities to provide simple integrated communications solutions for our customers.

Sophisticated products. Simple to use. Simply delivered.

No company in North America can offer that today. But at BCE we have the tools, the assets, the platforms to create it. And we're on our way toward establishing ourselves as something unique in the market, with capabilities that are simply unprecedented anywhere on the continent.

Voice, your office phone, your home phone, your cell phone. Data, with high-speed Internet and broadband services. Video through satellite TV. The most advanced business services available. Fully managed network services. Applications for e-commerce. Tools to personalize and streamline information. All offered under one of North America's most trusted brands.

Our goal is to take this great breadth and use it to build on the cornerstone of our future growth — our 24 million customer connections.

To achieve simplicity for our customers, we must achieve it for ourselves as well. For certainly, Bell is not simple today.

I saw this week a picture that tracked the number of calls a small business might have to make to set up a store. We came up with nearly a dozen separate calls to various parts of Bell. I say that's about 11 too many . . . not only from the customer's perspective but also from ours, because that sort of inefficiency drives the costs of servicing our markets.

When you're running a business, who has the time to place all those calls?

To move your home, how many calls? A call for your wireline service. Another call for your cell phone bill. And others to ExpressVu and Sympatico. Then another round for connections at the new place.

You want to make one call. Talk to one person. Our goal: deliver.

Today, we have a vast array of products. We're moving to simplify those so that the majority of what we sell fits within well defined packages or bundles.

Example: Voice and Internet services easily packaged at a single price to ensure you're connected at all times. No worries about what services might or might not be compatible with another.

We're simplifying our channels to provide a common, consistent front door to Bell Canada. And we're driving a focus on customer segments. Developing powerful service bundles targeted to specific needs. Small business representatives, for example, who really understand your business and know the services you require.

That's critically important.

In a competitive marketplace, insight into your customer is your sharpest weapon. It lets you cut through the layers to determine needs exactly and let the customer focus on what's important — running his business.

Knowing the customer will also enable targeted contact strategies. And new opportunities to sell across our business units.

And believe me there is opportunity there. Today, only one customer in 100 buys all four of our major services from us. We believe we can increase that significantly.

Our goal is to build a company that can offer its customers a single point of contact, a person who is a knowledgeable, professional, equipped to guide a client to the choices that create simplicity.

We will build a company that respects your time constraints and will meet with you at your convenience.

We will build a company that can give its customers the option of a single monthly statement detailing all of the services they receive from us.

We will build a company that is predicated on simplicity and that places the customer at the centre of all that it does. We believe you have the right to nothing less. We'll work hard to honour it.

This will require much change.

But since becoming CEO of BCE, I have seen a real willingness among employees to embrace change and move the company in a new direction.

Our people, like our customers, get frustrated when they have to pass a call to someone else because they don't yet have the tools to manage the full scope of services we provide.

Our people understand more and more clearly that bureaucracy is the enemy of service. That it gets in the way of getting the job done.

Bureaucracy must go. And it will.

Today, every business plan in every one of our units includes concrete initiatives to simplify processes and speed up decision making.

Through these initiatives, we are instilling the business discipline, the excellence in execution that we need to sustain our place as a North American leader, at the centre of a sector with a promising future.

And make no mistake. We will achieve this while adhering to strict financial discipline. We'll continue to manage costs and drive productivity. We will allocate capital where returns are greatest. We will drive free cash flow and always protect the dividend of our company.

And, we will continue to make the difficult choices we need to ensure that our business is focussed. Our future secure.

Going forward, our company will be guided by fundamental convictions. Convictions I hold deeply.

That challenging the status quo is right. Turn things upside down when required. Put the bite on complacency.

I believe that passion fuels success

That we can forge change. Make a difference.

That through execution, delivery and results, good can be driven to great
It is with these convictions that we will build on the integrity of our company, the commitment of our people, the strength of our assets and the scope of our services.

I began my remarks today by borrowing a page from my daughter's life — her easy intuition in coping with an array of technologies that would otherwise serve as tormenting distractions.

Our goal at BCE is to deliver that same sense of ease to all of our customers. To be the bridge between technology and the people it serves. To simplify.

From here to simplicity, it's a long journey. We have just begun. We have much work to do. But, we're determined to succeed. We're driven to make what's good today, great tomorrow.

Thank you.