TELEFÓNICA'S BID FOR THE MOBILE MARKET IN BRAZIL (D)

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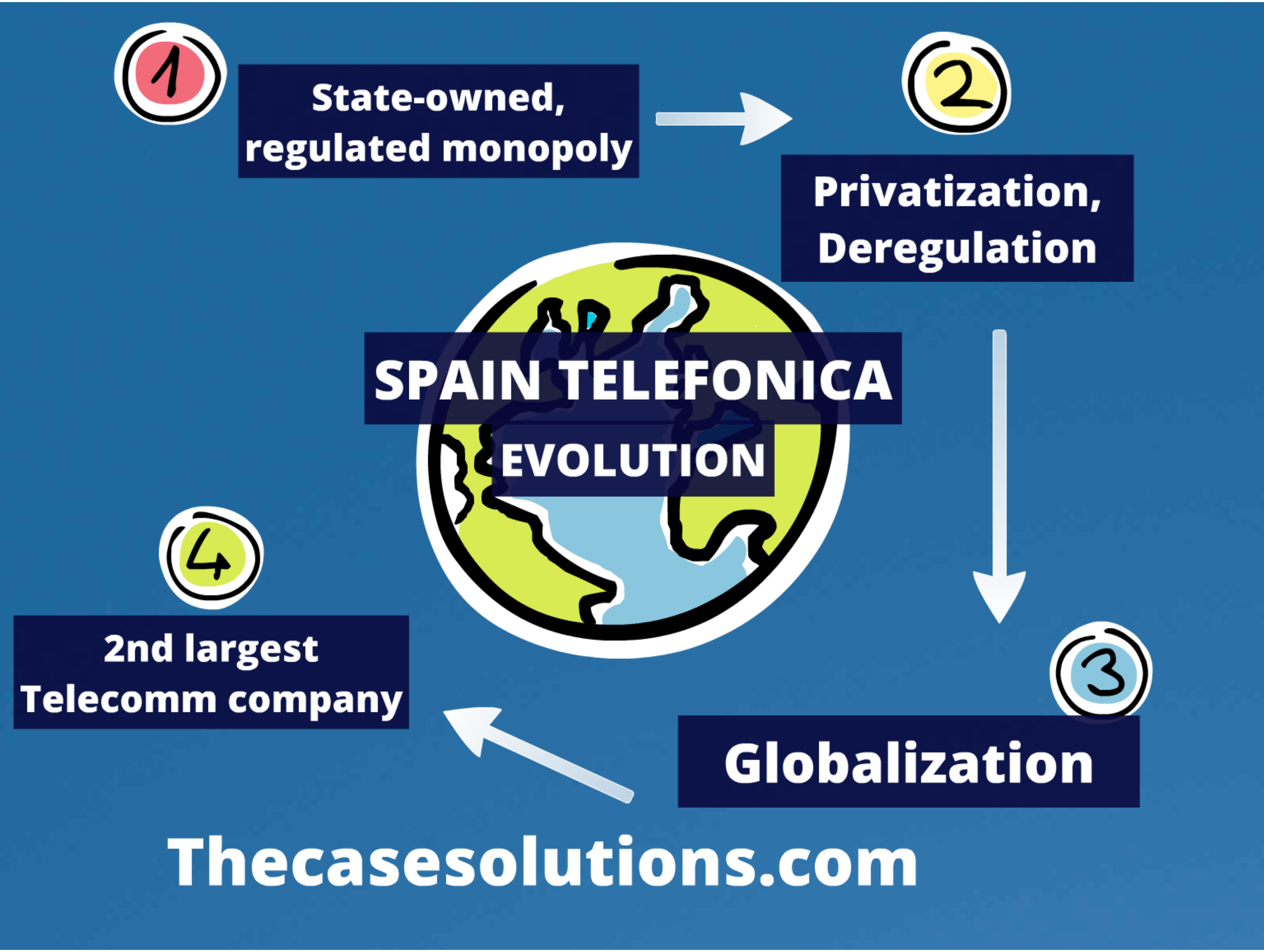
SPAIN TELEFONICA
EVOLUTION
1
State-owned, regulated monopoly
2
Privatization, Deregulation
3
Globalization
4
2nd largest Telecomm company
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Political/Economic Changes That Drove Globalization

- Privatization: ownership transfer

Public Sector → **Private Sector**

- Deregulation: free from government regulations

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- Reduction in the workforce, new technologies, more profitability

Initial Acquisition Focus in Latin America, but not Europe?

Conquer Latin American Market

- Common language
- Cultural ties to Spain
- Rapid growth in telecommunications market

Ease away from European Market

- Tactic agreement in place
- Could not invade other country markets

Entry Strategy

Acquisition vs. Greenfield Ventures

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Greenfield Ventures

- More costly, harder to establish brand
- Whole new company; start from beginning

Acquisition

- Eliminate competition by acquiring companies
- Quicker to execute

Risks With Acquisition

- Differences in company culture, management, operations
- Differences in government policies
- Possible poor corporation integration
- No guaranteed success/assurance

Value Telefonica Brings to Acquired Companies

- Experience
- Resources
- International Network

Source: Telefonica

Source: Telefonica

Inward investment benefits host nations

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- Companies become more efficient
- More competition among companies
  - America Movil (Mexico) and Telefonica (Spain) both competing in Latin America
- Economic growth
- Increased Market Share