SNAP Session

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TMT/Dot Com Boom

Vernon Blunt
Ericsson

Simon Ward
Cushman & Wakefield

FEBRUARY 2013

PROSPECTS FOR THE MEDIA & TECH SECTOR

CUSHMAN & WAKEFIELD®

SECTOR'S IMPORTANCE TO LONDON ECONOMY

KEY FACTS

- Approx 180,000 people employed in the Media & Tech sector
  (Central London)

  Estimated to be 2.5% above employment in 2000 (176,500)

- Generates **16%** of the city's annual gross value added

- Has attracted more than **double** the number of new creative foreign direct investment projects than any other European city since 2003

- Key strengths in:
  - Advertising
  - Games Development
  - Technology
  - Film Broadcast & Production
  - TV & Radio

LONDON
MARKETS
RESEARCH

INCREASING OVERLAP BETWEEN COMPANIES

BLURRING OF DEFINITION

Sector undergoing structural change

- Globalisation
- Technology
- Convergence

Increasing cross over with mobile application of technology

Expanding number of mediums for consumption

Handheld devices are seen as increasingly essential

"TV's going online and online is going mobile."
Mobile Ventures

WHY LONDON?

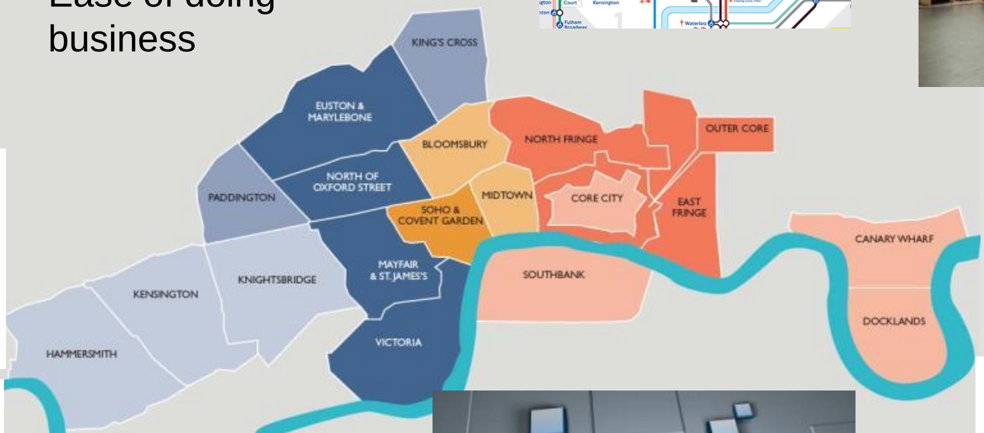
Culture

Ease of doing business

Connectivity

Start up facilities

Innovation



Skilled labour force

Technology infrastructure

Access to funding

PORTFOLIO GROWTH

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 (FUTURE)	2014 (FUTURE)	AVERAGE ANNUAL GROWTH (%)	Current Location
AMAZON									41,000	100,000			Northern Fringe
APPLE	25,840				16,500			33,188			150,000	19%	Mayfair
DOUBLE NEGATIVE						44,000	10,000	88,000				26%	Noho
EXPEDIA				31,141		6,155		93,352		12,000		25%	N Fringe
FACEBOOK						7,385		36,440		30,000		70%	Covent Garden
GOOGLE		81,000					41,465	225,086	750,000			37%	King Cross
HALFORD MEDIA				10,000			11,000	32,000				40%	Soho
LINKEDIN							7,500		48,952			155%	Covent Garden
MICROSOFT			102,984						16,000	75,000		9%	Victoria
SKYPE			25,000				35,018		88,000			23%	Midtown
YAMMER						4000			19,946			71%	N Fringe
OGILVY & MATHER	153,000									200,000		3%	Canary Wharf

Vacated Space　In Occupation　Under Offer　Future Requirement

FACTORS DRIVING GROWTH

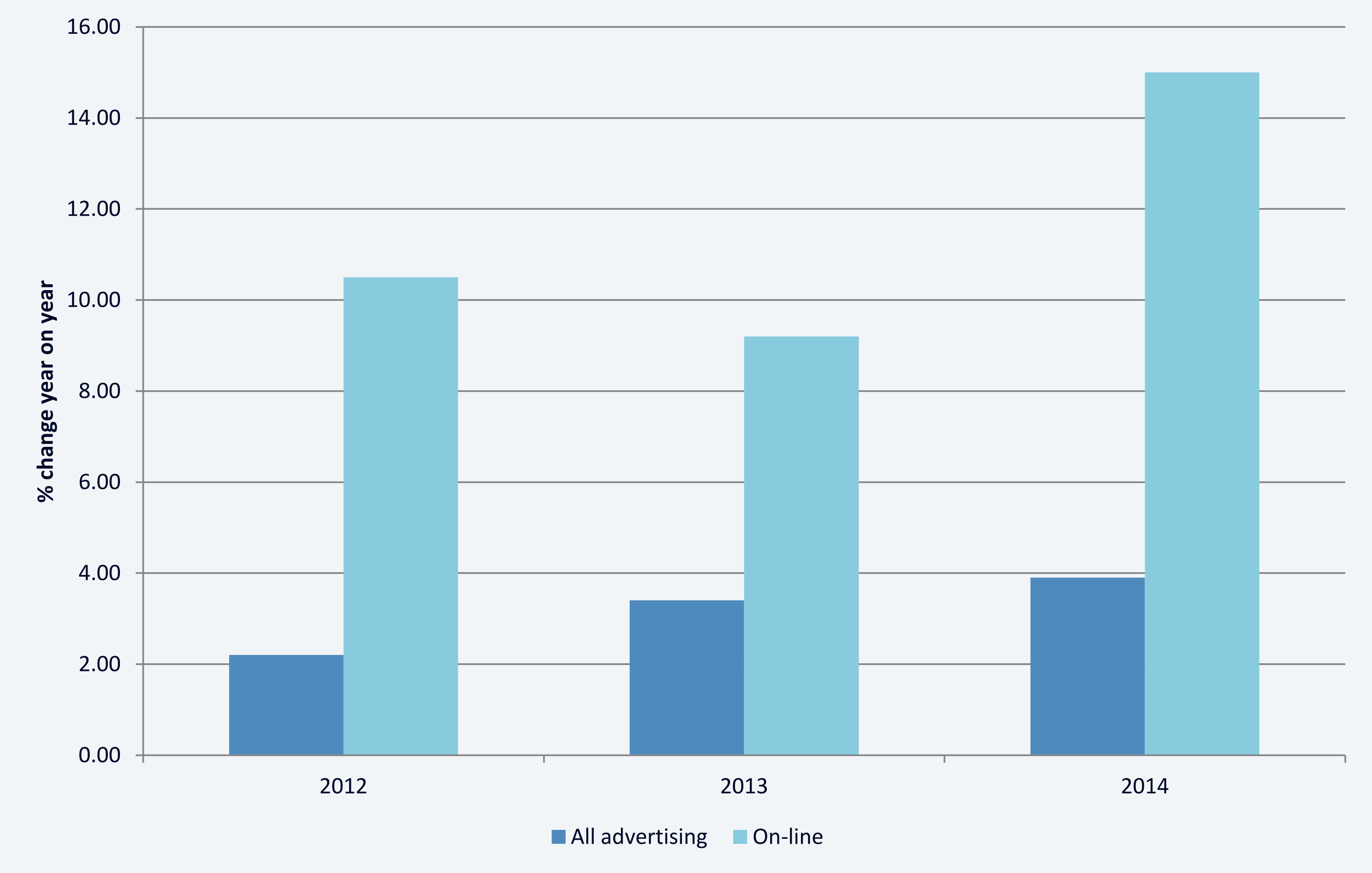
“The main challenge is change and the management of change – technology emerges as fast as we can digest it, and faster than most of our clients can cope with.” Crumpled Dog Design

“Technology is perhaps the biggest issue facing the sector because it's developing so fast. We are all living in a digital world and our customers are transferring to digital products, which means the business model as we know it is moving very quickly.” – CFO, Media Sector

TECHNOLOGY IS MAIN FACTOR DRIVING CHANGE

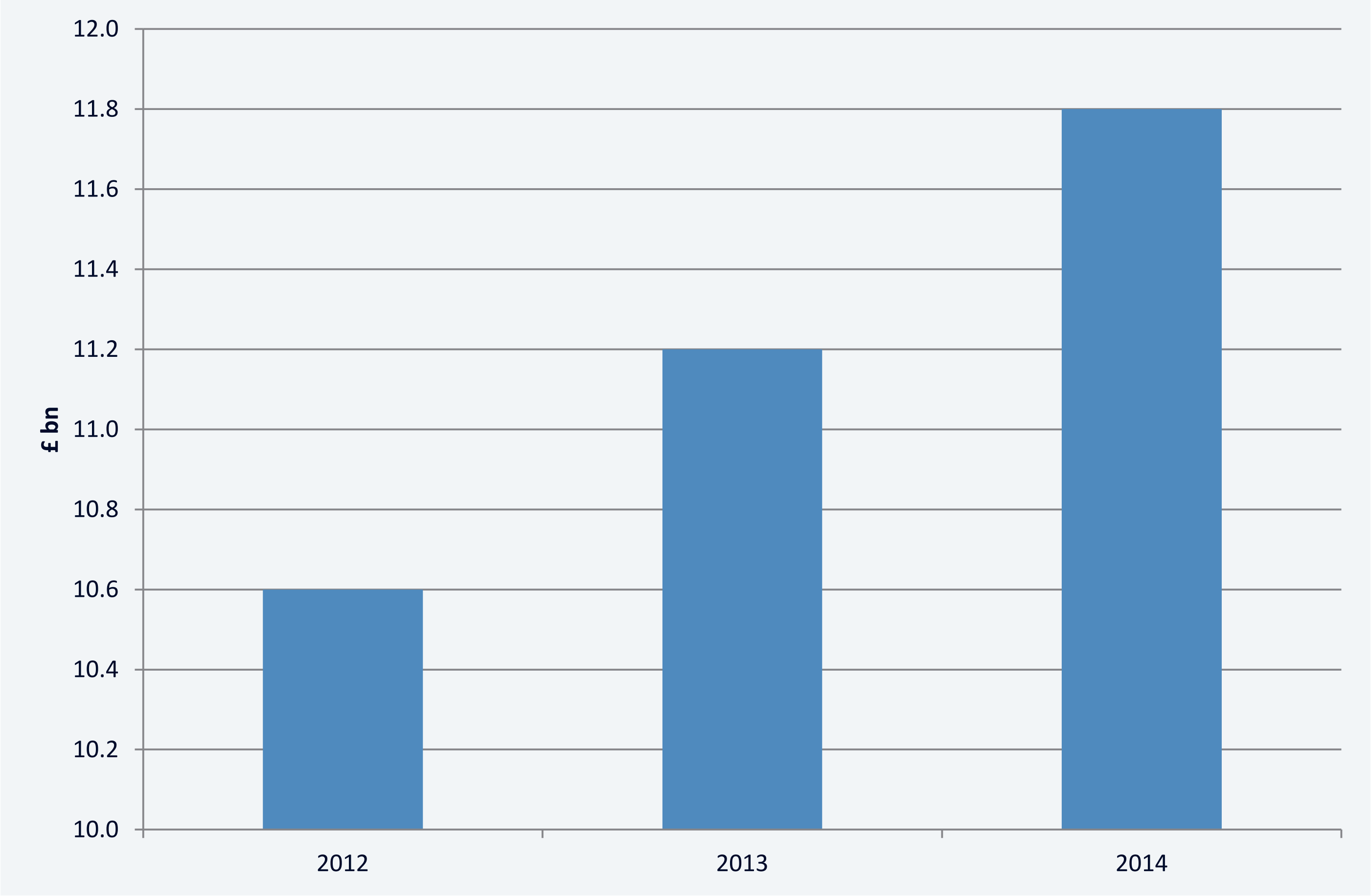
SECTOR FORECASTS

UK ADVERTISING SPEND



SECTOR FORECASTS

SOFTWARE MARKET VALUE

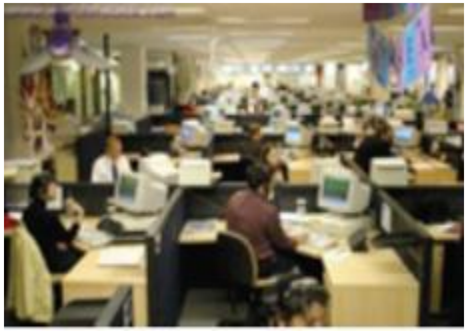


MEDIA & TECH - OFFICE EVOLUTION

1960/1970s

Heavy loading capacity
High ceilings, warehouse style
Low technology
Cellular offices and typing pools

1980/1990s



Air Conditioning
Large floorplates
Introduction of Personal Computers
Glass & steel
Business Parks-drive to work

2000s

Buildings with character & soul
Volume & natural light
Bandwidth
In town locations
Public transport
Cycle racks
Collaborative communal areas

TRADE OFF

ATTRACTION OF TALENT V COST

WAR FOR TALENT/FLIGHT TO URBAN

Expedia

Google

USING SPACE TO ATTRACT & RETAIN TALENT

SENSITIVITY TO RISING RENTS, DRIVING SPACE HARDER

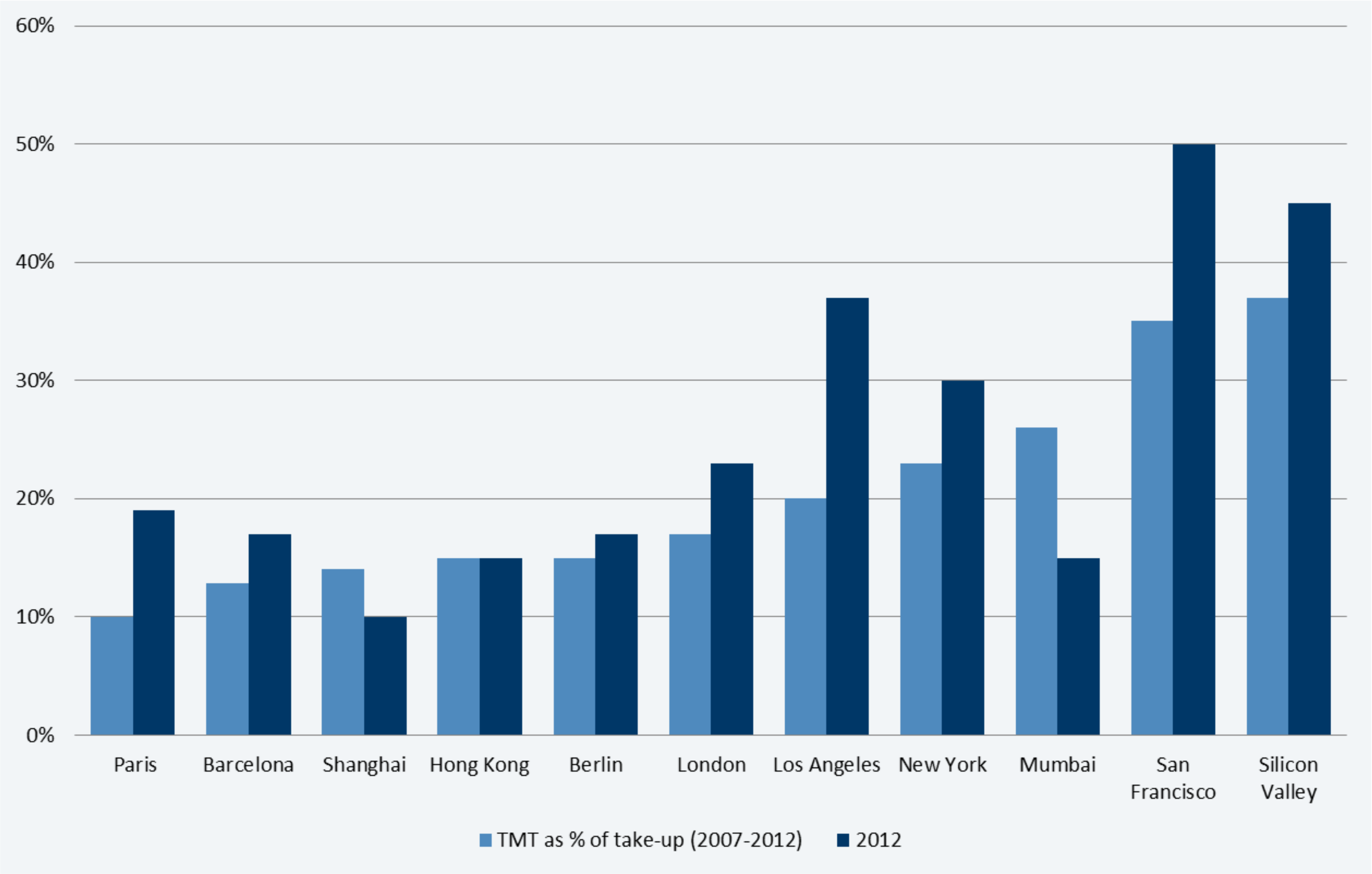
APPETITE FOR LOCATION CHANGE

FACTORS DRIVING DECISIONS

- Access to talent is critical to success
- Urban locations are attractive
- Low overheads – greater pressure on margins
- Flexible terms to accommodate potential faster growing nature of business
- Ability to house all media content under one roof – improved efficiencies / economies for the occupier
- Fast, wireless internet & data provision
- Bike storage & associated facilities
- ‘Cool’ but simple space
- Reflects younger age profile of employees

MEDIA & TECHNOLOGY AS PROPORTION OF TOTAL TAKE-UP

2007-2012



London shares similar characteristics with San Francisco, New York and Berlin

- Benefit from links to consumer/industrial base
- Desirable urban areas with cultural reputation
- Flight to urban evident
- Professional networks are important
- Government policy increasingly influential
- Access to funding is critical
- Greater integration of education and industry to provide talent

SUMMARY

- Prospects for growth of the sector are positive and sustainable
- Technology will drive growth and increased convergence across subsectors will continue
- Employment will increase – already being seen with many technology companies in particular
- Structural changes will impact on different sectors growth potential
- Will see further M&A activity and consolidation to maintain competitive edge
- Demand will remain robust but SME's will continue to drive leasing activity

ERICSSON

THIS IS ERICSSON

Vernon Blunt

Real Estate Director, Western & Central Europe

THIS IS ERICSSON

- We provide:
  > Communication networks
  > Services to network operators
  > Enablers to service providers
- Customers in more than 180 countries
- 40% of the world's mobile calls pass through our networks
- ~110 000 employees
- Net Sales: 33.8 B USD (2012)
- Founded: 1876 in Stockholm, Sweden
- In UK since 1895
- 6^{th} largest software company in the world
- Top 100 innovation companies

50 BILLION CONNECTED DEVICES

- We have a vision of 50 billion connected devices by 2020
- We do not just connect places and people – but also machines and devices
- Anything that benefits from being connected will be connected

THE ERICSSON WORKPLACE JOURNEY

FREE SEATING REQUIRES ENGAGEMENT FROM THE BUSINESS

For Free Seating to work:

- REFM need to make sure that workplaces are free seating enabled
- The business need to define their workstyle needs, encourage and adapt to the new ways of working

Productive Workstyle - business responsibility

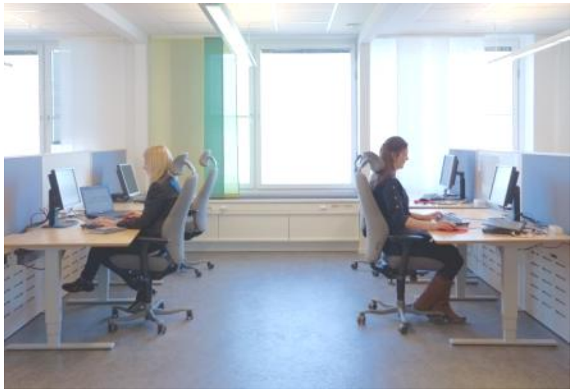
Flexible Workplace - RE responsibility

	Room	Cubicle	Box	Neutral MF<1	Neutral MF>1
EWD IT*			2	3	4
EWD			2	3	4
Open		1	2		
Closed	1				

THE FUTURE

DEFINITION: FREE SEATING

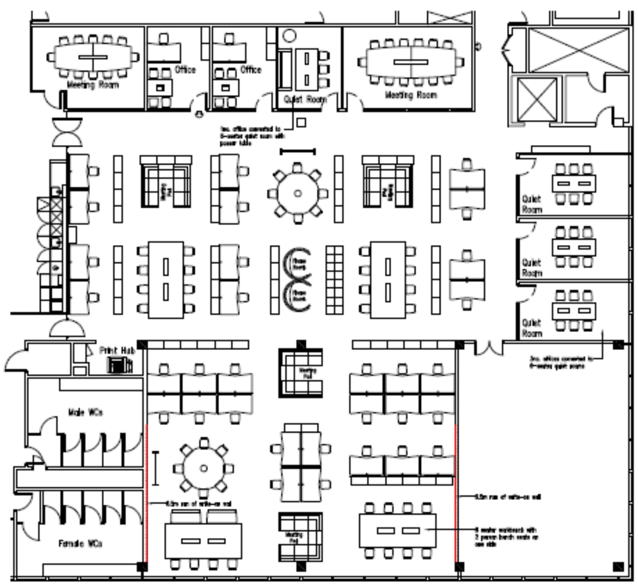
- Free seating is a flexible solution that allows us to customize where and how we work.
- With Free seating you are free to **choose** where you work from.
  - You will be assigned to a 'neighborhood' - a general workgroup (eg by function, by team, by agile teams, by project etc).
  - You **choose** a desk/workstation to work at in your neighborhood or alternatively another workspace eg business lounge, team table, meeting room, reading/ writing room etc
  - Free Seating will help create a more dynamic work environment enabling and inspiring us to work smarter and agile.



RWCE AT THE FOREFRONT

2012-13

- **Guildford:** Sourcing, IT, OD&E & REFM active. Finance, KAM & EP ‘Live’
- **Warsaw:** pilot including OSS/BSS teams
- **Aachen:** R&D pilot



Proposed Plan

GENERATION CONTRAST

THE OFFICE WILL CHANGE BUT REMAIN

- Knowledge workers
- Collaboration
- Social interaction
- Support network

ERICSSON

CoreNet Global UK Chapter BIG 1 DAY 27 February 2013

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