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Hans Vestberg
Chairman and Chief Executive Officer
Verizon Communications

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Webinar

Moderator: Frank Holland
Correspondent, CNBC

Introduction

President Barbara Van Allen

Welcome to the 623rd meeting of The Economic Club of New York in our 114th year. I'm Barbara Van Allen, President and CEO of the Club. I hope everyone has had a wonderful summer and welcome back to the fall. We, at the Club, are very enthusiastic to be with you all as we kick off our season of events with today's webinar.

As many of you know, The Economic Club of New York is the nation's leading nonpartisan forum for the discussion of economic, social and political issues, and we feel strongly that our mission is as important today as ever as we continue to bring people together as a catalyst for civil conversation and innovation. A special welcome to our members of the ECNY Class of Fellows – a select group of very diverse, rising, next-generation business thought leaders – as well as students from the CUNY Graduate Center, the Columbia Business School, Rutgers University, and the Gabelli School of Business at Fordham University.

It's a pleasure for me to now welcome our special guest, Hans Vestberg, Chairman and Chief Executive Officer of Verizon. Prior to assuming the role of CEO in 2018 and the role of Chairman in 2019, Hans served as Verizon's Chief Technology Officer and President of Global Networks from 2017, with responsibility for further developing the

architecture for Verizon's fiber-centric networks. At Verizon, he's focused on transforming the businesses 2.0 customer-centric strategy, leading the company to be first in the world to deploy 5G home and mobile technology.

Before joining Verizon, Hans served for six years as President and CEO of Ericsson, a multinational networking and telecommunications equipment and services company headquartered in Sweden that provides 35% of the world's 2G, 3G and 4G mobile network infrastructures. Hans was a founding member of the International Telecommunications Union Broadband Commission for Digital Development, where he led climate change and digital health initiatives.

He's a board member of BlackRock, the UN Foundation and the Whitaker Peace & Development Initiative, and a leading voice at technology and global economic conferences including the Consumer Electronics Show, the Mobile World Congress, and the World Economic Forum Annual Meeting in Davos.

Today's program will be a conversation, and we are very fortunate to have CNBC Correspondent, Frank Holland, as our moderator. We're going to end promptly at 12:45 and, as a reminder, this conversation is on the record and we do have media on the line. So without further ado, Frank, the mike is yours.

Conversation with Hans Vestberg

FRANK HOLLAND: Madam President, thank you very much. Hans, thanks for being open to having this conversation.

HANS VESTBERG: Now I know it's on the record and the media, so I'll have to shape up.

FRANK HOLLAND: Long resume, we're only going to have time for like one question. So Barbara kind of spelled out some of your resume. Not only are you a CEO, you're a sportsman, a former professional handball player, a former President of the Swedish Olympic Committee. You're also a passionate tech advocate. You were one of the keynote speakers at CES, where you spoke very passionately about connectivity. You're also a father and you've said your father was your greatest influence.

HANS VESTBERG: He was. He was a fantastic man. So my life was focused only on sports until I was probably 25. And my father was my coach from when I was six years old playing in the little, little Little League to actually playing in the First or Second Division in Team Handball in Sweden. So he followed me until I was 23 years old. Then I emerged on other teams. So he probably had more influence than any other people that I ever met in my life.

FRANK HOLLAND: And there's even more to you than that. I'm just naming a few of the highlights. So let's talk about, all of that combined along with these other things that we don't even have time to mention, how does that guide your leadership of Verizon?

HANS VESTBERG: I think that the values I got from my father early on, especially around teamwork and not believing that you are somebody better than anybody else and seeing that you get the diversity out of the team, the respect from anybody, everybody else, I think that comes from my father and that is guiding me today even though I have a little bit larger team that I'm managing today. I try to keep that simple rule for the respect for people. Everybody's valuable. Diversity is important for success. Everybody's different. Build on their strengths instead of the weaknesses.

FRANK HOLLAND: So Verizon is a bit different than a handball team, but you're still part of the team. You're the captain of this team. How do you captain this team? What guiding principles do you have?

HANS VESTBERG: I would say, I have several different thoughts that I have developed over the years but in general I think it in three-dimensional, my leadership. First, there is my self-leadership. If you're going to lead others, you need to start understanding yourself before you lead others. So I work a lot about assessing myself, how I can improve and how I perform, and of course talk to a lot of people.

Secondly is how you deal with people around you – the people above you, on the sides, and below you – because all three stakeholders in an organization like this is enormously important. So I have model for how I work with my bosses. I have a boss contract usually with all my bosses. But also I have models for how I work with my employees, etc.

And then finally, the third piece of my leadership is very much centering on the strategic leadership, that I spend time on the absolutely critical things of the company and the things that only I can do, because I can do a lot of things in a company like this where I like to do things, but, you know, there are certain things only I can do, and I spend time on that. So it's a three-pronged leadership model, which I basically tell everybody in my company to do the same. So all our leadership training is based on that three-pronged model.

FRANK HOLLAND: So with those three prongs, success, how do you define it? Stock price for a company like yours, that's one way. It's a bit of a crude way. Are there other metrics of success that you can look at?

HANS VESTBERG: I think over time, you know, share price and shareholder value is an important one. But the more I've grown over time, I also understand that I have four stakeholders that I need to see that they are in a positive momentum. And that means

the customers, if they don't have payment, find a financial impact, my employees has to also aspire and feel empowered in the company to deliver to the customers. And then whatever is your role in the society, and that, for me, is so important in the size of company that we are, that we think about all those four stakeholders because ultimately that will create the best value for all four of them, and you can really compromise between them. During Covid, you had to compromise because then some are more important than others. But in a normal steady state, all are equally important and you need to deliver to all four of them in order to have shareholder value, employee satisfaction, customer satisfaction and having an impact, positive impact on society.

FRANK HOLLAND: Alright, anybody out there that has a TV or is on the internet knows that Verizon is very focused on 5G right now. Correct?

HANS VESTBERG: Yes.

FRANK HOLLAND: Alright, but when you started off as CEO back in August of 2018, this was pre-5G. You didn't roll out 5G until April of the next year. Looking broader, the Nasdaq was at 7,600. Now it's almost doubled in that time, just to show the importance of tech. And just for a kind of a pop culture reference, back then we were on the iPhone X or 10, whichever way you would talk about it. It was a while ago, or it feels like a while ago.

HANS VESTBERG: It feels like a while ago, yes.

FRANK HOLLAND: So in today's world, with the focus on 5G, how are we going to see 5G change our lives? How is it going to change your company?

HANS VESTBERG: I think that one thing that I've learned through all the Gs, 1G, 2G, 3G, 4G and 5G is that 1G to 4G, it was predominantly designed for consumers. You took the phone from the beginning to speaking and ultimately you can stream services on the 4G phone. When the design of 5G was done in 2009, it was actually thought that we could replace or we should replace sort of the last mile with wireless, for industries and society. So many of the capabilities of 5G is actually extremely low latency so you can control robotics, for example, or you can have massive amount of devices connected at the same time. That's not people, it's devices. So there's many use cases that are geared for industries that we're working with, but it's also for consumers.

And one of the big advantages with 5G is, of course, that they're so powerful so I can actually do home broadband with 5G instead of doing fiber or any other sort of cable-operated to the last mile. So that's how many of the things are coming out right now. For the consumers, what you're seeing right now is a vast majority of technologies, like AR/VR, that can only be supported if you have 5G. And if you're in stadiums, huge, populated areas, the wireless technology with 5G is the only one that sustains

everything there. So it's a lot of things coming up. People ask me, but we've heard about 5G for a long time, nothing is happening. I can tell you 5G is going faster than 4G did when 4G came.

FRANK HOLLAND: That's interesting.

HANS VESTBERG: And people don't realize, because you started talking about the technology pretty early on, back in 2017, '18, then you build the networks, then the devices come, and then the application comes. So we have more than 20% of all our consumers, and we have the most consumers in this market, on wireless that have a 5G phone already. But the more people that have a 5G phone, the more application comes. So in the next years will be the years that this can happen.

FRANK HOLLAND: So that's right now. We know what 5G can be used for. You just announced a partnership with the NFL for 5G. Earlier this year, you announced a partnership with Mastercard for 5G for payments. So a lot of different partnerships, a lot of different applications. Take us back to August 1, 2018. I know you were involved in kind of the infancy of 5G. What was your initial plan for this 5G transition when nobody knew where it was or what it was, nobody knew what you would use it for? What was the initial plan?

HANS VESTBERG: So the initial plan was very clear. That was the reason I joined Verizon. I wanted to go from being part of the research and development of the technology at Ericsson to be part of the implementing. And so I had a vision clear what I wanted to do with 5G, and internally we call it Slide 5, and it's always Slide 5. In any deck you would see where we go with the board, it's Slide 5. That is the 5G strategy of Verizon. That, I designed somewhere in 2017, and actually we still do it, we use it today. And regardless of where the page is, it's always Slide 5.

And that is outlining the three use cases we have for 5G. That's the mobility case, and then it's the fixed wireless access, and then what we call 5G mobile edge compute where you basically bring the Cloud's infrastructure out to the edge of the network but you use wireless. Those are the three use cases. This is the first time in history actually that a carrier like us have three use cases on one build. We build the network once and we have three use cases on the same network. Usually you build a network, you have one use case. You have to build another type of network for another use case.

FRANK HOLLAND: Interesting. So you had some ideas to start off with. What have you learned along the way, whether it be about rolling out the tech or how consumers are going to kind of interact with that tech?

HANS VESTBERG: I learned a lot of course with the challenges of new technologies

and we basically, we were first in the world with 5G mobility, first in the world with fixed wireless access, first in the world with 5G mobile edge compute. And we like to be first because we, both want to have the best network, but we also want to be pioneering in technology for our customers. So we have learned a lot in that because in the beginning when you have new technology, you always makes some mistakes but we are correcting them over time. And, of course, sometimes your time horizon is shorter in your head than it actually takes and this is the biggest telecom market in the world so of course it takes time. But I think everything we see right now is going in line with what we really thought.

FRANK HOLLAND: So let me talk to you about decision making. Some of your decisions, making those partnerships with the NFL and making that partnership with Mastercard, what guides your decisions when you're making these kinds of decisions that are going to impact not only you, in your tenure as CEO, but as you mentioned, the stock price of the company, the workers, your customers? What are the principles that help you make decisions?

HANS VESTBERG: So we took many decisions in 2018 in what we call the Verizon 2.0. One of the decisions was, of course, what is our strategy? And that's a network, network service. But we also took a couple of other decisions where we decided not to operate. We said we're not going to be in content, because we think other companies

are better. That's why we developed this model with Disney+, Discovery+ where we are exclusive with them. And what we do is we're using the best network, the distribution that has more consumers than any direct-to-consumer in the U.S., and we used the brand. And then we can partner with the best brands in order to create a new service where we can give our assets and they give their assets and together we do something more. And that we have done with Apple Music, Discovery+, Disney+, gaming, and all are exclusive with us. So that's a big differentiation with others. That's on the consumer side.

On the business side, we basically had the same holistic idea that we build a platform of interaction and technology and then we're partners. We tried to pick the best partners in the industry. Mastercard is a good sort of example. But we have basically, for every industry – healthcare, retail, fin-tech – we would have one or two leading companies we work with to develop new services. That was the thought process, using our assets to create new strategies.

FRANK HOLLAND: So was that guided by your experiences, as someone in sports, you want to build a team? Because it sounds like you're trying to build your own dream team. You're pulling some free agents from different industries and bringing them on your team.

HANS VESTBERG: Yes, I think it was. It was clearly, when you go back to a company, you always look into what is the DNA? What is our real strength? And the real strength of Verizon is we always have the best network. We have fantastic distribution. We have a great brand that people really rely on, a reliable network. Let's build on that instead of trying to be something else. And we had 5G coming up so I knew that we had real potential with that, instead of them going somewhere else and trying to work out in an area where we didn't have the DNA.

And remember, well, I haven't told you, but before coming up to my decision, I actually talked to 250 of the senior leaders one-on-one for 30 minutes in order to see what are the top leaders of the company thinking. So I had input from the 250. I had my own vision. And then we matched them and see, okay, how far away are my ideas from what they think? I would say 80% was the same, 10% was different, 10% we calibrated.

FRANK HOLLAND: That's a very time-consuming effort, 250 people, 30 minutes each?

HANS VESTBERG: Yes, and then I took 20 people for three hours.

FRANK HOLLAND: Wow! So were you ever concerned that they were, I know you said it was 80-10-10, that they were more telling you what you wanted to hear as opposed to what you needed to hear.

HANS VESTBERG: They didn't know what I thought because I never gave it to them. So I gave them the questions. So I had written my own white paper as I came in because I wanted to tell the board what I was planning to do. So I had never shared that with the top 250. So I had the questions outlined because I had my answers in the white paper. So they had no idea what I was skewing to. So that was my whole idea, to actually first listen to them and see that maybe I was thinking wrong and I can correct with their input. And I also gave people a chance to speak to me. Remember, I was a newcomer in the company. I'd only been one year in the company when I became CEO of a company, in that moment, having 150,000 people. So, of course, many people wanted to know, okay, that Swede coming in here, what can he do? Has he any idea what we're doing? So it was also a job for me to create less of a barrier to the guy that they had never heard about.

FRANK HOLLAND: So you mentioned being a European CEO. You and Michael Meibach, when I interviewed both of you about the Mastercard partnership, you both mentioned that. You really pointed it out that you're leading, basically U.S.-based companies as European CEOs. What's the difference? Spell it out for us.

HANS VESTBERG: There's no real difference. I mean I was leading a super-international company that had operations in 180 countries. This was not a Swedish company. It was a multinational company. I think about Verizon as a multinational, even

though many people believe we're only in the U.S. Our business-to-business is global and we serve probably 98% of the Fortune 500 so we are global, but of course, consumer business in the U.S. There are some differences in the U.S.

FRANK HOLLAND: You're hedging, you're hedging.

HANS VESTBERG: Yes, I try to hedge...

FRANK HOLLAND: No, no, you have to give us a real answer. There's too many people here. They want to hear a real answer. Is there something that European CEOs do better than U.S. CEOs generally?

HANS VESTBERG: No, you need to operate a little bit different. In the European environment, I would say people take your word lightly. They say that was good advice from the CEO, let's see what we can do better. In the U.S. environment, many times people are listening to exactly to what you say and just do it. So I think you as a leader need to be a little bit careful on how you speak and how direct you are. In Europe, I would be super direct to people - you do this. I wouldn't do that here. I would say, hey, these are some ideas, why don't you think about them, in order to get the right creativity, but also to give the empowerment you want to give to people. So it's a little bit different how you operate, but in general I love to work for Verizon. I love to be here, so

no worries.

FRANK HOLLAND: No one said any different. So it seems like you're also speaking to the difference of U.S. workers. And right here in the U.S. we have, a lot of companies are saying there's a labor shortage. I know Verizon is hiring. Are U.S. workers substantially different than workers in other parts of the world, other countries?

HANS VESTBERG: No. I think that they are equally ambitious. And I think the trends that we see in the rest of the world are happening here. Our employees are more caring about the purpose of the company, how we shop in society, and where we speak up, etc. So I think that trend doesn't really matter where you are in this world. The trends are so clear in that.

And the youth is curious about leadership, which never was the case when I started. I was happy with a paycheck. I'm like, hey, I work for a company. I think it's a much more demanding youth today, which is great because that's creating an even better company. It puts guys like me on the edge all the time to be prepared and do my right thing. So, no, I don't think there's a difference here compared to other countries.

FRANK HOLLAND: Well, I think there's a difference pre- and post-pandemic. I think people are now questioning their jobs a bit more, looking for more room to grow, maybe

even more satisfaction from their job. A lot of people are switching jobs now. Wages are also going higher. So as you're looking to hire people, and I know you're not going to do this personally, but as the company does, how do you deal with these twin forces – people looking to get more out of their job, including more compensation?

HANS VESTBERG: The brutal disruption we've had in our society, but usually we have a progression of everything and then you manage through a progression, but with this bad situation with the Covid of course, it's an enormous disruption of the work and work-life balance, health. So, of course, people are starting to reconsider what to do and what is right for them. That's healthy, but it's put a lot of stress in the system. That goes for technology as well.

Our technology, I have to say, has held up fantastically. But the pattern of using our technology has dramatically changed. Usually we can manage that over time. Now with all the disruption, immediately. And that also goes for employees thinking through what they want to do in the future. And I think there's going to be opportunities. I think we, as employers, are going to be more flexible, much more hybrid, because we found out it works. There's going to be pieces where you have to be with people because still people interaction is great. There's never, sort of we go back and, hey, we're going to be like in 2019 again. That's never going to happen. We'll just forget about it.

FRANK HOLLAND: Well, I think we have to talk about the elephant in the room, Covid-19. That's why we're not at The Economic Club of New York right now. That's why we're in your offices. You mentioned we're never going to go back to 2019. I think we all know that. But how are we going to interact with 5G differently now that the pandemic has happened as opposed to how we were going to interact with it before or at least how you thought we were going to interact with it?

HANS VESTBERG: I think one thing that was a change for us, because when we thought about our technology in the beginning, we built out every dense urban area because that's where you have challenges with capacity. And it's there where we want to do enormous new innovation, in a stadium or at the big center place like here in New York. So we built out our mmWave spectrum there in order to get, and of course, with Covid, people are not in those places, or they were not. Now they're coming back. So I think it was a short interruption. Now we see enormous growth of usage of high bandwidth in urban places – stadiums, public locations. So I have to say that's one.

The other is, of course, broadband becomes so important. I mean, you know, people will continue to do remote learning, tele-health, doing work from home. So broadband becomes even more important. And we leaped from probably five to seven years in this progression I talked about. We leaped from five to seven years where we should have been five to seven years. And things that I have been talking about for years, we need

remote learning in order to get everyone, regardless of where they're born or where they are, to get an education. Remote learning is the only way. Tele-medicine is the same.

In places on this earth, you know, everybody cannot have a hospital. I was born in Sweden where the hospital and the school were very close. Not everyone will have that. 5G and broadband will be the only enabler for that. And so that's the silver lining of all this, that we have leaped from that and I see enormous push from government, private companies, to see that we are bridging that gap.

FRANK HOLLAND: So you're in the telecommunications business, you're in a tech-focused business. A lot of other CEOs watching this, they're in different kinds of businesses. If you can give them some advice about how to integrate 5G into their business, maybe in a way they haven't thought of, what would it be?

HANS VESTBERG: I would say if you are an industrial company, then it's very much about having the network coming closer to you and being a private network where you own your own data because historically, there's a lot of data processing you want to do at the edge. Mastercard is a good example. We can process their data and take real-time decisions with 5G because the latency is low. That's in industrial use cases.

Private 5G network is what we are discussing with every huge corporation right now meaning you can use your phone inside the corporation and it's a private network and every data is used inside. You move outside the premises and you're on a commercial network of Verizon. And there you can start thinking what you can do. And, in general, I think then bringing the compute and the storage closer to you can also change the way you design your product because suddenly you don't need all the processes and capacity, the memory, the extraordinary cameras in the device. You can put them in the network. So that's a huge leap from how you need to think.

So basically we can take out things from robotics and put in a network instead of having the robotics. And now you reduce the cost and of course the efficiency of that type of device. So a lot of those types of things are happening at the moment. But it's, of course, a learning process, how you do it, it's a new technology. But we are on the extreme, I would say, technology edge in this because we are basically the only one in the world that has a 5G mobile edge compute with Amazon and with Microsoft.

FRANK HOLLAND: So you mentioned the business-to-business applications. Me, just as a person with a cell phone or a mobile phone, an iPhone, whatever you want to call it, what's the difference, what difference will I see today when it comes to 5G that I wouldn't have seen in let's say, March of 2020, before all this happened?

HANS VESTBERG: So I'll give you an extremely good example. I went to the NFL opener earlier this week in Tampa. So I had my 5G phone with me, and I went into the box app. And there, high up, it said do you want to have multi-view, 5G multi-view? So I pushed on that, one click, suddenly I have seven cameras, all from the stadium. And I can click in between them. I can have seven cameras, myself sitting in there, because the latency and the capacity is so good on 5G. So I can see the game, but I can have seven different cameras there. And even at home, you have only one view. On the phone now you have seven. That's one of thousands of ideas that we have. And right now we're integrating the multi-view in all the different team apps in order for their fans to have an in-stadium experience that is new, innovative.

FRANK HOLLAND: Interesting. So I'm going to put you on the spot. Which view did you choose? The Cowboys or the Bucs?

HANS VESTBERG: No, I follow, usually the quarterback to see what they're doing, or if they are throwing. Because as a handball player, you know, you want to see what they're going to do, throwing the ball or they're looking. That's what I thought was cool about it.

FRANK HOLLAND: Tom Brady or Dak?

HANS VESTBERG: Tom Brady was there, but I looked at both of them.

FRANK HOLLAND: I know you sponsor the whole league so you can't really answer.

HANS VESTBERG: No, I cannot.

FRANK HOLLAND: Let's get into something you can answer. 5G and cybersecurity. Cybersecurity has been a bigger and bigger issue. So many issues, whether it be Microsoft Outlook or other hacks that have happened. How is 5G going to keep networks safer?

HANS VESTBERG: So, remember, I talked in the beginning that the design of 5G was different than 1G to 4G because that was the consumer. So one of the characteristics of 5G is that even higher security on it. So we go from four 9's, 99.999 security and adding a 9. It doesn't say so much for people, but what I can say is that the phone is one of the most secure things you have because the interaction with the radio is even more cryptic than ever in the 5G era. So it's actually going to the next step of security. And that's why private 5G networking becomes very interesting for companies because the safety of 5G private network compared to wi-fi is far better.

FRANK HOLLAND: Okay, we're going to get a little bit in the weeds of 5G. I had to

google this myself. So earlier this year, you paid \$53 billion for 161 megahertz of C-Band. At the time you said it would enable 5G to about 100 million people. Can you explain why you made this decision? What does this mean for Verizon? What does it again mean for me, somebody with an iPhone that wants to stream movies and look up sports?

HANS VESTBERG: So, now a little bit, so there are different spectrums you can send your radio signals on. So they can be high up or they can be low band. Low band goes very far, but you have very small pieces of frequency so the data loads are very small. When you're high up, like what I call our mmWave, enormous throughput, but the range of coverage is not so good. It's shorter. The C-Band is in between. It's both giving good coverage and also very good speed and throughput.

And that was one of the areas we didn't have so much and right now we have the most C-Band in the market and in our portfolio we'll have mmWave, C-Band, low band so we basically have everything. And then you need to think about the phone needs to have all those features, all those spectrums. The network has to have it, the radios. So it's a long work you're doing to see that the customer gets the ____.

But to make a simple answer, we have to go in and get this fantastic coverage that we have on mmWave, in the stadiums, much further out. And in the first 12 months, we will

cover 100 million people with it and then it goes on from there.

FRANK HOLLAND: So boards are generally pretty diverse and bright groups. For example, you're on the board of BlackRock. You're on the board of the UN. I'm sure you have a great board, but when you told them you wanted to spend basically \$53 billion in Cap-X on something they can't touch, see, or hold, what was the response?

HANS VESTBERG: I think it was a very thoughtful response and a long discussion. This is not an easy decision. I mean it's an enormous lot of money. And even if I would say it was 53 billion Swedish krona, it would be fantastic, a lot. So jokes aside, this was a very thoughtful decision and actually we had worked with it for years. It was not like we called them up, hey, guys, I think in 2017 when I stepped into the boardroom, we had talked about Midband. So it was a long journey with the board. They knew it. Then it's an auction, you never know the price in an auction. But I would say we had 100% support from the board in our conversation, and we are actually building a network and have frequencies for generations.

It's not like for, during my tenure, it's for the guys coming after me and after me that are actually going to have the best spectrum position in the market. And if network is our business, is our strategy, this is sort of the liquid we need to have. So it's the right decision. Verizon will always be a telecommunications company. We'll always be in

network. So it's the right decision, but it's a big amount of money.

FRANK HOLLAND: But still it's definitely part of your vision. You're a big 5G advocate. So you had to go to them and sell them partly on your vision. I'm sure if you go back to the 80s, if there was somebody that went to their board, like, we should really ramp up production of Betamax. That's the future. And it turned out not to be the future. So how do you talk to the individual board members? Is it just like you talked to those 250 employees and explain your vision to them? Or is it always a group? Kind of, like explain to everybody out here, how do you sell somebody on a vision that costs \$53 billion, a Cap-X investment that you can't sell probably right away, you're going to have to hold on to it, and as you mentioned, it's for generations and generations, when most companies are governed by how they do quarter to quarter?

HANS VESTBERG: Yes. No, you're right. It goes back to what is your core strategy. What are you trying to achieve and what's the ambitions of the company? And remember, then I come back to my Slide 5. That was the vision and it's still the vision and it's not only vision, we're already executing. Our mobility case is already in the works. More than 20% of our customers are on 5G. They have premium unlimited plans, which is only 5G. So that's already happened. Fixed wireless access on 5G is already happening. And we have launched mobile edge compute, so we're actually executing all five of them.

So they have seen it from the rudimentary Slide 5 and then we start populating it with KPIs and they see that's the way we're going. And this is then the answer for us to both amplify that business case and accelerate it. So that was the conversation we had. But again, it was not one meeting. It has been over three years we have had this discussion. Then, of course, the auction is the auction.

FRANK HOLLAND: So today right now we're in the middle of the pandemic, when the pandemic ends, are we going to see any new use cases for 5G? Are there things that you're thinking about? Maybe you can give us a sneak peek for 5G that we haven't even considered yet, but we need to get past this hump, this bump in the road to even explore that.

HANS VESTBERG: No, I wouldn't give you any sneak peeks on any secret things, you know, but what is happening is that as the ecosystem is just increasing all the time, that's where innovation happens. As I said, we have more than 20% of our 120 million consumers having a 5G phone. The more of them that come on, the more innovation we need, the app stores will have the applications. There's going to be more multi-use, it's going to be AR/VR. We're working with companies like Snap to do certain things inside Snap that can only work on 5G. So we work with all these innovative companies to explore sort of the functionality of 5G so they can develop applications and we see that that is our model.

FRANK HOLLAND: So outside of business, we mentioned you're more than just a business person, you're also a tech advocate. You're very passionate about the idea of connectivity and what it can do in the world. You're also involved in the UN. What can connectivity do outside of business, just for the world? And why is it so important for us all to be connected?

HANS VESTBERG: So this journey started very early on and some might remember the Millennium Development Goals in 2000 to 2015 and I was exposed to that in 2007 and '08 in Africa. So when we put up connectivity in Africa, suddenly the village existed and suddenly they can get information and suddenly it became part of our society. That was such a strong experience for me so I felt that, wow, if I can ever speak about the importance of technology for all stakeholders and being connected, I'm going to do that. And I came up with this sort of 21st, the 21st century infrastructure, mobility, broadband and Cloud. Every citizen in the world should have mobility, broadband and Cloud because we will not have the same luxury as some of us had with the hospital and school close by, getting information easily. So mobility, broadband and Cloud can enable that.

Since then, I've been working with that. That was part of formulating the SDGs, of course. We had Goal 18, which, you know, everyone know it was 17, so I lost. The Goal 18 was actually mobility, broadband and Cloud for every citizen on this earth. We didn't

come that way because it was too complicated probably. Of course, in the Sustainable Development Goals, mobility, broadband and Cloud is involved and embedded in all 17 in order to achieve them. So I still work a lot with that.

And, of course, when Covid came, I reignited that idea about SDG18 and actually have rallied some 50, 75 of the CEOs of the world working together with the World Economic Forum in something called the Edison Alliance where I'm the chairman with a clear goal of getting as many people as possible being connected, focusing on education, healthcare and financial inclusion. That's what we are starting with. So we have a great group of people and champions working every day, contributing from public and private sector to do it.

For me, it's sort of what I learned on my journey, and I feel it's important for our company because this is what we're doing. But not only that, it's important to me as a person because I have been fortunate in my life. I want to see that whatever I can do to get more people getting the same opportunities as I had, I want to give them.

FRANK HOLLAND: You know, speaking of that, at CES, you mentioned some of the social unrest in our nation. How does connectivity, how does tech and 5G, how does that play a part in kind of mending those wounds or can it? I know a lot of us look at social media as being sometimes dividing. That's one form of connectivity, just to be

honest. Are there other forms of connectivity where 5G, are there other use cases that can bring us closer together? We've seen the power of connectivity to create social change. For example, the Arab Spring. Can it bring us together?

HANS VESTBERG: Of course, there are different views in our society in these days, but I think that ultimately the more possibility to get information to people by being connected is better. Then we just need to see that they get the breadth of information. The worry with the society today is that you're doubling down because of your interests all the time. Let's assume you like an NFL team. You follow the NFL team on social media. You get a lot of information on that. I think it's important that we continue to broaden the experiences because that is bridging gaps in our society. Not saying what is right or wrong, but we need to just do that. And I think that connectivity will do that.

And remember, as a society, the first time you connect deeply in Africa, the first thing they do, they googled their own village. That's the first thing they do. They wanted to know what is existing about our village, to learn about, because they want to talk to each other, what they know. But then they google the village. It's mind-blowing how they think. So that's what I'm saying. That is bridging gaps, and then diversity between people to bring them together. I think, for me, it's an important piece. And for governments, to reach all the citizens, to give them the same service – healthcare, education – it becomes the vehicle.

FRANK HOLLAND: So you mentioned some of the gaps that exist. What's the number one gap you, as a person, what's the number one gap in your mind that needs to be addressed?

HANS VESTBERG: I think it's different for different countries. I think in the U.S., of course, there's a broadband gap to a certain extent. I think that some of us were building crazy, we're buying spectrum for \$53 billion so I guess we're going to build every inch of this country.

I think you divide the problem in three parts – accessibility, affordability and usability. Accessibility, you have broadband, and I think we're building that in this country constantly. Then it's affordability. Sometimes you cannot afford it, even though it's existing for you. And you don't want to do an inferior service that doesn't work because you need to be working or healthcare. In many countries, they have a subsidy model for that. That's there for food stamps. They have for broadband. And finally, usability. In many cases, you have broadband, you can afford it, but there's no application with tele-health medicine or remote learning. So then it's useless.

Of course, you can stream Netflix if you want to, but that was not my idea. Netflix is fine, nothing against them. It's more about how do you use it to get social inclusion and get the same opportunity for every individual in our society. Then you need also application.

And that's why I talk to the U.S. government. I talk to any government in the world.

Accessibility, affordability, usability. Where do you need to put your government's effort to see that you make that happen? I think in the U.S., it should be skewed to the right.

FRANK HOLLAND: What do you mean by that? When you say skewed to the right in the U.S., that means something different.

HANS VESTBERG: No, no, I count, you know, from left to right. Accessibility, affordability and usability, so I think it should be more on affordability and usability than accessibility because all the carriers, my colleagues, competitors, they are building broadband as much as they can all the time. So make the money to work on the other side. I think that's going to be important.

FRANK HOLLAND: Let's get back to more of you as the CEO. You just mentioned your competitors are building broadband and 5G networks as well. How do you compete when in general 5G is agnostic? I mean if it's 5G, I would think it's just 5G, but correct me if I'm wrong.

HANS VESTBERG: First of all, you design the network different. So it depends on which customer base you have, you can build this network very different. If I only have consumers, I would build the network in one way. I have consumers, I have large enterprises, I have small enterprises. I have wholesale business. I have public

companies. So I would say that, or federal agencies, so I need to build out all the capabilities of 5G. That's very different from the others. That's why I have three business cases on my network – fixed wireless access, mobility, and mobile edge compute, or Cloud computing at the edge. Not everyone will do that because they don't have those types of customer groups. So you differentiate how you build the network, how the network performs, and then what type of applications you do on top of it.

FRANK HOLLAND: So going forward with 5G, are you trying to differentiate or are you trying to compete and be “better” than the other people?

HANS VESTBERG: In some areas, I compete. In others, I'm, I mean if you take 5G mobile edge compute, I'm the only one in the market doing that. So I'm creating that market. Fixed wireless access, yes, that's broadband business, so you compete on broadband in general. It's just that I can do it another way. And then on the 5G mobility, then I compete not only having the best network, I also compete with the things we talked about in the beginning. I'm exclusive with Disney+, Discovery+, Apple Music, gaming, the Arcade, etc. And I build that loyalty on top of it so you can differentiate a lot. I think we differentiate enormously in the market with the brand that we have, the network and the distribution.

FRANK HOLLAND: You mentioned you stayed away from being a content creator like

some other companies have. So when you stay away from being a content creator, what are you focusing more on or what things are maybe on the fringe, outside of your core capabilities, are you looking at? Because obviously content creation is not one of your core capabilities.

HANS VESTBERG: No. We focus on the network service, to build the network and then having platform. Our building is a platform. We probably build more people in the U.S. than anybody else. Our platform that we're using for our customer, the network, we can do for other companies. And there are actually cable operators using our network for their customers as well. So we monetize the network in different ways because you have a network service strategy. So I would say that we have millions and millions of consumers on a network that is not on a Verizon brand. They're on other brands. So that's how I think, you know, to monetize our investment in a network, in a spectrum, all of that, to see that we get the best return on the investment in order to have as much usage on the network as possible.

FRANK HOLLAND: So I don't want to tie you down to a number, but what's success when it comes to 5G?

HANS VESTBERG: I think that success of 5G is that we continue to grow and give service to our customers that they really like. I think that's really the success.

Remember also, it's very easy to say that, hey, what is the success of 4G? I mean without 4G, Verizon and others, if someone had not invested in 4G, I think they would be out of the market today. So you need to understand the stakes are high. You always need to be the latest technology. The device is going to be the latest technology. Everything plays together here. So if you're not into it, you have a big risk of not even winning. So for me it's not only winning and taking more share, it's also about seeing that I keep what I have because we have a pretty good business.

FRANK HOLLAND: You mentioned share. So is the idea to get a certain share of consumers, a certain share of business, a certain share of enterprise? What's the goal?

HANS VESTBERG: I think we have a little bit of all. Usually we work with the growth of our service revenue, that actually our customers are spending more with us every month. And that's why we add in. So think about this, out of all my customers, I still have a portion that are on a metered plan. I move them into unlimited. Then I move them to unlimited, unlimited premium. And then I include them in Discovery, Disney+. That's how I move up and grow with them. And then, of course, there's a pool of switchers in the market and some new customers coming in that you can capture as well. And then on top of that, we are about, we're in the middle of the finalization to get approval for acquisition of the TracFone, which is 20 million prepaid customers, which had not been an area for us. So that is also adding into the usage on the network in

order to get the best return.

FRANK HOLLAND: The last question and toughest one, in one sentence – I know you're a talker – in one sentence, what would make your tenure as CEO, which we hope is going to last a long time, what would make it successful?

HANS VESTBERG: That all the four stakeholders are happy when I leave.

FRANK HOLLAND: There you go. Wow! You actually did it.

HANS VESTBERG: I know, it's hard.

FRANK HOLLAND: Madam President, thank you for the time. Back over to you.

PRESIDENT BARBARA VAN ALLEN: Many thanks to you both. Wow! How exciting about 5G. Anyway, thanks, your time and insights were so valuable. We really appreciate it.

I'm pleased to report that we have many great speakers lined up for the fall, and I'm just going to run through a few of those really quickly. John Williams, who is, of course, Chair of the Economic Club and President and CEO of the Federal Reserve Bank of

New York, will address the U.S. economic outlook on September 27th. Shivani Siroya, the Founder and CEO of Tala, on September 29th, will discuss her mission to accelerate the financial health for underserved populations. Charlotte St. Martin, the President of The Broadway League, will be with us September 30th. She'll be discussing the reopening of Broadway. And then later this fall, we have Rob Kaplan from the Federal Reserve Bank of Dallas. We have Gina Raimondo, the Secretary of Commerce. And, of course, The Honorable Christopher Wray, who is the Director of the FBI. And you'll see there as well, we have Bob Sulentic, President and CEO of CBRE with Mason Morfit, who is the President and CEO and CIO of ValueAct Capital. That'll be our first event in November. So if you joined us today as a guest and are interested in finding out about membership, please just let the Club know through the email on the screen.

And finally, I'd like to thank those of our 337 members of the Centennial Society joining us today as their contributions are the financial backbone of the Club and help enable us to offer our wonderful, diverse programming. And thank you everyone. And again, stay safe and healthy. And Frank and Hans, again just a great conversation. Thank you so much.