

"We are the ‚David‘ of the industry..."

Stephan Esch was one of freenet's founding members from the very beginning. As the CTO, he takes a personal look at the developments and challenges of the company's first 25 years, recognising its strengths, managers and perspectives.

Stephan Esch ...

... about the intensive start-up years

They were characterised by an insane spirit of optimism and the incredible intensity and productivity of our work. We were a fairly small team of around 40 employees. Our normal working day rarely ended before 8 p.m., followed by our daily management meetings. There we discussed developments, new ideas, products and projects – often late into the night. And the next morning, we continued with our daily business.

A manageable team in half a rented floor at Deelbögenkamp in Hamburg naturally allows for very quick decisions – for our freenet today with many more departments, sites, subsidiaries and thousands of employees, the conditions are of course completely different. Especially as we initially took on many functions in one person and thus reduced the amount of coordination between us.

Our growth was correspondingly strong in the first few years– with initially small company acquisitions, new offers such as DSL Internet access and later the takeover of the fixed network business from the parent company mobilcom. freenet was already the second largest online service behind Deutsche Telekom in 2002; the "David" freenet had already overtaken the Goliath AOL.

... about the big M&As until 2010 ...

We were well utilised with our organic growth; in the second half of the noughties, however, we were faced with two nerve-wracking external issues.

First of all, there were mobilcom's problems with its partner France Telecom, which threatened its very existence and failed to meet its billion-euro financing obligations from the acquisition of the UMTS licences. As a subsidiary of the faltering mobilcom, we were involved. This led to a de facto "reverse takeover" in 2007 – i.e. the takeover of the parent company by the subsidiary. As freenet Executive Board members, we also took over the mobilcom management.

The second major challenge in 2008 was the impending takeover of freenet by United Internet together with Drillisch. We developed the defence strategy of taking over the larger service provider debitel instead. This made freenet several billion euros more expensive and therefore impossible for the threatened takeover by United Internet and Drillisch.

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... and their consequences for the CTO

The three companies – freenet, mobilcom and debitel - each had their own IT, which now had to be merged. In addition, debitel had bought its competitor Talkline the year before and was therefore involved in a complex IT migration – the so-called “Rainbow Project”. Creating a new, functioning IT system for these three providers was a project that was unprecedented on this scale – and definitely kept me from getting bored for over two years.

... about cultural consolidation,

The challenge for Christoph Vilanek was of a completely different nature, but no less great: in 2009, he took over as CEO of a company whose new core business now consisted of three Mobile Communications providers that had previously been in fierce, not to say bitter, competition. And their employees were generally not very enthusiastic about the takeovers. We had to form a powerful unit from these very heterogeneous companies at different sites in Germany, develop a common strategy and form of cooperation – create a new sense of unity. It was a long, arduous journey, because nobody likes to give up their familiar identities, routines and work processes.

How was that achieved? Christoph approached the employees with a great deal of empathy and listened to them to get a feel for their mood, expectations and fears. He managed to weld together the best of the “three worlds” to create a new company. To this day I experience direct dialogue with employees, openness and transparency as essential components of our corporate culture.

Another key point for the “we-feeling” that emerged at the time was our “Expedition Future”: freenet brought all employees from across the country together for a weekend in Berlin to celebrate a huge party at the former Tempelhof Airport.

... skilful portfolio management

Due to the merger of mobilcom and debitel, we had accumulated considerable debt; as a result, skilful portfolio management was required to get back into safe financial waters: We successively sold subsidiaries and shareholdings that were not essential to the core business; we made financial investments that brought us a three-digit million profit when we later resold them; and we acquired sales-oriented companies and shareholdings that strengthened our competitive position as a digital lifestyle provider. All of this contributed to freenet’s very solid balance sheet today.

... and new growth segments since 2010

Another important achievement of Christoph Vilanek is that he has identified an additional, very high-growth pillar for freenet – the TV and Media segment. Our traditional core business of Mobile Communications is crisis-resistant and profitable, but the market has been saturated for many years. By contrast, the prospects offered by the buy of Exaring as the operator of waipu.tv are forward-looking – both for our company and for the financial markets: this makes us the fastest-growing IPTV provider in Germany.

... about the unchanged DNA of freenet

Today, we are very well positioned in every respect: We reliably deliver very good figures, are strongly committed to our employees and sites. Today, we are a mature company with appropriate structures. And yet, in essence, we are still the same freenet as we were 25 years ago – certainly grown up, but still the industry’s “David”. We operate in small units at our nine locations – with a great deal of room for manoeuvre and responsibility for each individual employee. The best example and always a great pleasure for me personally is “freenet.de” – our portal business the very beginning: integrated into the large Group, it still functions very well and smoothly with around 70 people, just as it did 25 years ago.

We are and will remain “the small ones” and have much less monetary capacity and resources than our large competitors. Nevertheless, we must remain in attack mode and thus maintain our typical advantages as a medium-sized company. Once again, we will also fulfil our communicated ambitions with regard to increasing profitability in the coming years.