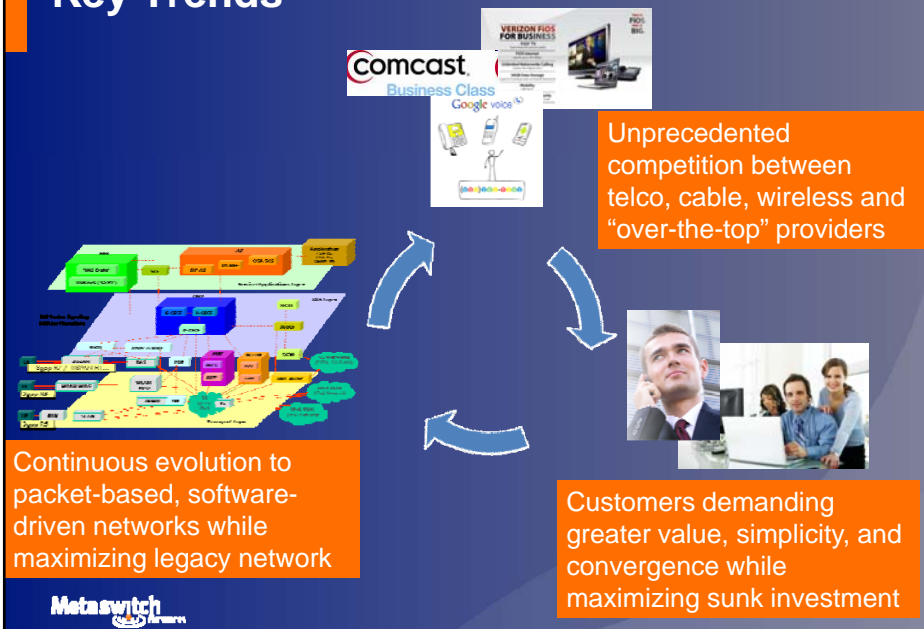


# Wireline Product Strategies for the Wireless Era

March 15<sup>th</sup>, 2010



## Key Trends



## Implications for Carriers



- ➔ Service innovation and delivery at the speed of Google Labs, not Bell Labs
- ➔ Multi-screen interface to personalized services
- ➔ "Horizontal" service delivery architecture for IMS, NGN and legacy networks
- ➔ ... all while meeting customers' demand for quality and reliability



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## Business Evolution -- Carrier Perspective

Loyalty

Services

Standalone Voice & Broadband Internet



Enhanced SIP Trunking Conferencing



Hosted PBX Remote Worker Auto Attendant



Unified Messaging FMC

Pipes



Revenue

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## Wireline Product Strategies in a Wireless Era

*Sprint Wholesale Mobile Integration  
March 2010*

*Your inspiration, made real.*




5

## Business Wireless Has Great Growth Potential

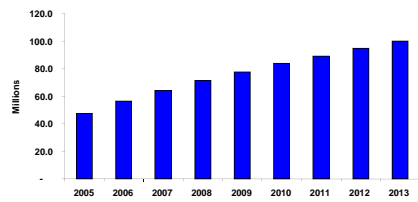
### Business Subscribers

- > Business subs are expected to represent 31% of overall subscriber base by 2013
- > Business subscriber growth (7.1%) will outpace consumer growth (2.3%) over forecast period
- > Multiple plans/devices per subscriber will generate new sub opportunities

### Business Revenue

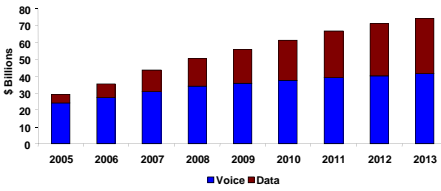
- > Business data ARPU is expected to grow from \$20 in 2008 to \$28 in 2013
- > SMBs hold great potential to migrate from voice-only plans to voice/data plans and advanced apps - mobile email opportunity should not be underestimated

**U.S. Business Subscribers**





Year	Subscribers (Millions)
2005	45
2006	55
2007	65
2008	75
2009	85
2010	90
2011	95
2012	100
2013	105

**U.S. Business Revenue**



Year	Voice	Data	Total
2005	25	5	30
2006	30	10	40
2007	35	15	50
2008	40	20	60
2009	45	25	70
2010	50	30	80
2011	55	35	90
2012	60	40	100
2013	65	45	110

6  
6  
6

## What's driving FMC?

Two phones & two networks creates problems

### High Cost:

- Support and cost of two overlapping networks
  - 60% of mobile phone calls are made from within a building
  - 30-50% of mobile calls are made within reach of a desk phone

### Poor user experience:

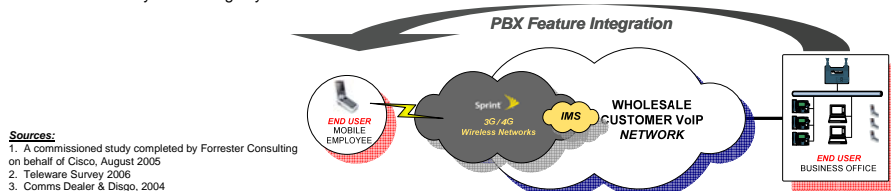
- Two phone numbers, two voicemails make people harder to reach
  - Only 20-30% of calls reach their intended participant on the first try
  - 50% of companies experience project delays or halts due to difficulty in reaching key decision makers

- 25% of companies have experienced a loss of business as a result of inefficient internal communications

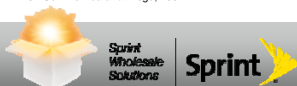
### Wireless usage has increased dramatically:

This year, mobile voice will represent two thirds of an enterprise's voice spend

- 80% of business users use both wireless and wireline phones
- Nearly 30% of employees use their mobile phone as their primary work phone (IDC, 2006)



**Sources:**  
 1. A commissioned study completed by Forrester Consulting on behalf of Cisco, August 2005  
 2. Teleware Survey 2006  
 3. Comms Dealer & Disgo, 2004



7  
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## Wholesale Fixed Mobile Convergence Enablement

Sprint enables integration of mobile handsets with your managed VoIP (pre-based or hosted) service by leveraging Sprint's IP/IMS network based MVNO solution

### End User Benefits

#### Reduce Overall Costs

- Utilize existing network infrastructure and wireless devices
- Reduce or eliminate large scale PBX and desk phone CAPEX & OPEX
- More efficient voice trunk usage

#### Improve Productivity

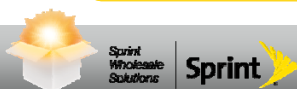
- Single number for improved reachability
- Integrated single VM
- Support for common abbreviated dial plan & feature set
- PBX features extended to mobile

### Wireless Wholesaler Value Proposition

- Adding wireless service allows a service provider to own the entire customer experience
- Network-based FMC enhances value of your MVNO Offering
- Increases your wireless penetration ability
- Gives you 'Cord Cutter' service capability /Desk phone replacement
- Allows you to tailor mobility features to your SMB customer's handsets

### Sprint's Full Portfolio of Wholesale Wireless Services

- Pre- and Post-paid services
- Traditional or Turnkey back-office solutions
- Nationwide Sprint wireless voice and data network
- Robust suite of voice and data applications
- Handset based and Web Portal based service management capability
- Broad selection of white label devices
- 10 years of MVNO experience



8



Fixed Mobile Convergence  
From a Landline CLEC Perspective  
CompTel Fall 2010, Nashville

Jason Mills  
President & CEO

[jmills@utilitytelephone.com](mailto:jmills@utilitytelephone.com)

209 940-1010

## Utility Telephone

- Traditional CLEC with next-gen IP voice platform
- Providing landline portion on our switch
- No wireless network of our own
- Need to support all wireless carriers
  - MVNO not complete option
- FMC an upcoming requirement
- Concerned about Fixed Mobile Substitution
- Have already created web-presence component to extend wireline experience to the desktop

## Customer Desires

- What do customers want?
  - Conserve wireless minutes
  - Use their existing wireless device & carrier
  - 4 digit dialing support
  - Keep in touch with coworkers and customers while maintaining mobility
  - Universal access to Contacts file
  - Single voicemail box with “visual” access
  - Desktop access to features and setup

## Carrier Desires

- Want to create “sticky” services
- Retain billable MOU on-network
- Stay ahead of premise-based solutions
  - Microsoft OCS, Cisco Call Manager, ShoreTel
- User/Customer self administration



Phonebooth.com

**Fixed Mobile Convergence Panel  
CompTel - March 15, 2010**

Brian Dally  
VP Product Strategy & Mobile Solutions  
[bdally@bandwidth.com](mailto:bdally@bandwidth.com)  
919-442-8625



## Phonebooth Free


A free, full-featured cloud/hosted phone system, perfect for a small business or "free agent"

- Free **local phone number** for your business
- Sound like a legit company with an **auto attendant**  
(Press 1 for Sales, Press 2 for Support... etc.)
- **Unlimited "extensions"** for your employees or partners
- **Read your voicemail**, with VM-to-email & text transcription
- **Find Me Follow Me** forwards calls to user's cell phones
- **200 free minutes** of inbound calling (6¢ additional)
- Includes new **Contact Us Plus** feature (described later)




*"A small business should never pay for their first phone system."*




 Phonebooth.com

# Industry Evolution







**Business Internet**  
Compare T1, Bonded-T1, T3 & Ethernet pricing; rely on our 24x7x365 support.





**Business Voice**  
Metered or Unlimited Local & Long Distance with SIP Trunks or Phonebooth OnDemand.

introducing the  
**FlexNetwork**  
A next-generation IP voice network built for **Voice 2.0**

Featured Customers





 Phonebooth.com

# Consumer Demand



**LG 5350 (Sprint, 2002)**





**HTC Hero (Sprint, 2009)**



**Polycom SoundPoint IP 670**





**Thank you!**

**Brian Dally**  
**VP Product Strategy & Mobile Solutions**  
[bdally@bandwidth.com](mailto:bdally@bandwidth.com)  
919-442-8625



## Fixed Mobile Convergence



**“ENABLING WIRELESS AND CONVERGENT SERVICE PROVIDERS”**

PC MANAGEMENT

# Fixed Mobile Convergence

Fixed Mobile Convergence in 8 minutes

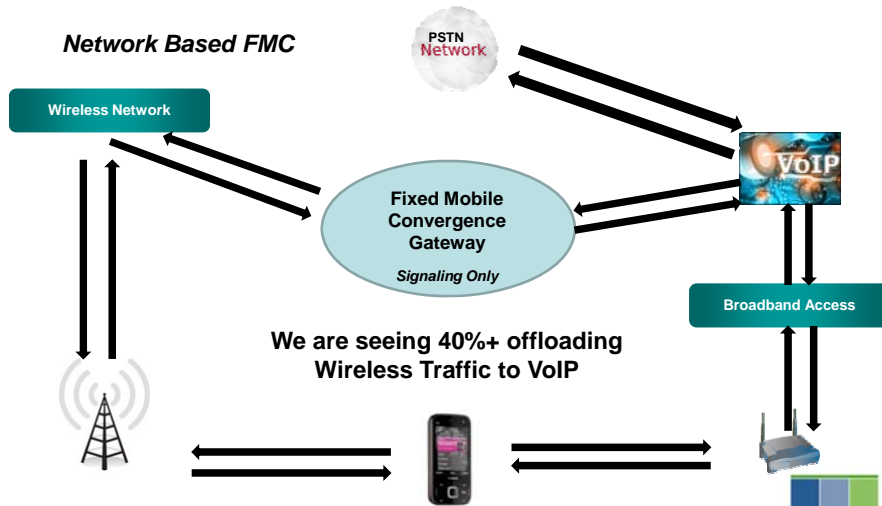


What is it and what does it mean to me?



## How Does it Work?

*Network Based FMC*



## Customer Value Proposition

- True one number functionality.
- One Voicemail System
- One handset for landline and wireless services
- Better coverage in home, office and VoIP will work from any WIFI Hotspot
- Seamless handovers between traditional wireless networks and VoIP environments without customer interaction
- More attractive pricing due to better carrier economics (unlimited plans)



## What does it mean for Service Providers?

### Age Groups

	Average	WLS
Percent Ages up to 29 - Youth	4.6%	5.0%
Percent ages 30-39 - Young Family	12.5%	11.6%
Percent ages 40-49 - Family	19.4%	18.8%
Percent ages 50-64 - Mature Adults	25.6%	27.0%
Percent Age over 65 - Seniors	19.1%	14.7%

### Income

	Average	WLS
Income Unknown	13.6%	16.5%
Poverty 0-24K	4.6%	5.0%
Lower Income 25-49K	28.2%	30.2%
Lower Mid Income 50-74K	16.5%	16.7%
Mid Income 75-99K	8.6%	6.6%
Upper Mid Income 100-200K	11.0%	7.4%
Wealthy 200K+	.1%	.1%



## Customer Demographics

### ARPU and Penetration Comparisons

	Average	With WLS
Customer Spend (Excluding Wireless Revenue)	\$41.73	\$65.10
DSL Penetration	27.80%	41.60%
Bundle Penetration	27.40%	58.20%
TV	1.20%	6.50%

Although They Don't Fit a Certain Age or Income Profile, Customers Buying Wireless have a Higher ARPU and Penetration of Other Products and Services



## How Voice Churn was Effected

Data was pulled from 1 complete Quarter

**Customers who had bundles W/O Wireless .....1.3% Churned**

**Customers who had bundles Wireless ..... .2% Churned**

**For every .5% drop in churn you add 4 years to the life of a customer!**



# *Questions?*

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**"ENABLING WIRELESS AND CONVERGENT SERVICE PROVIDERS"**

