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## DESIGN NOTES:

Before the fledgling Chicago-based *Telecom Business* was even fully staffed, the magazine retained Buster Designs to create a fresh look and easy-to-use design template for their soon-to-be-launched publication. Additionally, various collateral items, including a media kit received the new Telecom Business treatment.

# Telecom BUSINESS™

IDEA ■ STRATEGY ■ OPPORTUNITY / WWW.TELECOMBUSINESS.COM

## How Big is Your Bundle? p.33



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## COVER STORY

# How Big is Your Bundle?

**33 SIZE DOES MATTER WHEN IT COMES TO ENHANCED SERVICE PACKAGES** / Despite a rocky start, the bundling bandwagon is gaining momentum. Still, there are literally dozens of people that don't understand the difference between bundling, bungling and bumbling. Furthermore, their relationship to the bandwagon is a mystery to some. ▲ BY HARRY POTTER



## SPOTLIGHT

**44 THE ROADSHOW MUST GO ON / Hints for preparing a killer investor presentation ... and surviving the roadshow** / The road to success in the new economy is littered with the corpses of perfectly fine business plans. Avoiding the untimely death of your great idea requires a winning investment presentation and a studied approach to selling yourself and your team. ▲ BY IVANA BETTERDEAL



**22 MANIFEST DESTINY / Service providers' quest for a market-spanning strategic model** / With everyone from cable providers to wireless carriers fighting for their slice of the telecom market pie, integration is the order of the day. Avoiding the untimely death of your great idea requires a winning investment of both time and money.

▲ BY UPTON O'GOODE



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Throughout every issue of Telecom Business, the WebWise logo is an indicator that there is more in-depth coverage of this topic on our website at [www.telecombusiness.com](http://www.telecombusiness.com)



# The Cat's Out of the Bag

As if Ike wasn't bad enough, now we have Nancy!

MICHAEL BURR / Editor in Chief

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*Michael Burr*  
MICHAEL\_BURR@INTERTEC.COM

# Built to Last.

## Winning strategies for long-term success.

- CEO devises a plan to lure Wall Street back in.
- Amidst struggling CLEC industry, big players roll out more bundled services.
- Winning residential strategy concerns analysts.
- RBOC's remain an obstacle to the industries' success.

BY GEOFFREY ELDRIDGE /  
Market Analyst, Price Waterhouse

● He explains the carriers don't have "to be all that involved in learning or deploying those applications because they all could be running at a hosted center like Navisite." He adds, "The CLEC is just offering the service and Navisite is behind the scenes, if you will ... in a sense that's how Navisite, in a large part of our business, is enabling companies to become ASP's. Navisite actually has a broad range of application services and many of our partners essentially pick and choose the types of services they want to offer."

There appears to be various marketing options open to the carriers. Seaton says, "It's pretty flexible depending on what the CLEC wants. If they want to maintain the single point of customer contact, and we have some customers that want to do that, then in essence we are almost the sub-contractor behind the scenes. They are marketing those services on a branded basis."

### SEVEN MAJOR CATEGORIES

He adds, "In other cases we have (ASP) partners-where either we or other (software vendors) have actually created the applications-branding and marketing the service and are doing that hand-in-hand with the CLECs."

The larger IT vendors, such as EDS, Lucent and IBM, have not



PHOTOGRAPH: JIM KELLY

ignored the huge possibilities of partnering with CLECs and telcos. Telecom Business magazine talked to all of them.

EDS from its Plano, Texas, headquarter has organized a unit to offer wholesale ASP services to telcos and CLECs. According to John Wilkerson, president of EDS' Global Indirect Channels Group, "They are looking for new sources of revenue as they go forward. One of the things they find is they may not have the operational efficiency over the long haul that would give them scale and the opportunity to create and sustain significant margin in some of these phases. That's where EDS plays." He adds that "ASP activity is a good thing for EDS and for the CLEC." EDS feels that CLECs are looking for additional revenue streams within the context of a one-stop marketing plan.

EDS is offering seven major categories of applications that

include personnel productivity, messaging, e-commerce, CRM business support services, and some vertical market programs. Within the seven major categories EDS has sub-segmented into specific application areas. For example in the e-commerce segment it offers sales and marketing, procurement, order management, customer service and support applications.

EDS feels "the CLEC (has) an opportunity to build a robust portfolio of service offerings unique to



SATELLITE INSTALLATIONS IN ARIZONA WILL GIVE EDS A RETAIL ADVANTAGE.

their client base." EDS is willing to consolidate billing with the carrier's system or separately.

**EDS Retail Margin.** Byrne Mulrooney, the EDS group's vice president, explains, "We give them a wholesale price and we give them views of what the final retail price should be based on our experience in the market place, and obviously the difference between the wholesale and retail is where they get their margin. But depending upon how robust the number of applications that we would add and how they would want to bundle them to sell it to their end user is going to determine what kind of margin they are going to have."

Jeff Kaplan, director of strate-

gic marketing for Lucent's Network Care Professional Services Division, says the company announced a full portfolio of professional services aimed at the CLEC late this past spring. He referred to it "as a service works for what we call cyber-carriers." He says they are carriers, some of which include ASP's, who are building out major data centers and delivering both voice and data and application services.

a program to move web hosters from consumer business to the business marketplace. Companies so that they have new channels of distribution. "We provide hardware and software services to help ASPs and ISPs build robust infrastructures for doing business."

Jackman feels "a lot of ASPs are moving into the e-markets ... into transaction-based software." IBM is promoting its middleware

### WHO'S NEXT IN LINE?

There appears to be various marketing options open to the carriers. Seaton says, "It's pretty flexible depending on what the CLEC wants. If they want to maintain the single point of customer contact, and we have some customers that want to do that, then in essence we are almost the sub-contractor behind the scenes. They are marketing to maintain the single point of customer.



He feels that carriers have "an additional opportunity to deliver application solutions to further differentiate themselves from other CLECs." Kaplan says, "ASP's are plowing a whole new market of opportunities in the form of packaged application services." He suggests that a carrier in partnership with an ASP gives it "a greater opportunity to penetrate an account ... building upon that initial foundation with a portfolio of applications or IP solutions" as a path to success.

**IBM Hosting Advantage.** IBM is a partner with Lucent in offering the cybercarrier program to optics-based carriers. Jan Jackman, senior vice president of IBM's NetGen Group, says Lucent has "a network architecture that they've defined for this new optics space network and we're working to certify our products as part of the overall architecture." She explains, "Everybody is trying to find new revenue streams and how to build value-added applications on top of that infrastructure investment."

As a result, IBM created a new offering called Hosting Advantage-

software and through its ISV program has certified over 30,000 software programs that can sit on top of that middleware. "All of our software is based on open-web standards-JAVA and XML-based. It's important in a networked world (that) you have to have interoper-

## A lot of ASP's are moving into the e-markets ...

ability. We've stayed pretty much on open standards for interoperability between the applications."

■ Cisco Systems, Inc. is in the process of acquiring ArrowPoint Communications, Acton, Mass., a provider of content switches that optimize the delivery of web content. Coupled with Cisco's Internet infrastructure, ArrowPoint's products are expected to enable ISPs, web. In addition, ArrowPoint's solutions should strengthen Cisco's presence in emerging markets that include ASPs, AIPs (Application Infrastructure Provider) and "dot com" companies. The Application Service Provider Industry

■ Consortium, founded in May of 1999, is an international advocacy group of more than 460 companies formed to promote the application service provider industry by sponsoring research, promoting best practices, and articulating the measurable benefits of this the very best thing for everyone involved in evolving delivery model. As well as serving as a forum for discussion and sponsoring research.

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GEOFF ELDRIDGE IS A SENIOR MARKET ANALYST FOR PRICE WATERHOUSE SPECIALIZING IN THE TELECOMMUNICATIONS AND FUR TRADING INDUSTRIES. HE OWNS A BEAGLE AND COLLECTS ANTIQUE TOUPEES / G\_ELDRI@PRICEWATERHOUSE.COM

TOP STORY

# Merge and Splurge is out in Indonesia.

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**THE BIGGEST PROBLEMS FACING PARENTS COMES DOWN TO SCHOOL PROGRAMS**

