



PR1ME INSIGHT + FOCUS

Research First Announces 2005 Seminar Series

BY ELLIS D. HILL

Since 1988, Research First has been holding sales and marketing seminars specifically for telco service providers and vendors. And I am proud to announce that we will continue to conduct three quality, interactive forums in early 2005 (see schedule lower right):

Network Services Marketing 2005
Broadband Services 2005
Sales/Care & Operations 2005

Each year following our events, we collect comments from our attendees' evaluations to guide us in developing programs for the future. This year we also recently polled our alumni through online surveys to gather feedback on the most

current and relevant topics in network services, DSL/broadband and sales/care issues.

Our surveys indicate that several issues are particularly relevant including strategies to reduce churn, to increase retention and revenues through bundling and value added services, and to compete with MSOs and non-traditional service providers (VoIP, wireless) - to name just a few.

Each of these events will be held at the Hyatt at Fisherman's Wharf in the heart of downtown San Francisco, within walking distance of the historic waterfront and wonderful seafood at Fisherman's Wharf,

as well as Pier 39's harbor cruises and shopping, Ghirardelli Square, and much more.

We hope that you and your colleagues will join us this year at one or more of these events.

*Ellis Hill, RFC President, founded RFC in 1987 after 12 years at BellSouth. 205-995-8866
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RFC's 2005 seminars will be held in San Francisco at the Hyatt at Fisherman's Wharf, a great opportunity to bring your significant other to a wonderful location.

MARK YOUR CALENDARS...

RFC'S 2005 SEMINAR SERIES

... designed for telecom directors and their managers in product, market, sales and distribution management.

**Network Services Marketing
2005 Seminar**
(formerly "CLASS Seminar")
February 2-4, 2005

**BMMA Annual Meeting /
Broadband Services 2005
Seminar**
April 4-5 / April 6-8, 2005

**Sales/Care & Operations 2005
Seminar**
April 27-29, 2005

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www.researchfirst.com

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Lucent VoIP Market Research Shows Demand

BY ELLIS D. HILL

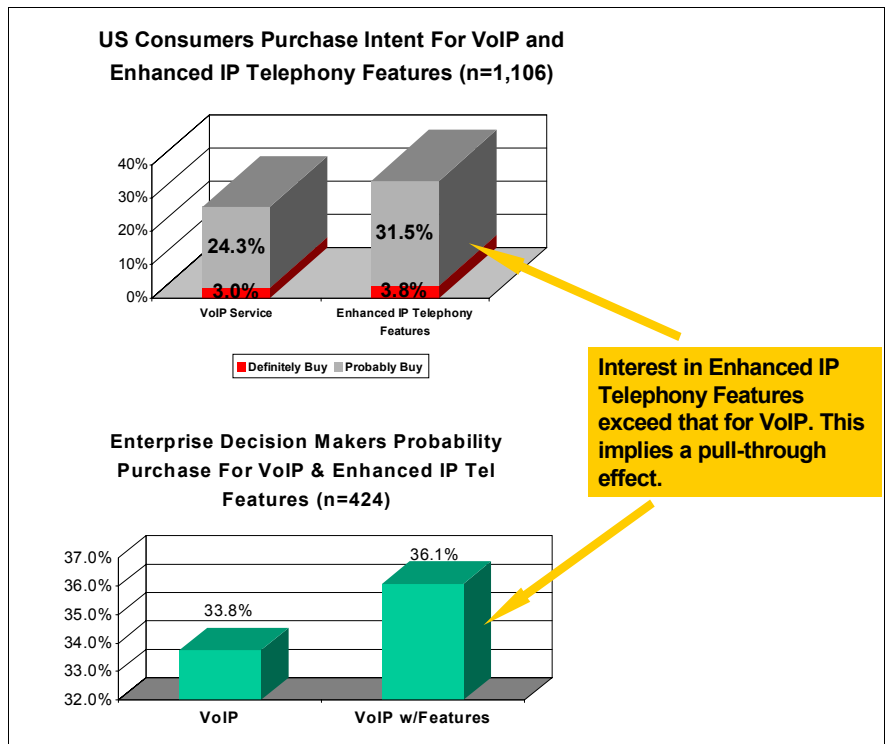
Lucent Technologies commissioned a series of market research projects completed in October 2004 by Research First, which indicate that there is substantial consumer and business demand for VoIP and enhanced IP telephony features.

In the chart to the right we see that among US consumers, over 27% say they will definitely or probably buy VoIP. When asked about enhanced IP telephony features, over 35% of US consumers said they would definitely or probably buy them. This purchase intent was specifically addressed from a bundle point of view. Interestingly, when asked about individual features the interest levels were even higher.

Businesses were also asked about their interest levels in VoIP and enhanced IP telephony features. When decision makers from 424 enterprises were asked the probability of purchasing VoIP and enhanced IP telephony features, the average probability to purchase was 33.8% and 36.1% respectively. This suggests a definite pull-through effect exists with the enhanced IP telephony features for US businesses just as it does with the US consumers.

The research determined interest levels in individual features and willingness to pay. The features evaluated were:

Feature	Business Ranking	Consumer Ranking
Click to Dial	1	6
Wireless Internet Access	2	8
Speed Dial	3	9
Web Voicemail	4	4
Softphone	5	5
Presence	6	7
Directory Search	7	1
Personal Call Manager	8	2
Call Logs	9	3



Some other key learnings from the research in addition to showing demand for VoIP and enhanced IP telephony features and respondents' respective willingness to pay, included:

- Consumers want to buy enhanced IP telephony features in a bundle
- Top 7 enhanced telephony features appeal to 43% - 60% of consumers
- They expect the enhanced telephony features to be provided by the same company that provides the VoIP local and LD service
- VoIP awareness is low among consumer, SOHO, and small business segments
- About one in four medium businesses and almost half of the large enterprises have tried or are using VoIP in some company locations

The US research consisted of qualitative (focus groups) studies and quantitative (on-line surveys) for consumers, SOHO, small businesses, medium enterprises, and large enterprises.

Twelve focus groups were conducted in Boston, Denver, Birmingham, and San Francisco with consumer groups, small

and medium businesses, and large enterprises in each city.

There were 1,106 US consumers responding to the on-line survey and 1,608 US business respondents with 424 of those being IT decision makers within their respective companies. Consumer data was segmented by age, HH composition, work at home characteristics and the business data was segmented by NAICS, number of employees, and number of lines.

The consumer and business user (non-decision makers) had a 95% confidence level with a $\pm 2.9\%$ margin of error; the business decision makers' data had a 95% confidence level with a $\pm 4.8\%$ margin of error.

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'CLASS' Becomes Network Services Marketing Seminar

BY ELLIS D. HILL

Our Network Services Marketing seminar, previously known as the CLASS seminar, has been conducted annually since February 1988. During the first few years the focus was on the introduction and growth of Custom Local Area Signaling Services such as Caller ID and Call Return, but has evolved to a focus on packaging and bundling; CPE; competition; customer retention; churn; and new products.

The agenda this year will be heavily influenced by the seminar alumni who either responded to our website questionnaire or this year's evaluation

form regarding their areas of interest. This input revealed that the issues of importance are churn reduction strategies, bundling offers, competitive bundles, bundle churn reduction, access line retention programs, competitive offers and strategies, and share loss to cable.

"Excellent seminar as always. Very well organized." - 2004 seminar attendee.

We are planning to add a limited number

of vendors' exhibits for 2005.

The dates for this year's seminar are February 2-4, 2005 in San Francisco at the Hyatt Fisherman's Wharf. Come join your peers to discuss important industry issues. We promise interesting, actionable presentations, and great networking opportunities.

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Broadband Services 2005

BY STAN ROMERO

Our Broadband Services 2004 seminar was a resounding success thanks to some great speakers, topics and especially those of you who attended. One of the nice things you did was to supply us with your feedback. Thanks for the nice comments like:

"This is still the best marketing conference on broadband/DSL. Excellent job!!!" Telco Senior Product Manager-DSL

"End of day roundtable was a good exercise. Very valuable use of my time. This is the best venue to network and discuss the business of selling DSL with peers." Telco Internet Market Manager.

"It was excellent & more relevant to my job & interests than other seminars." Telco Internet Product Manager.

From your feedback, we also obtained a list of topics that you suggested for our next seminar. We used that feedback as the basis for our recent survey to determine those subjects that are still relevant and important to you. The chart on page 4 displays those topics you who responded to the survey rated as highest in importance.

Thanks to so many of you who took the time to fill-out the survey. We will use the results to help us create another interesting and relevant agenda for our

Broadband Services 2005 seminar in San Francisco this April. We are also planning to add a limited number of vendor exhibits this year, which promises to be another great educational feature.

So be sure to sign up right away at www.researchfirst.com and make your plans to join us for another opportunity to learn from, and share ideas with, leading industry experts at **Broadband Services 2005**.

Stan Romero, RFC Vice President.
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Sales/Care & Operations 2005

BY ANNA GIBSON

Mark your calendars for RFC's 3rd annual Sales/Care Channels & Operations seminar April 27-29, 2005 at the Hyatt, Fisherman's Wharf, San Francisco. Join your peer companies and vendor partners as we explore the significant issues facing the telco channels this year and beyond.

We'll hear best practices on many key topics such as churn reduction strategies; call routing strategies, compensation plans, sales improvement efforts, sales tools, performance management and cost

reduction measures. RFC will include vendors whose products and services provide cutting edge solutions for the sales/care Channels.

"Great interaction. The participants are very candid, which helps everyone relate to the various challenges & solutions" - 2004 seminar attendee.

This seminar promises to be very informative, giving participants numerous

actionable ideas to take back to their call centers. Hope to see you there.

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Ringback Tones Resonate for All the Right Reasons

BY SHEREEN ABU-ZOBAA AND YISHAY WAXMAN

The worldwide ringtone market today is worth more than \$2.5 billion (Yankee Group 2004), generating revenues for carriers, the music industry, and the companies that enable the service. For carriers looking to diversify their offerings with more data services, this popular service can boost revenues quickly.

Ringback tones just may be the next big hit coming to your phone. They replace the standard ringing sound heard when a call is connected and you're waiting for the other person to answer. The ringing sound is replaced with content, including jokes, word-of-the-day, music by original

recording artists, and horoscope readings. And ringback tones go beyond ringtones by enabling subscribers to select different types of content for each caller. The user can specify disco tunes for incoming calls from Dad, classical music for Mom, and the joke-of-the-day for friends.

Ringback tones have generated a lot of interest in the Pacific Rim region. In fact, many carriers view them as a must-have from a competitive standpoint. Ovum reports that in South Korea, carriers launched ringback tone services in 2002 with an estimated penetration of 49% or 17 million connections (Ovum 2003). In Europe, several Tier-1 carriers have

launched a ringback tone service. These are just the first seeds, and by the end of 2004 there will be many more live services will be launched across Europe and the United States.

Ringback tones allow carriers to generate revenues from a segment of the call cycle that was previously untapped. Annually, an estimated 500 minutes per subscriber are lost and network resources used while people wait to be connected. Ringback tones let carriers generate revenues during this time.

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Broadband over Power Lines – A New Competitor?

BY STAN ROMERO

At the Broadband Services 2004 seminar in March, we discussed the fact that broadband over power lines (BPL) was being trialed in several locations and that the FCC seemed enamored with this transport medium option. Last month the FCC approved BPL in spite of objections to the interference it may cause on some radio frequencies. The FCC's action as well as their focus on BPL in speeches and interviews may have been motivated by a desire to mitigate criticism over two recent events. First is the FCC's lack of action in not fighting the overturn of their DSL resale order, and second, last week's FCC

ruling that telco fiber-to-the-home (FTTH) deployments will not have to be made available for resale.

In reality, BPL is not likely to change the market all that much. After all, it is just one more method of delivering broadband services to the consumer. Although power lines are virtually ubiquitous, this technology must compete with DSL over twisted pairs and fiber; MSOs providing broadband over co-ax and fiber; fixed wireless options; Wi-MAX; and satellite. Also, not many power companies are likely to jump into the market as a new retail

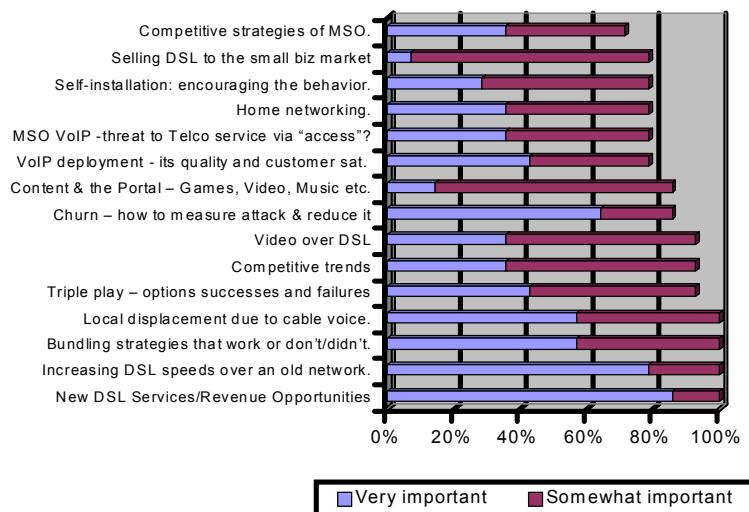
broadband competitor. To do so, they would have to build new ordering and provisioning systems, new sales channels (or at least major training for existing reps and much more time per call), tech support channels and systems, new installation crews with new tools, vehicles, etc., not to mention the investment in infrastructure modifications or additions.

More likely, the power companies will make this technology available to *(Continued on page 5)*

TELCO INDUSTRY PERSPECTIVE

In October 2004, Research First conducted an online survey of broadband services professionals to determine the most relevant, current issues to be covered in our Broadband Services 2005 seminar, which will take place April 6-8, 2005 in San Francisco.

Broadband Seminar Topic Ranking - Survey Results



Ringback Tones

(Continued from page 4)

Because the service resides on the network, ringback tones work with any phone, old or new, wired or wireless. A key upshot of the ringback tone service is that carriers can immediately tap their entire customer base. Customers can also have multiple ringback tones, such as one for their home number, one for their wireless phone and one for their office number – regardless of whether all those services are delivered by disparate networks.

The service has the potential to generate revenues from the sale of additional content types as well. For example, carriers can offer themed content bundles based on newly released movies that include the theme song as the ringback tone, a sound bite from the film as a dedication, and a character's voice for a fun voicemail greeting. Wireless carriers may also include wallpaper and ringtones in their bundles. By providing a one-stop shop with a compelling value proposition, carriers can defend their

revenue stream from online competitors that bypass them and deliver content directly to users' handsets.

Subscribers manage their account via the carrier's portal. Personalized web pages enable easy customization and maintenance of multiple ringback tones. Subscribers can select content for specific people. Time-of-day or one-time events, such as birthdays, can also be chosen, or a mix of content can be assigned randomly. Intuitive web portals encourage users to sample and then provision multiple content selections. Downloadable clients such as BREW™ or J2ME® and IVR systems provide alternative provisioning interfaces. This makes ringback tones a perfect "Content" addition to a service provider's web portal on either a promotional basis or as part of a bundle of services including DSL.

Enterprises may prove to be the sleeper segment. Companies can use ringback tones to influence the mood and perceptions of incoming callers, and offer

truly personalized service by providing customized ringback tones for specific customers. Companies can also create out-dial ringback tones that play a corporate theme song, the jingle for a new product launch or other company-specific content whenever an employee dials out from a wired or wireless company phone.

Ringback tones have the potential to be a much greater revenue generator for carriers than ring tones because they are available to the entire customer base from day one. Since this is a network feature, competitors cannot get in this domain and bypass the carrier. The service offers carriers more controls and features to drive content consumption.

This guest article was provided by Shereen Abu-zobaa, Marketing Director (703-448-1974), and Yishay Waxman, Sales Director (416-399-0390), of Comverse. Questions may be directed to them at: shereen.abu-zobaa@comverse.com yishay.waxman@comverse.com

Power Lines

(Continued from page 4)

other companies that are looking for ways to serve potential or exiting broadband customers. For example, Current Communications now offers broadband service near Cincinnati in a joint venture with the Midwest power and energy company, [Cinergy](#). Their service is priced at \$29.95 to \$49.95 a month, depending on the speed (up to 1 Mbps for \$29.95, 3Mbps for \$49.95) and features.

Power companies may also use it to perform remote telemetry, meter reading, peak demand control, etc. If BPL is a cheaper architecture, or a way to reach new, unserved markets, then there will likely be many players vying to use it. If it is not economically attractive or has too many flaws, interest will wane. MSOs may look at BPL as a way to reach potential

broadband customers that they do not serve with CATV. However, the more profitable customers are those that they can serve with their whole array of services. Of course, anyone (other than a telco) who uses this technology to provide broadband services to a customer will likely be offering VoIP telephony along with the broadband service sooner or later.

So, how can a service provider turn this potential competitive threat to its advantage? One tactic is to partner with power companies using BPL to serve those customers that DSL won't reach. Telcos and power companies have worked together on many things in the past and have not been major competitive threats to one another. A first step may be to set up a trial with a local

power company who has already expressed an interest in this technology. (A service provider may not want to initiate this with one who had no intentions of doing it without their impetus.)

We will likely hear more about this in the coming months and at our Broadband Services 2005 seminar in April. But let me know what you think about it. Is it big or just a minor development to watch?

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