Customer Case Study

AT&T and BT Telepresence Exchange

Business Connected Life Experiences

EXECUTIVE SUMMARY

COMPANY PROFILE

AT&T is a global telecommunications company, providing fixed and mobile telecom and IP-based television (IPTV) services to consumers and businesses worldwide. It is headquartered in the United States, where the company serves 95.5 million wireless customers, 43.6 million fixed access lines, and 19.3 million wired broadband connections.

BT is a global communications services companies, headquartered in the United Kingdom, with customers in more than 170 countries. It is a provider of fixed-line services, broadband, mobile, and TV products and services as well as networked IT services.

COMPANY HISTORY

AT&T has roots going back to 1875, when founder Alexander Graham Bell formed the Bell Telephone Company with two others. During the 19th century, AT&T became the parent company of the Bell System, the American telephone monopoly. The system broke up into eight companies in 1984 by agreement between AT&T and the U.S. Department of Justice. From 1984 until 1996, AT&T was an integrated telecommunications services and equipment company. Thereafter it underwent several changes and transformations, the biggest being its merger with SBC Communications in January 2005.

BT, or British Telecom, was set up in 1980 with exclusive rights to provide telecommunication services in the United Kingdom. In 1984, the U.K. government started privatizing BT and also abolished British Telecom's exclusive privilege of running telecommunications systems. The company became fully public by 1993 with no more government stock holding. In 1991, the company unveiled a new trading name: BT.

Challenge/Opportunity

AT&T and BT have created an interprovider exchange capability that enables any of their enterprise customers to hold video conferences with each other using Cisco TelePresence® systems, irrespective of the network they are on.

Among large businesses, demand for Cisco® TelePresence technology is growing rapidly. By partnering with Cisco and by quickly developing a compelling commercial proposition, AT&T and BT have created for themselves an early-mover advantage. If executed correctly, both carriers can benefit from the following opportunities:

- The capability will create an opportunity for a greater volume of Cisco TelePresence calls.
- Both operators already have a relatively sizeable customer base, which they can leverage to sign up further customers to their exchanges, thereby increasing their collective footprint without having to make dual investments.
- By offering their customers fast, reliable connectivity, so that they can call not only businesses on their own exchange but businesses on the other operator's exchange, they are driving faster market growth and creating a competitive differentiator. Because of their initiative, enterprises can connect with more of their customers and business partners

using Cisco TelePresence systems, saving them time and money.

- Each operator will learn lessons from this bilateral exchange agreement to sign further two-way agreements with telecom operators.

However, along with the above opportunities, some challenges will need to be addressed:

- Although AT&T and BT have undergone a pilot phase to test and create a reliable connection between their exchanges with acceptable levels of latency, jitter, and packet loss, some latency persists between certain pairs of cities, and this issue will need to be addressed if it threatens the user experience.
- The interprovider capability is likely to result in a net flow of data in favor of one of the operators. Financial terms of the deal will need to reflect this while remaining acceptable to both operators.
- The operators plan a directory service detailing which companies are on each exchange. But the launch of a directory service raises privacy issues and will need to exist on an opt-in-only basis.

Alliances/Partnerships

This partnership of intercarrier telepresence exchange between AT&T and BT is based on the Cisco TelePresence and unified communications solution. AT&T and BT have already piloted a trilateral arrangement with Cisco customer Tata Communications to enable TelePresence calls across all three operator networks. Both operators are likely to sign bilateral agreements with other telecom operators, stimulating further Cisco TelePresence usage. Efforts are also under way to enable interoperability with non-Cisco telepresence solutions, although none have been specifically identified.

> "This is good news for BT and AT&T customers. Being able to connect across telepresence networks greatly expands the reach and value of the service and maximizes the business benefits."
> **—Chris Clark, Managing Director, BT Enterprise**

Experience Innovation

The Cisco TelePresence connectivity between AT&T and BT is one of the first commercial cases globally. It enables a cohesive and immersive video experience for enterprises across their respective multinational networks. This interconnectivity will help realize the true telepresence potential to their multinational customers.

AT&T and BT are among the leading Cisco TelePresence operators globally, and both have significant global presence. AT&T offers TelePresence services in 75 countries mainly in North America, South America, Europe, and Asia. BT's core strength is in Western Europe, but it has substantial network capacity in the Americas, Middle East, and Asia, too. BT is taking a phased approach to TelePresence deployment, with the United Kingdom, France, Germany, and the United States first, and Asia-Pacific, the Middle East, and further European Union countries in a second phase.

Both operators continue to invest heavily in marketing/selling the benefits of TelePresence systems and in training their staff. They offer a broad Cisco TelePresence portfolio from room-based systems to executive desktop systems, and they have wrapped around this an increasing range of value-added video services to increase the attractiveness of TelePresence technology to enterprises. To further drive demand, both operators are enabling the deployment of TelePresence systems alongside room-based video from the likes of Tandberg, now part of Cisco, and integrated with unified communications applications from Cisco.

Success Factors/Metrics/Monetization

Interexchange connectivity went commercially live in November 2010, so no data on the benefits of the partnership is yet available. However, Cisco TelePresence usage and revenues are rising sharply amid growing enterprise interest in the usage of video. Ovum expects the capability will become a significant selling point for enterprise customers, will bolster customer retention, and stimulate usage of TelePresence rooms, improving the business case for enterprises. A significant uplift to the operators' revenues is expected over time as the number of businesses attached to each exchange grows.

Company Backgrounds

- Read AT&T overview
- Read BT overview

Case Study Source: Cisco sponsored research developed by Ovum

> "Businesses are recognizing the value of telepresence… and we're seeing increased adoption quarter-on-quarter. The interprovider connectivity established with BT is an important step forward for the industry and underscores our commitment to expanding the network of accessible telepresence locations for our customers and increasing the value of their investments."
> **—Kevin Peters, Chief Marketing Officer, AT&T Business Solutions**

Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte. Ltd.
Singapore

Europe Headquarters
Cisco Systems International BV Amsterdam,
The Netherlands

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Printed in USA FLGD 10307 03/12