

Cbeyond's BeyondMobile Service for Small Businesses

Business Connected Life Experiences



EXECUTIVE SUMMARY

COMPANY PROFILE

Cbeyond is an integrated communications, managed service provider, focused on U.S. small to-medium business (SMB) customers (4 to 200 employees). This public company is one of the few competitive local exchange carriers (CLECs) that has been able to grow and expand into major markets in recent years.

COMPANY HISTORY

Cbeyond's BeyondMobile service for small businesses was introduced in January 2006. The company was one of the first competitive service providers to become a mobile virtual network operator (MVNO) and offer mobile services in addition to its successful integrated service bundles.

Challenge/Opportunity

- In 2005, the U.S. MVNO market was in a severely declined state, with many failed MVNO operators, and the four largest U.S. mobile operators were starting to reduce or freeze their support for MVNO operators.
 - Nationally, mobile services were becoming a growing part of the enterprise/business services market, and the small business customers were part of this growth and service need/demand. *Ovum's own SMB surveys demonstrate an increasing need for mobile services and the desire to have one provider and a single bill.*
 - Mobile services were becoming part of the SMB communications budget and required an integrated and national coverage service offer.
- SMB customers were starting to move to laptops and require wireless data services.
 - Cbeyond was looking for additional ways to increase its average revenue per user (ARPU) per customer.
 - Cbeyond had been successful with its service bundles and had been able to attract many new customers with its existing service bundles. Many of its current customers were using mobile services already.
 - There was also customer interest in mobile remote access as well as the traditional voice mobile services.
 - The unified messaging platform was just getting stable with existing services, and there was some hesitancy to disrupt this stability by adding mobile services.
 - The hosted exchange/email service was already under way and contending for resources internally within Cbeyond.

- Smart phones were still new to the enterprise market, especially SMB customers.

Alliances/Partnerships

- Sprint, a national wireless provider, is the key partner with a strong focus on MVNO operations, systems, and integration.
- Sprint was receptive to the “white-label” integration that Cbeyond wanted to have for this service to be integrated and offered as its own mobile service.
- Sprint and Cbeyond did not publicly disclose their relationship or service integration (initially), which allowed Cbeyond to fully integrate its mobile offering with other service bundles.
- Sprint allowed Cbeyond to extend its services to data-only service and provide laptop data cards for its SMB customers, in addition to the traditional cell mobile services.
- Cbeyond also had successful alliances with Cisco® and Microsoft. Cbeyond became a “Cisco Powered Network” and a major vendor for Cisco network infrastructure and customer premise equipment (CPE). Cbeyond partnered with Microsoft for its hosted exchange services.

“We make every effort to work closely with our customers to make sure they are leveraging the Cbeyond applications they need to be more productive, save money, and grow their revenues.”

— Steve Zimba, Vice President of Marketing, Cbeyond

Strategy

- The integration with Cbeyond’s unified messaging platform was fully supported by Movius (formerly IP Unity).
- In addition to Sprint’s cooperation to direct Cbeyond’s customers to Cbeyond’s own voicemail and messaging platform, Movius worked closely with Cbeyond to make this integration program successful. Movius delivered a fully integrated messaging service with a “single” voicemail box that was available for the initial deployment of the service.
- As this integration was being developed, Sprint agreed to allow Cbeyond to use its voicemail system until the integration work with Movius and the unified messaging platform were complete. This arrangement allowed Cbeyond to announce and offer the service in early 2006.
- Once the integration was complete, Cbeyond was able to use its own messaging platform and provide voicemail with integration into its email platform. This capability provided both single voicemail and email for its BeyondMobile customers.
- Cbeyond has now standardized the BeyondMobile service into its service bundles and extended cell devices to Blackberrys and other business smartphones and PCs.
 - Cbeyond SMB customers now get email and internet from their mobile devices, just like the larger corporations.
 - Cbeyond now has a significant base of mobile and remote access customers who are good candidates for additional hosted, office workgroup, and cloud services.
 - Customers can now more easily expense their mobile service to their business, with one bill and one provider.

Success Factors/Metrics/Monetization

- Cbeyond's mobile revenue is not split out in the company's financial reports, but the company has met its initial goal of having 25 percent of all customers sign up for mobile service.
- Cbeyond has one of the highest ARPU rates among U.S. MVNOs: US\$727 per month/per small business customer (as of Q3). Most competitive carriers are fortunate to be over \$600 per customer.
- Cbeyond's mobile cell revenue per line is \$40 per month, which is the same as its standard landline rates.
- The company has expanded its device support to five phone models, in addition to the data card for laptops.
- Churn (or subscriber turnover) has remained at about a 1.5 percent rate for Cbeyond, which is still one of the lowest in the market.

Company Background

- Read [Cbeyond overview](#)

“Cbeyond’s stability and dedication to serving our customers have put the company in a position of continued growth, even in the challenging markets of the past few years.”

— Jim Geiger, Chairman and CEO, Cbeyond

[See quote source.](#) The context of Mr. Geiger's comments are based on the news that Cbeyond Inc. was recognized as the 11th fastest-growing public company in Georgia by the Atlanta Business Chronicle (June 2010). The communications and IT solutions provider was also ranked one of the top 10 Georgia companies for both employment expansion and revenue growth from 2007 to 2009.



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