



# Directions in Service Provider Revenue Growth

Version 1.4 No Build

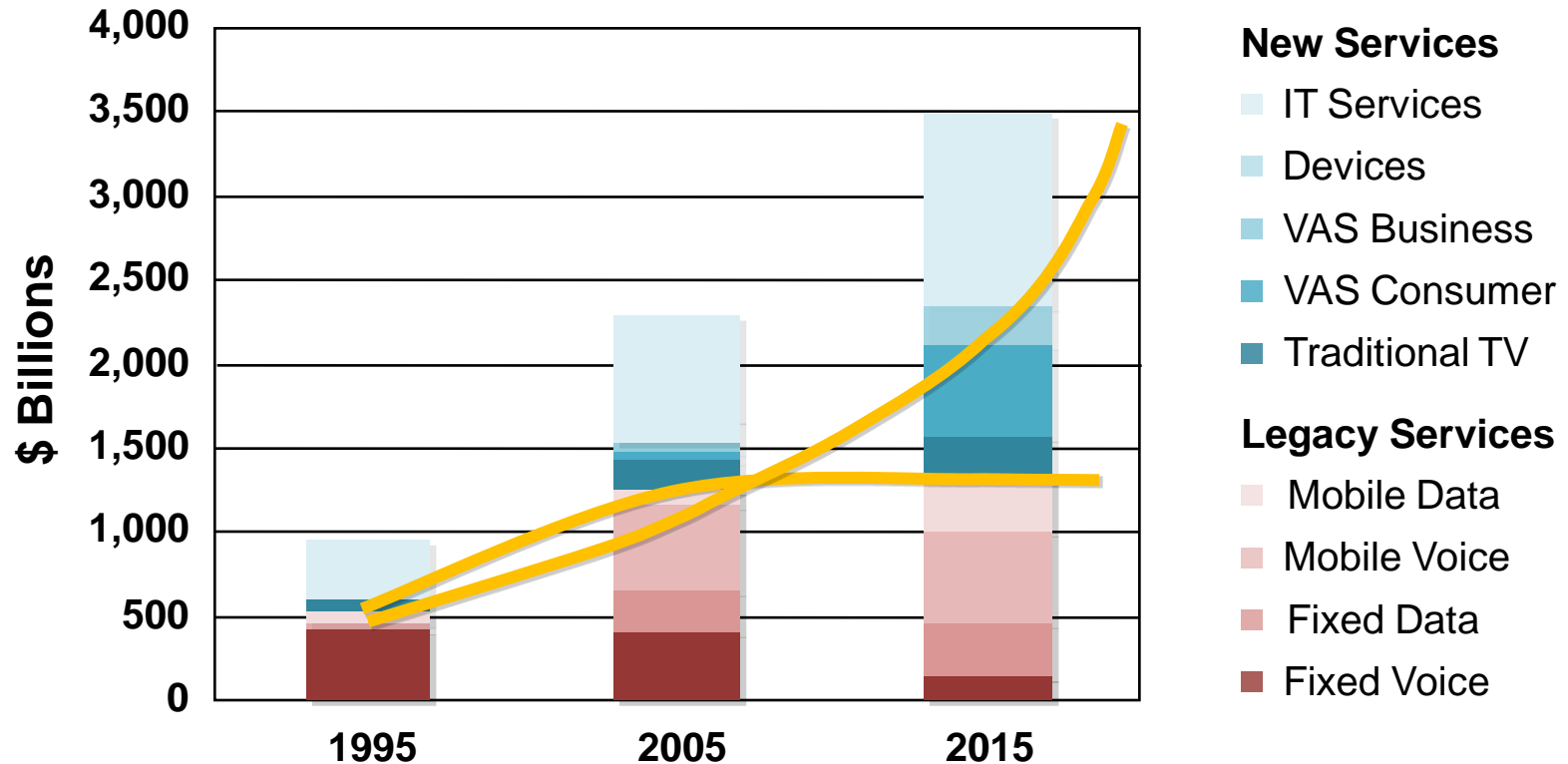


**Ian Ross**

**Service Creation Lead, Cisco Australia**

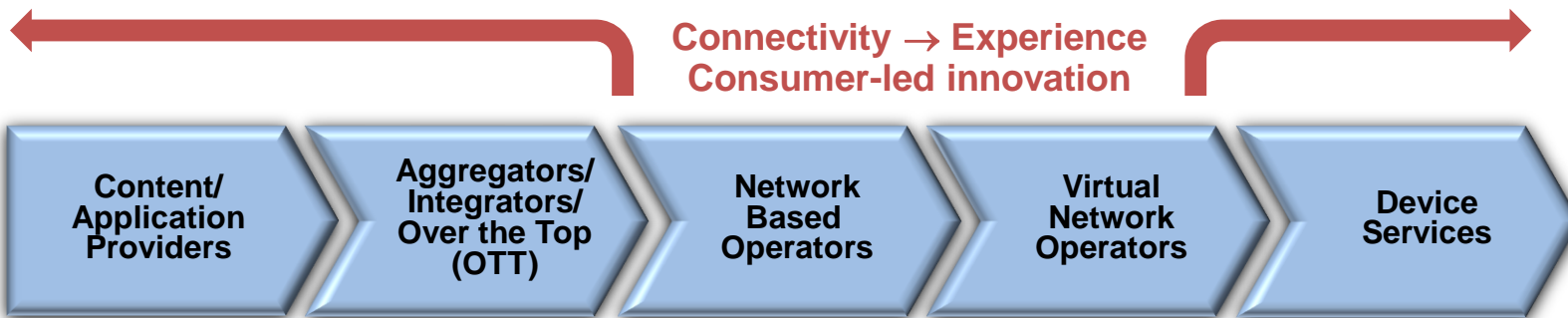
# A Market in Transition

## Worldwide End-User Spending



Source: Cisco IBSG Analysis, Ovum, IDC, Current Analysis, Canalsy, Gartner, PWC, JP Morgan, Infonetics, In-Stat, all 2006

# Many Players Have Ambitions



The Walt Disney Company  
NBC  
BBC  
Microsoft  
Warner Home Video  
Google  
salesforce.com  
YouTube  
eBay  
skype  
YAHOO!  
myspace.com  
engin  
facebook  
IBM  
WIPRO

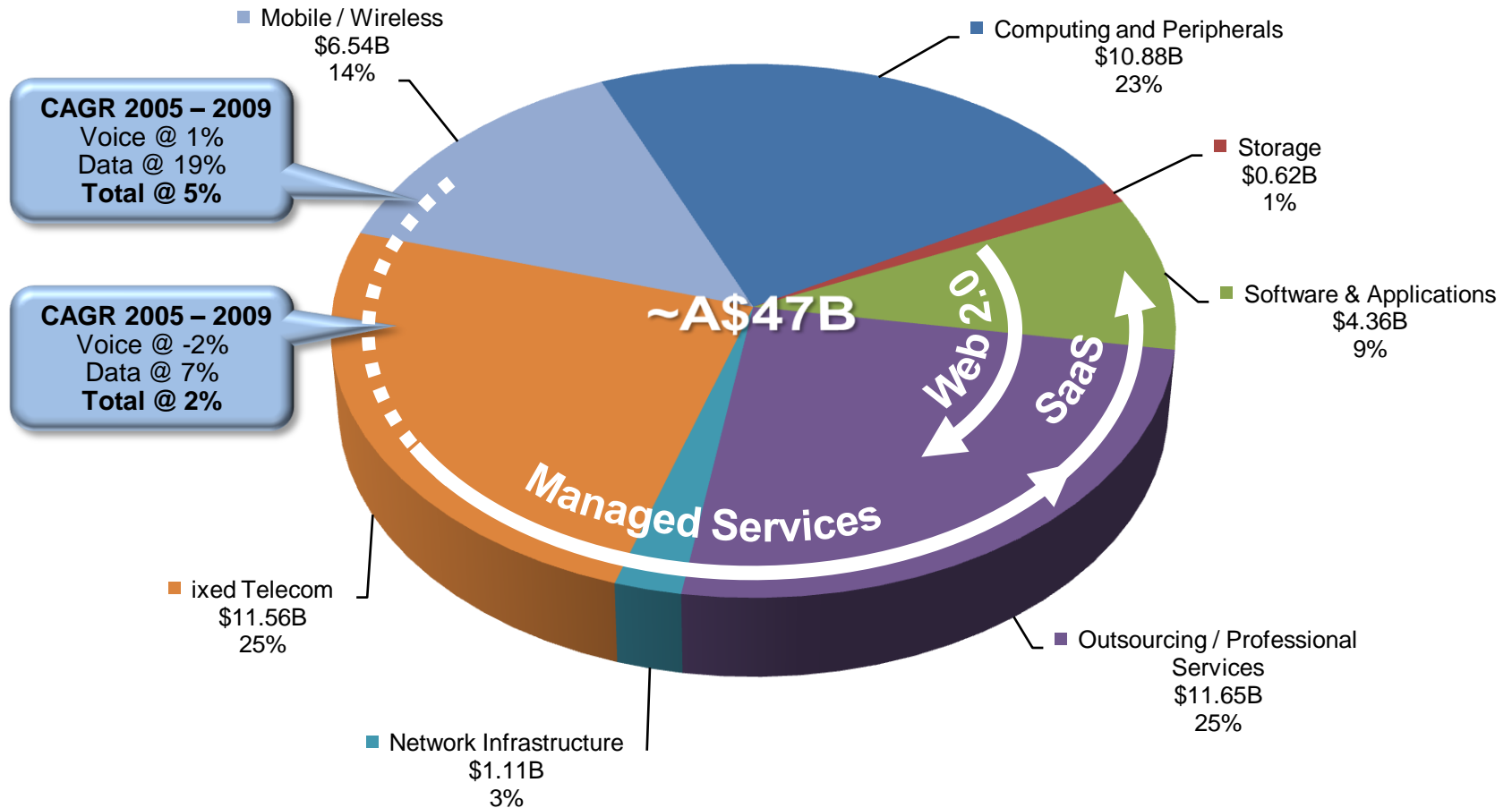
3  
unwired  
vodafone  
YAHOO! BB JAPAN Broadband  
Telecom  
Telstra  
yes OPTUS  
AAPT  
TELL IT LIKE IT IS

Virgin mobile  
Vintela Communications  
vanco  
TelstraClear  
macquarie TELECOM  
CRAZY JOHN'S

Apple  
AKIMBO  
iVista  
BlackBerry  
chumby  
sling media

# Manifestation in Service Providers

## Consumer & Business ICT Spend 2005



Source : Gartner Fixed Telecom Services Forecast 2003-2009, IDC Asia/Pacific IT Spending Forecast 2004-2008, IDC Telecom Black Book 2005

# Agenda

## Expansion into Managed Services

- Changing expectations of convergence
- Market permission
- Diversity demands of IT adoption lifecycles

## The Web 2.0 Phenomenon

- Business scenarios it may produce
- Expected outcomes for Service Providers
- Monetisation models and examples

Product Management or Marketing

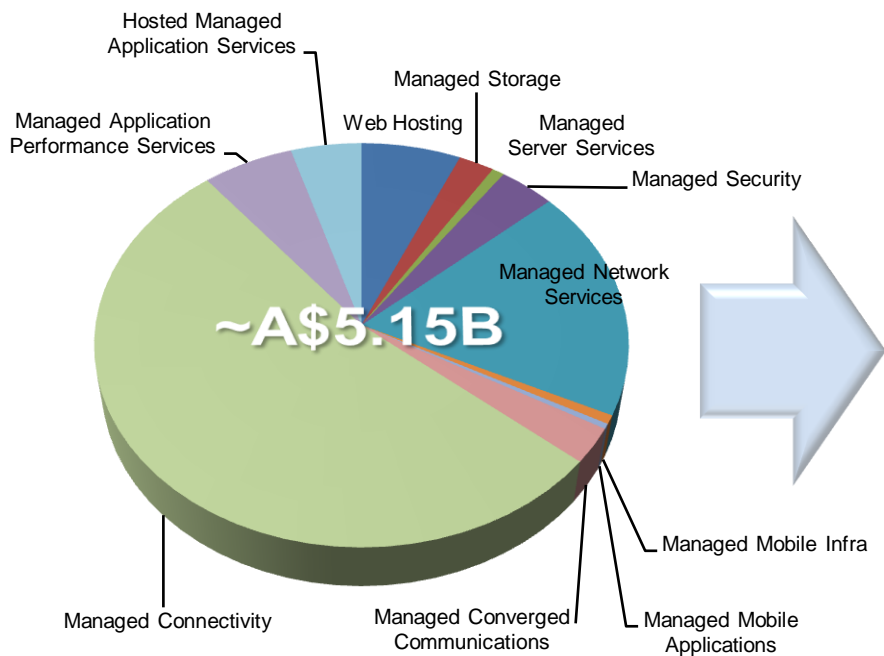
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Contributors, influencers or owners of business strategies

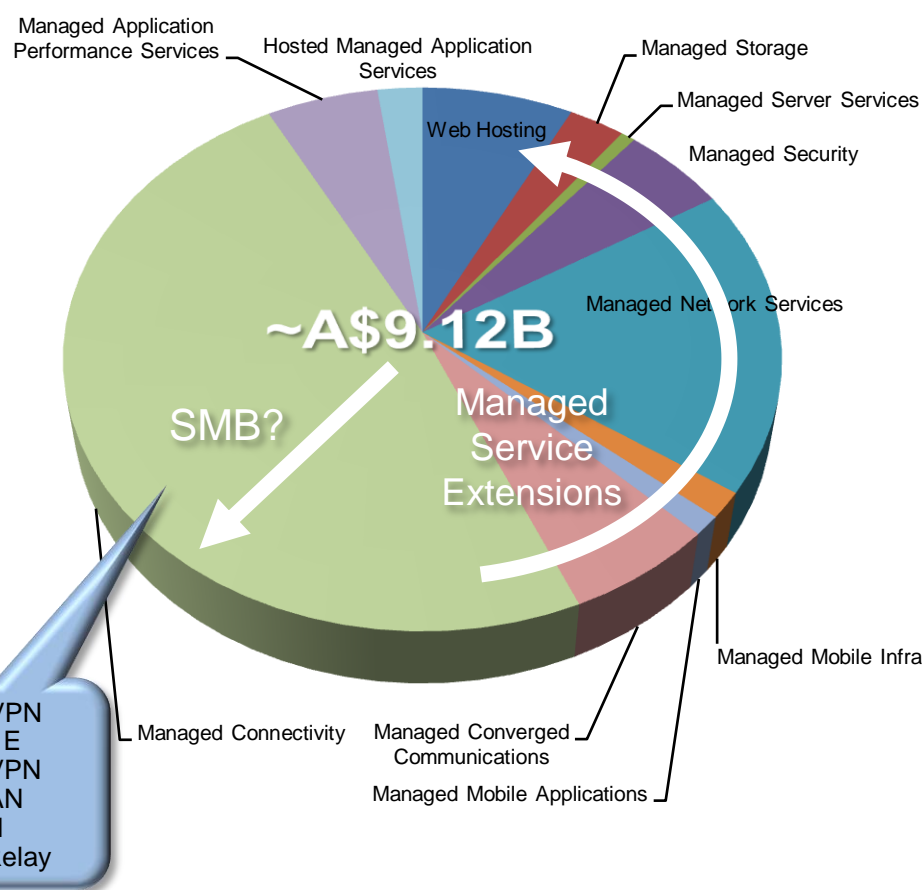
# Expansion into Managed Services

# Australian Market Opportunity

2004

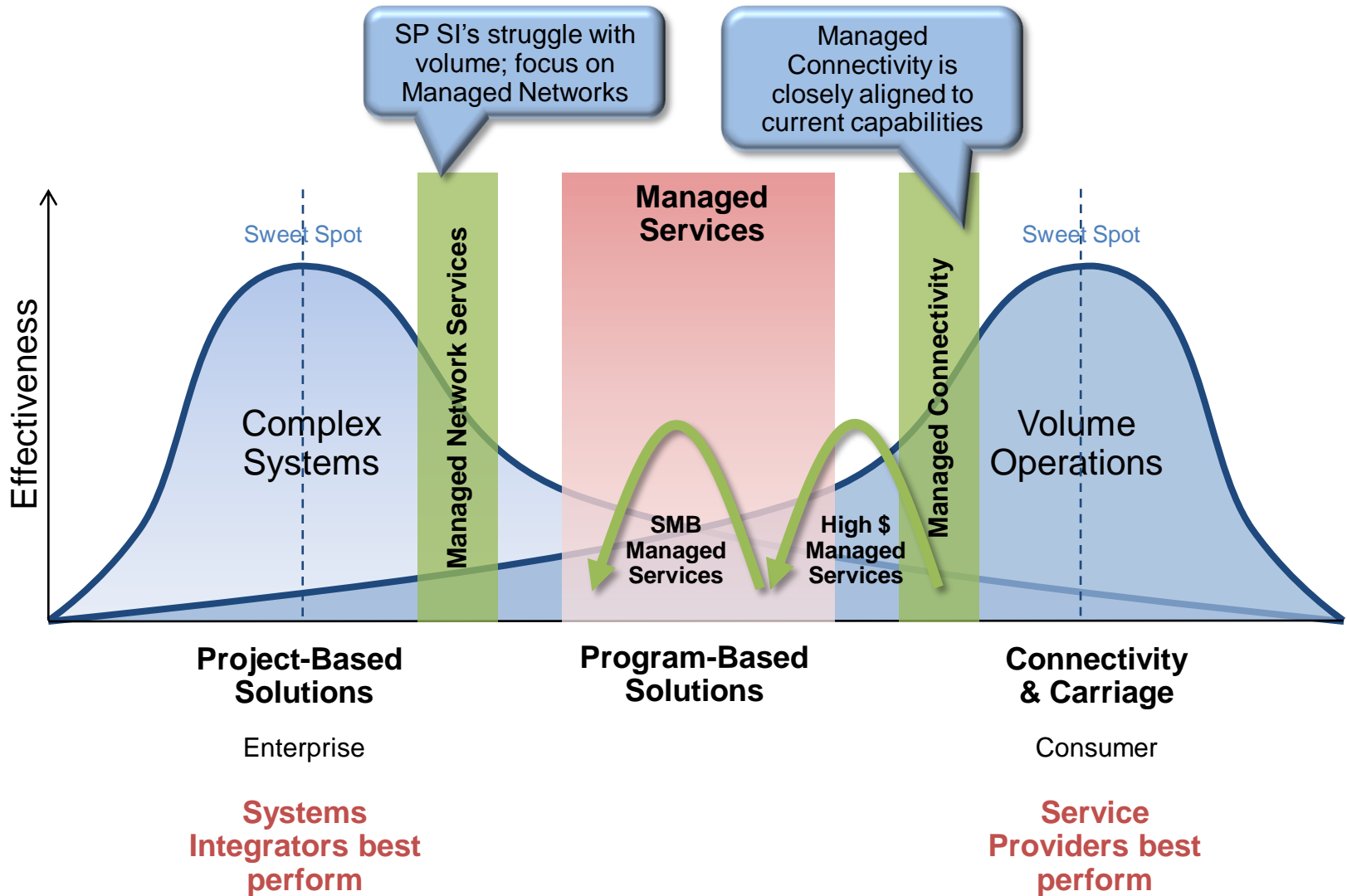


2010



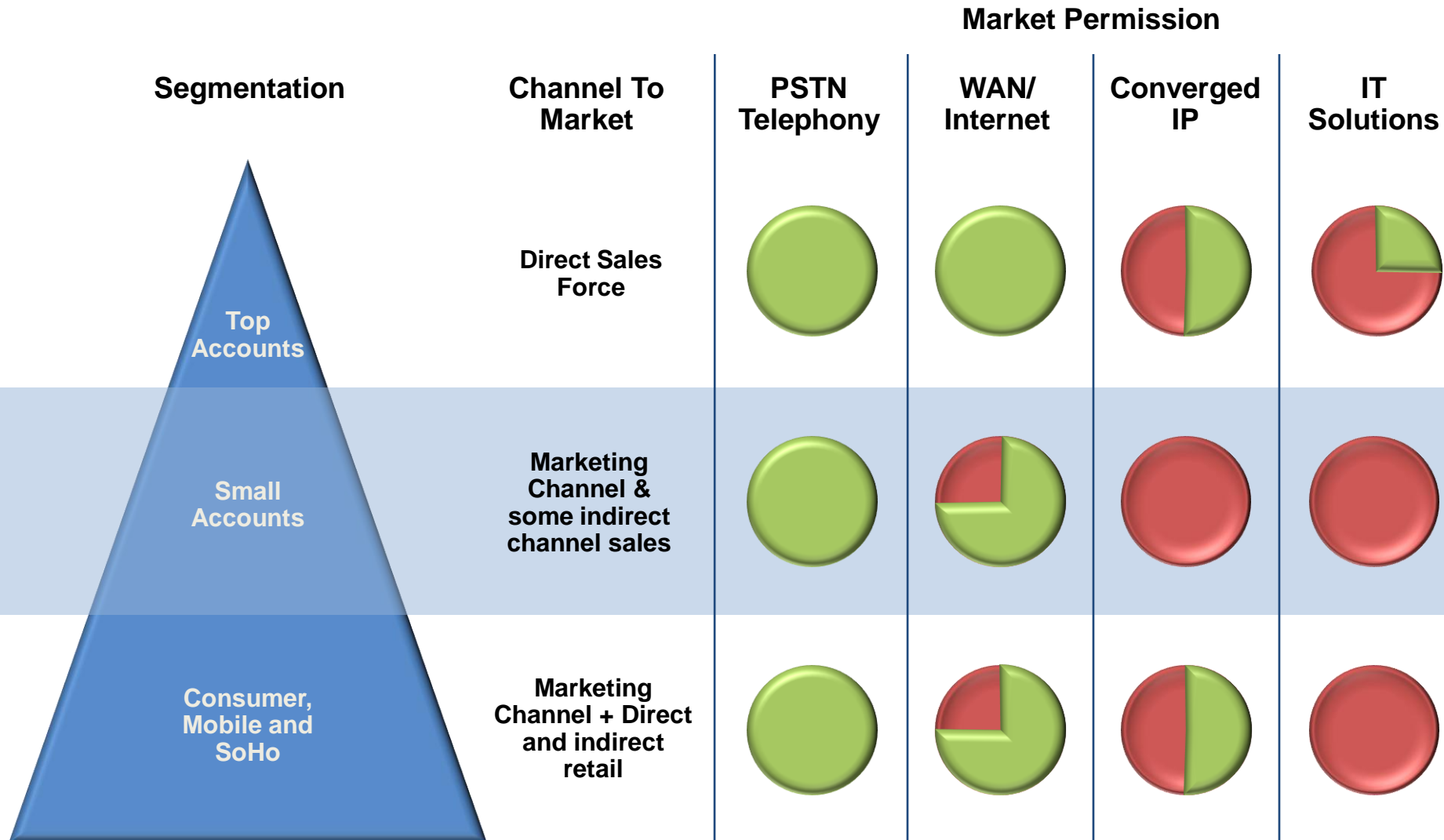
Source : Ovum, IDC 2007

# The Managed Services challenge



# Direction 1

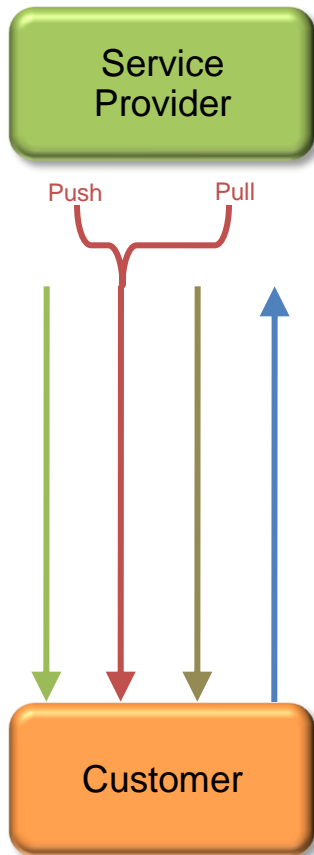
## Lack of Market Permission



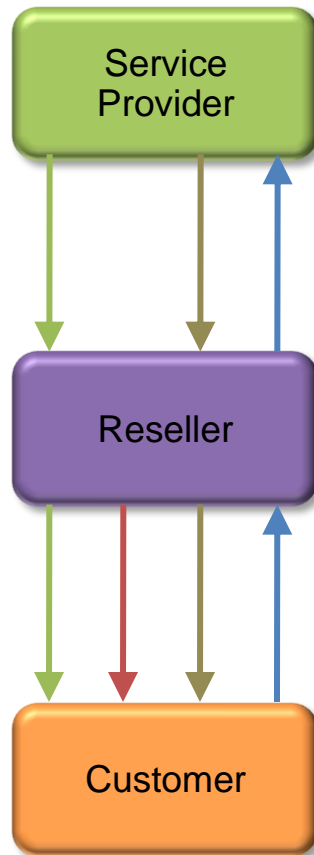
# Direction 1

## Go To Market Models

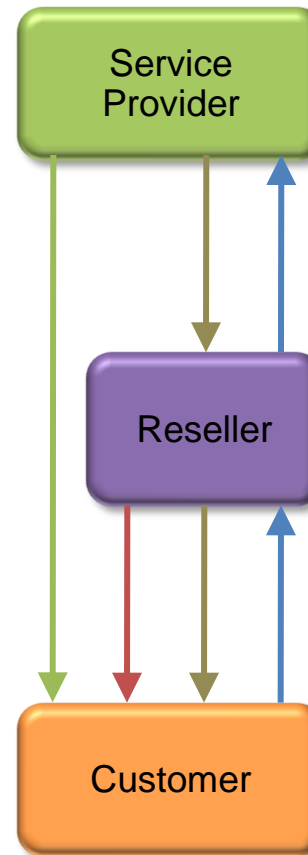
**SP Direct**



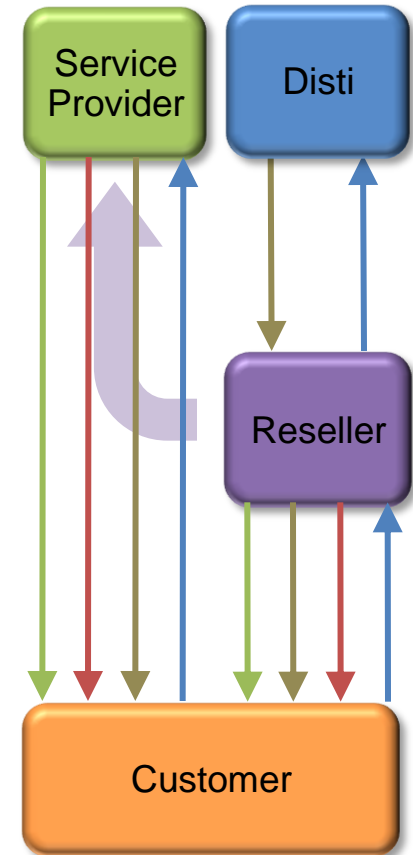
**Sell Thru**



**Sell With**



**Sell With (Reference Sell)**



— Marketing

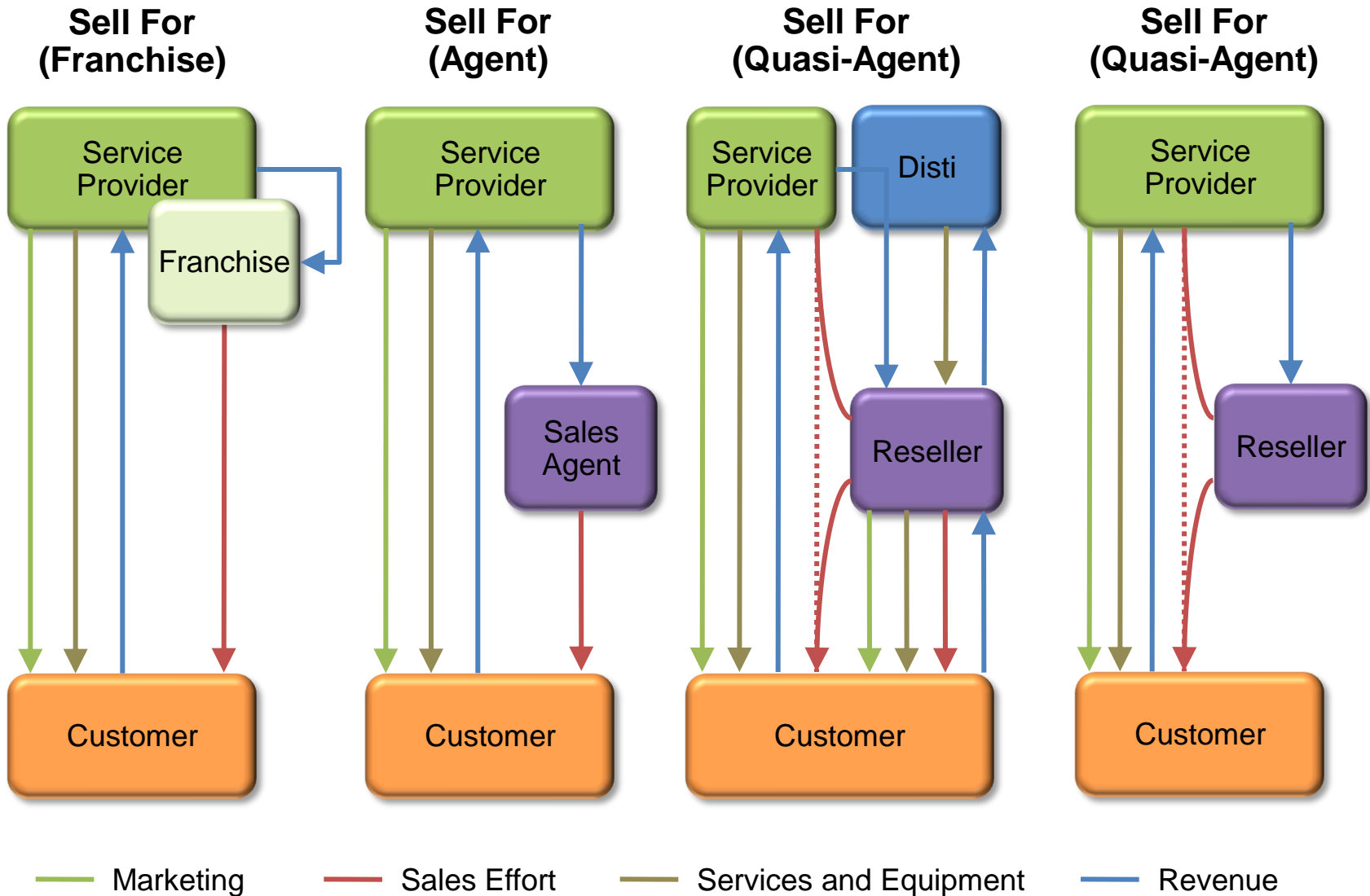
— Sales Effort

— Services and Equipment

— Revenue

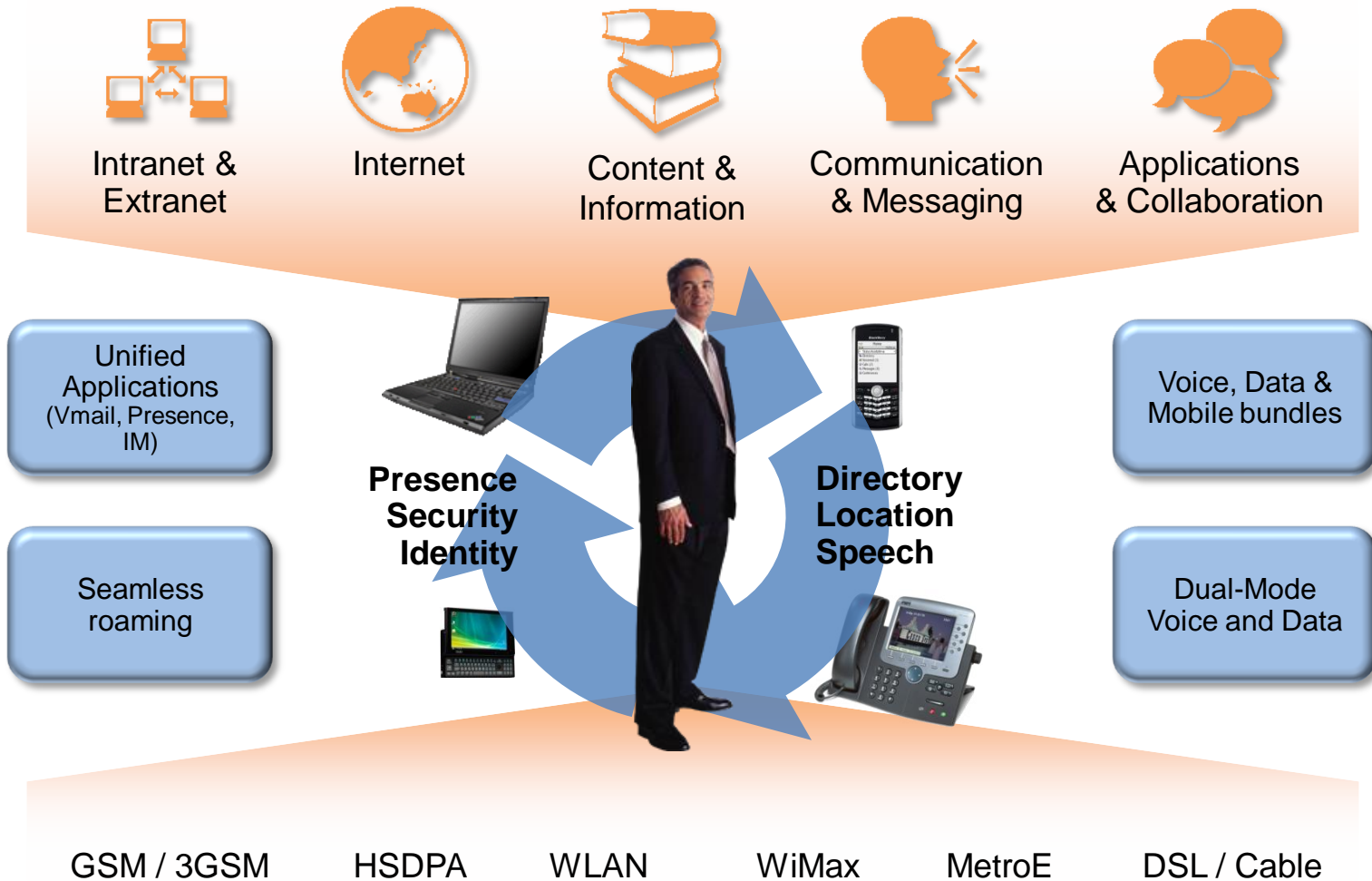
# Direction 1

## Go To Market Models



# Direction 2

## Convergence Has Moved On



**Working in the Cloud** - anywhere, anytime access to online content & SaaS

## Direction 3

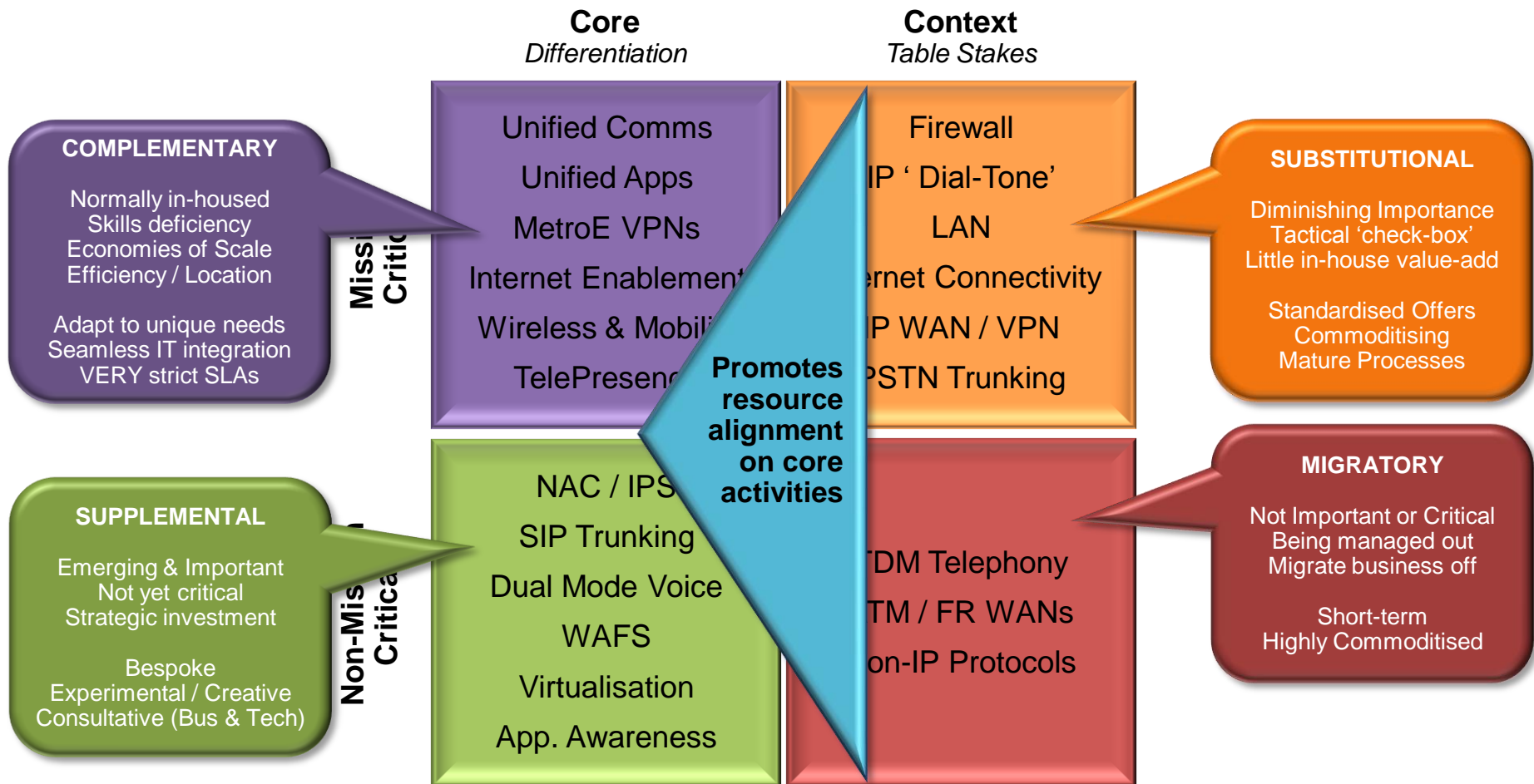
# Managing the IT Adoption Lifecycle

## Conceptual View of IT Investment

	<b>Core</b> <i>Differentiation</i>	<b>Context</b> <i>Table Stakes</i>
<b>Mission Critical</b>	Unified Comms Unified Apps MetroE VPNs Internet Enablement Wireless & Mobility TelePresence	Firewall IP 'Dial-Tone' LAN Internet Connectivity IP WAN / VPN PSTN Trunking
<b>Non-Mission Critical</b>	NAC / IPS SIP Trunking Dual Mode Voice WAFS Virtualisation App. Awareness	TDM Telephony ATM / FR WANs Non-IP Protocols

# Direction 3 Managing the IT Adoption Lifecycle

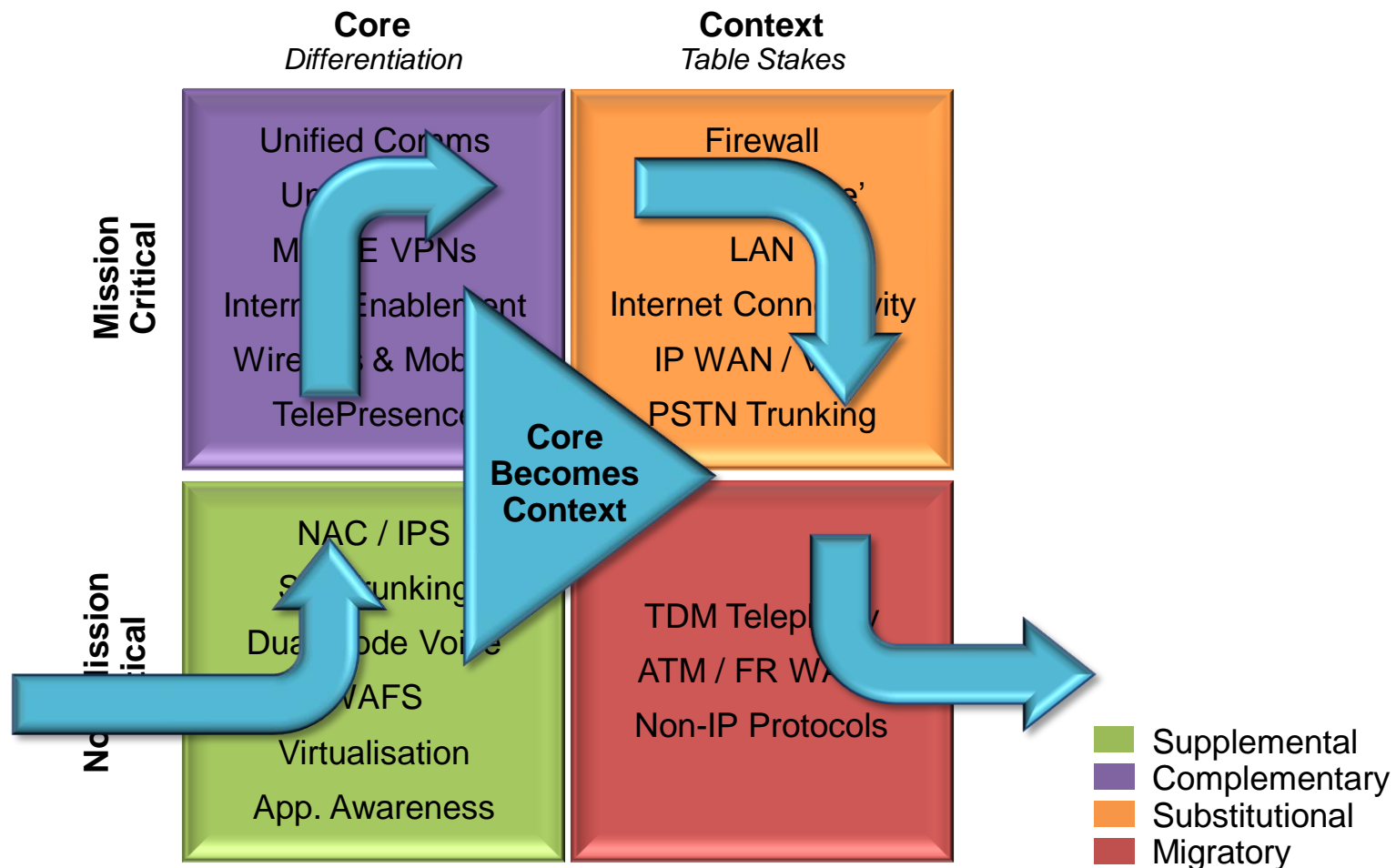
## Differing Expectations of Managed Services



## Direction 3

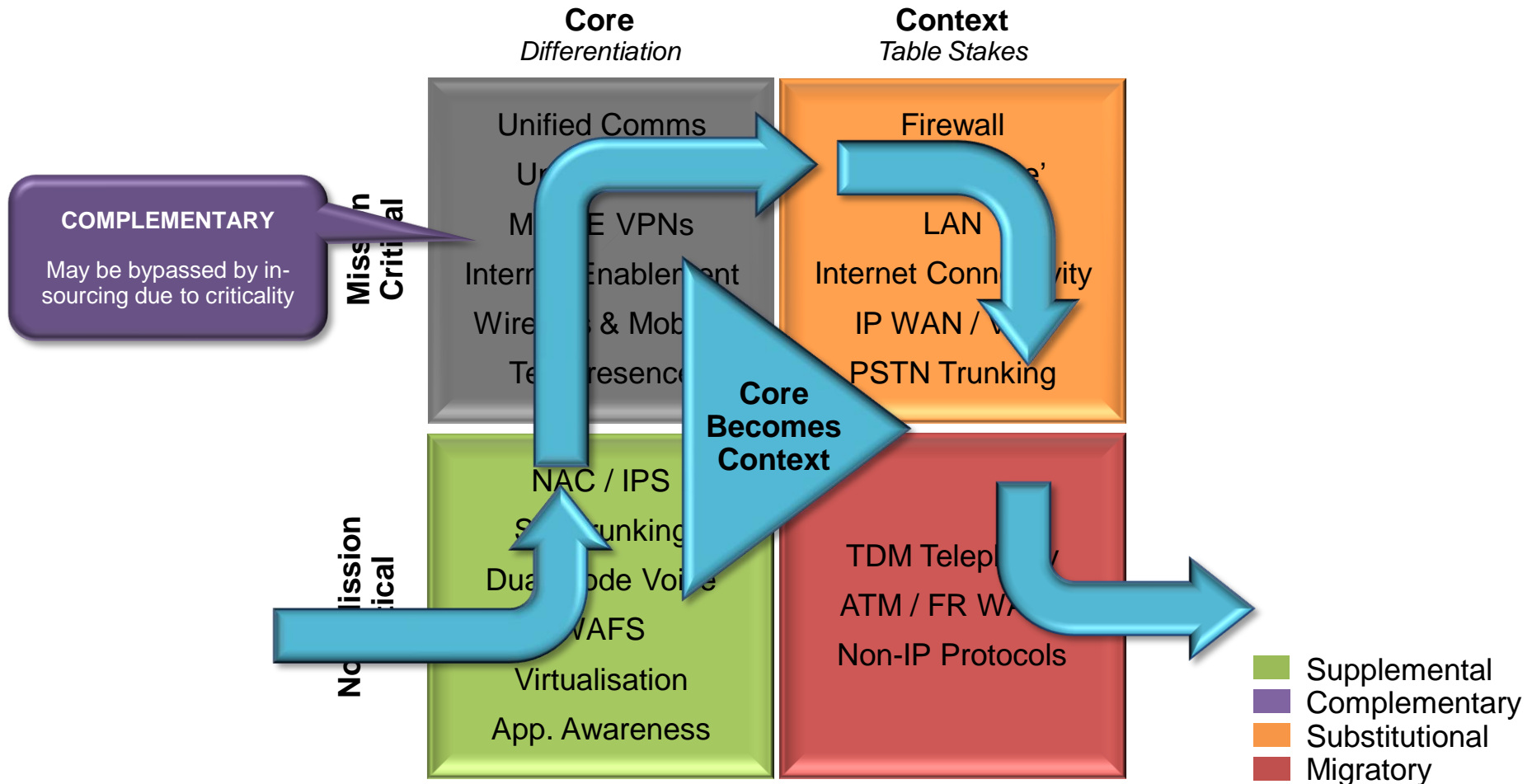
# Managing the IT Adoption Lifecycle

## Impact of the IT Lifecycle



# Direction 3 Managing the IT Adoption Lifecycle

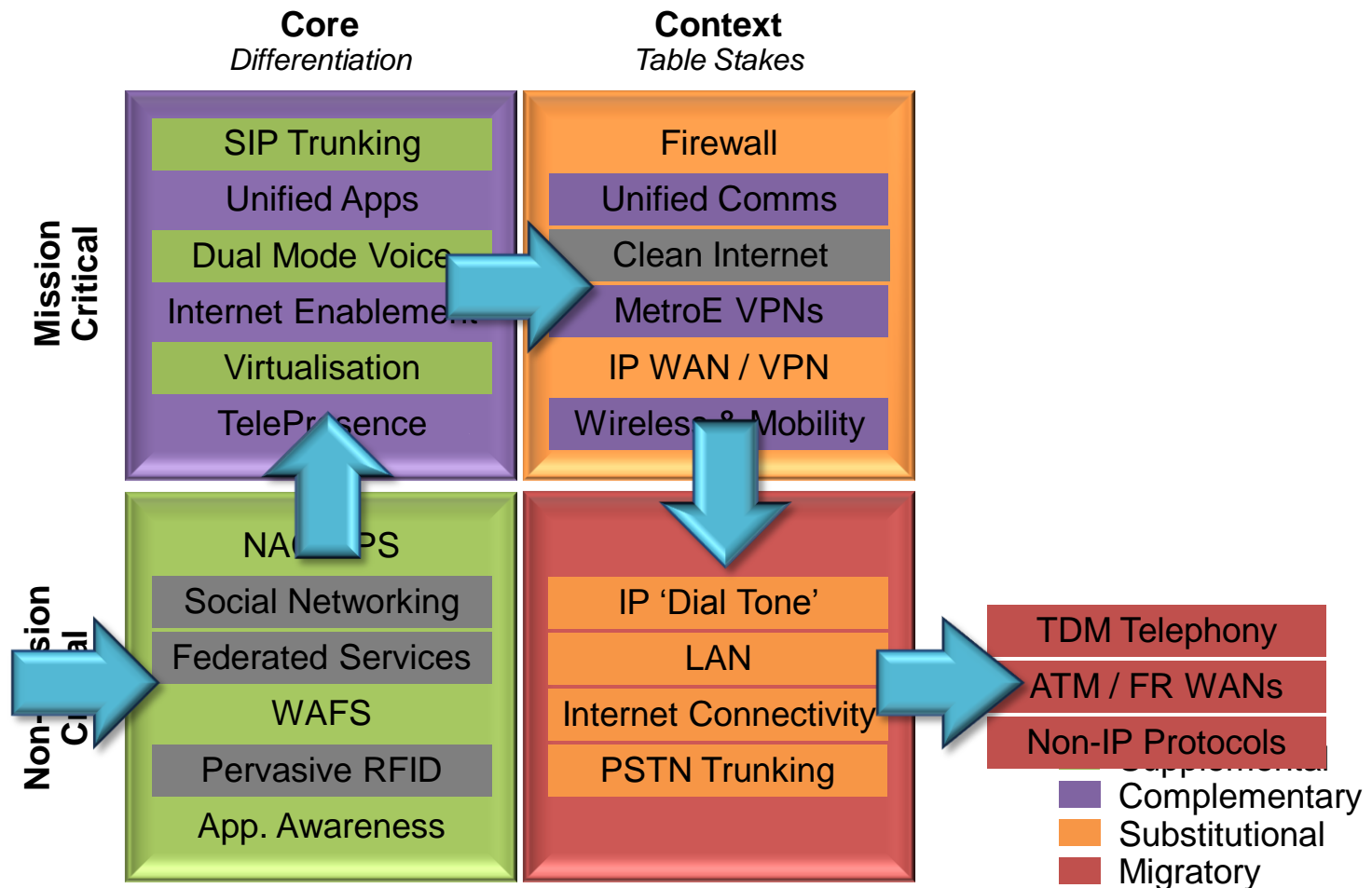
## Impact of the IT Lifecycle



## Direction 3

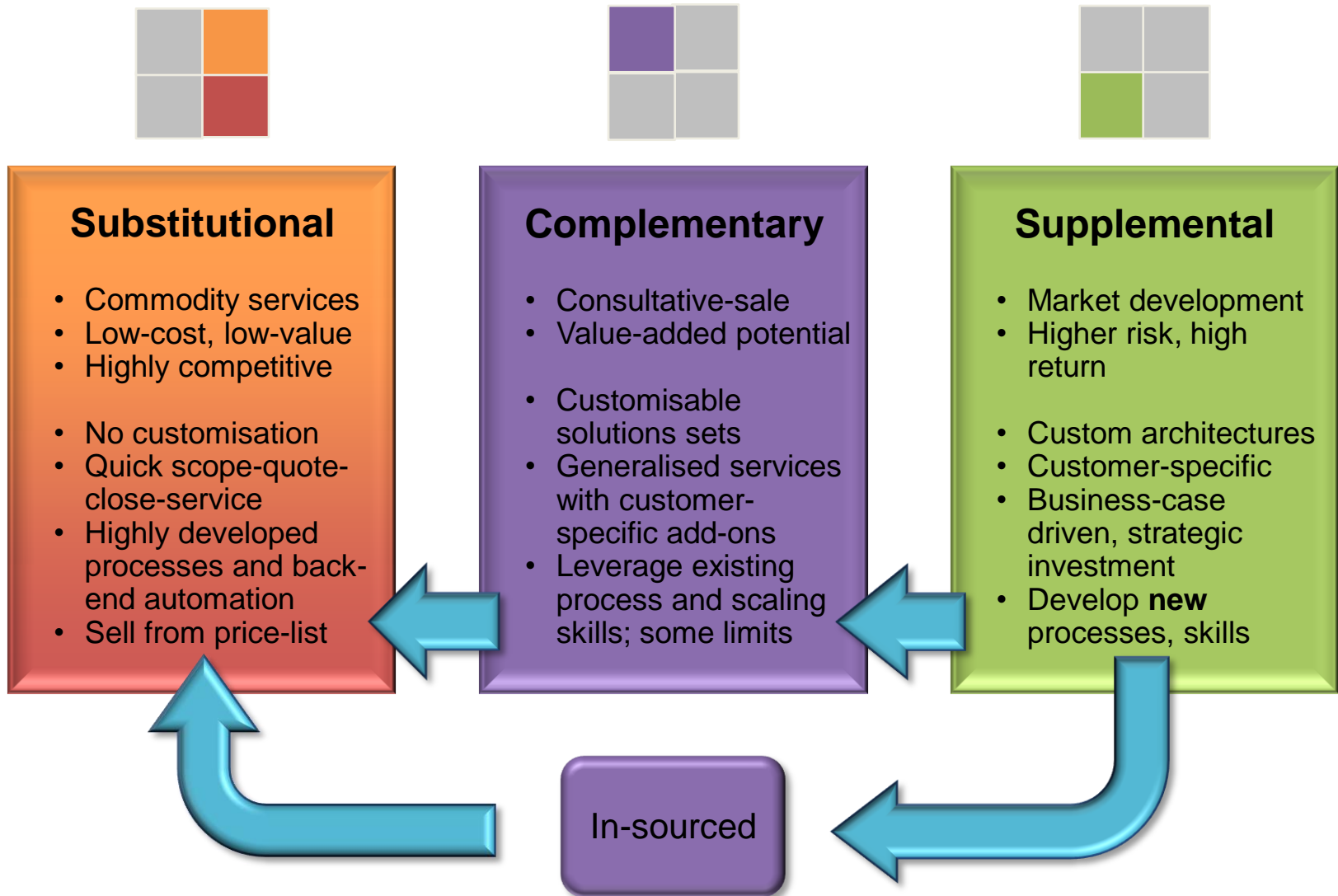
# Managing the IT Adoption Lifecycle

Managed Services must Evolve with Changed Expectations



## Direction 3

# Best Practice Business Architecture



## Direction 3

# Manage Service Business Requirements

## Service Design & Sales Playbook

Evolve with how technologies are seen

## Physical Delivery

Investments must adapt to subsequent opportunities

## Direction 3

# Managed Service Platform Requirements

**Adaptable**

Accommodate diverse requirements

**Modular**

Implement multiple combinations

**Flexible**

Evolve with the customer

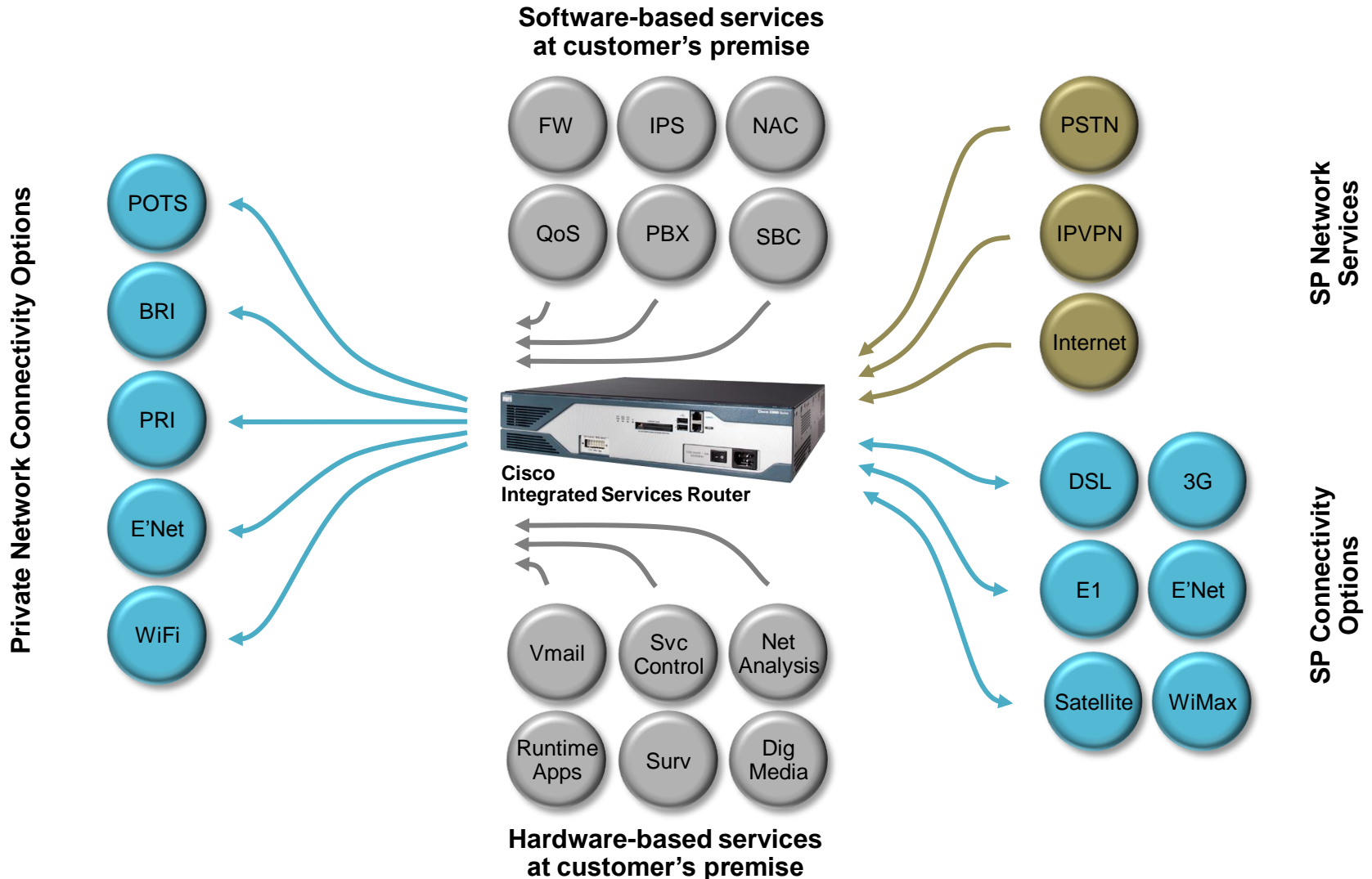
## Direction 3

# Building Managed Service Modularity

	Connectivity							Security					Unified Comms				Other				
	DSL	Satellite	Cable	3G	WLAN	ATM / FR	Ethernet	Firewall	IPS	NAC	ACL	Crypto	SBC	Gateway	PBX	Call Centre	Content	Dig Media	WAFS	Svc Ctrl	Apps
App Engines																	■		■		■
AS														■							
ASA								■	■	■	■	■									
ASR						■	■	■	■	■	■	■									
BPX / MGX					■	■	■														
Catalyst							■														
Routers					■	■	■				■	■									
<b>ISR</b>	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
PIX							■														
Dig Media																		■			
SCE																				■	
Unified Comms													■	■	■	■					
AiroNet					■																
ME							■														
ONS							■														

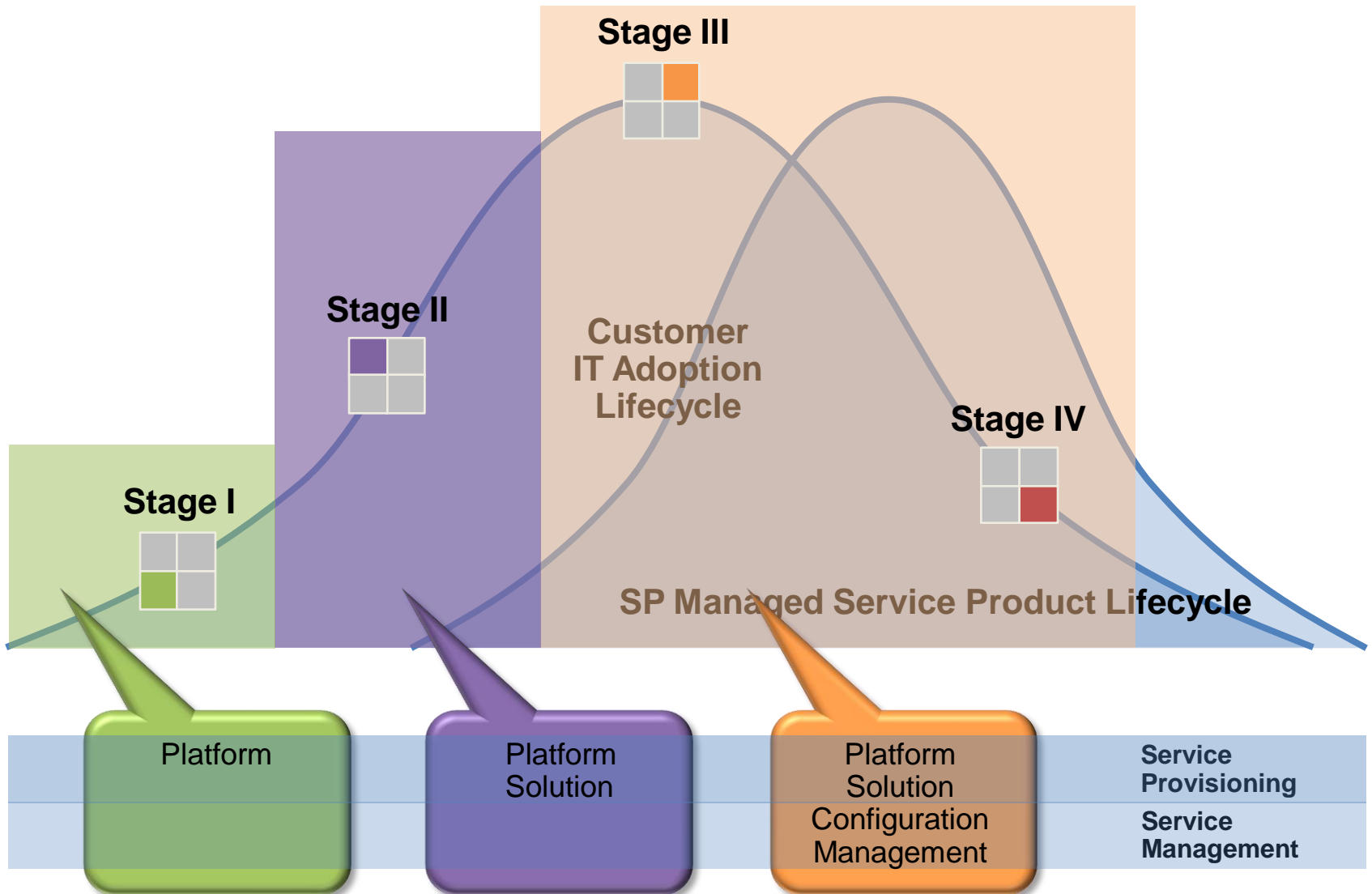
## Direction 3

# Deployment in Managed Strategies

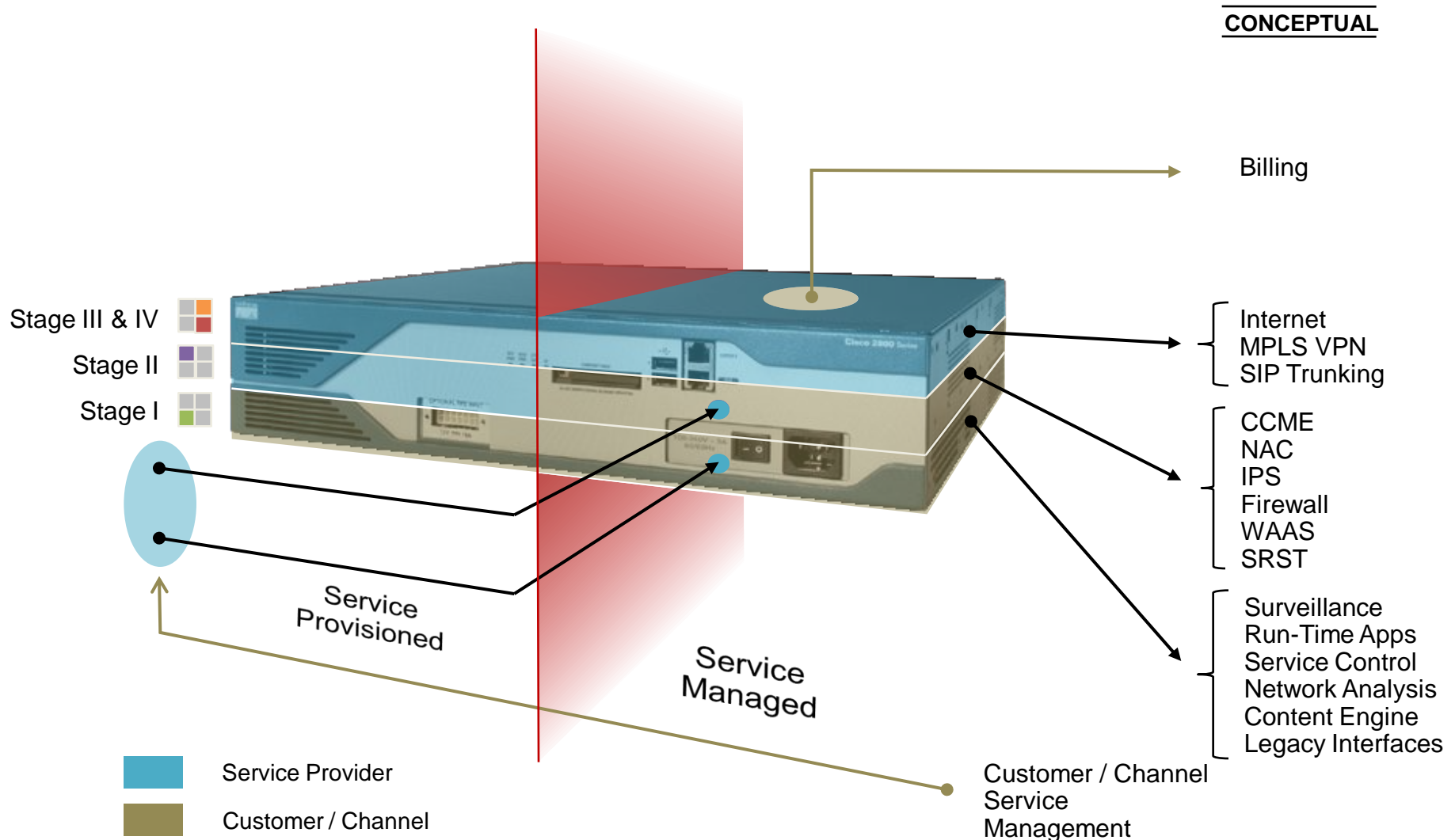


## Direction 4

# Addressing All the Opportunities



# Direction 4 Phased Service Evolution



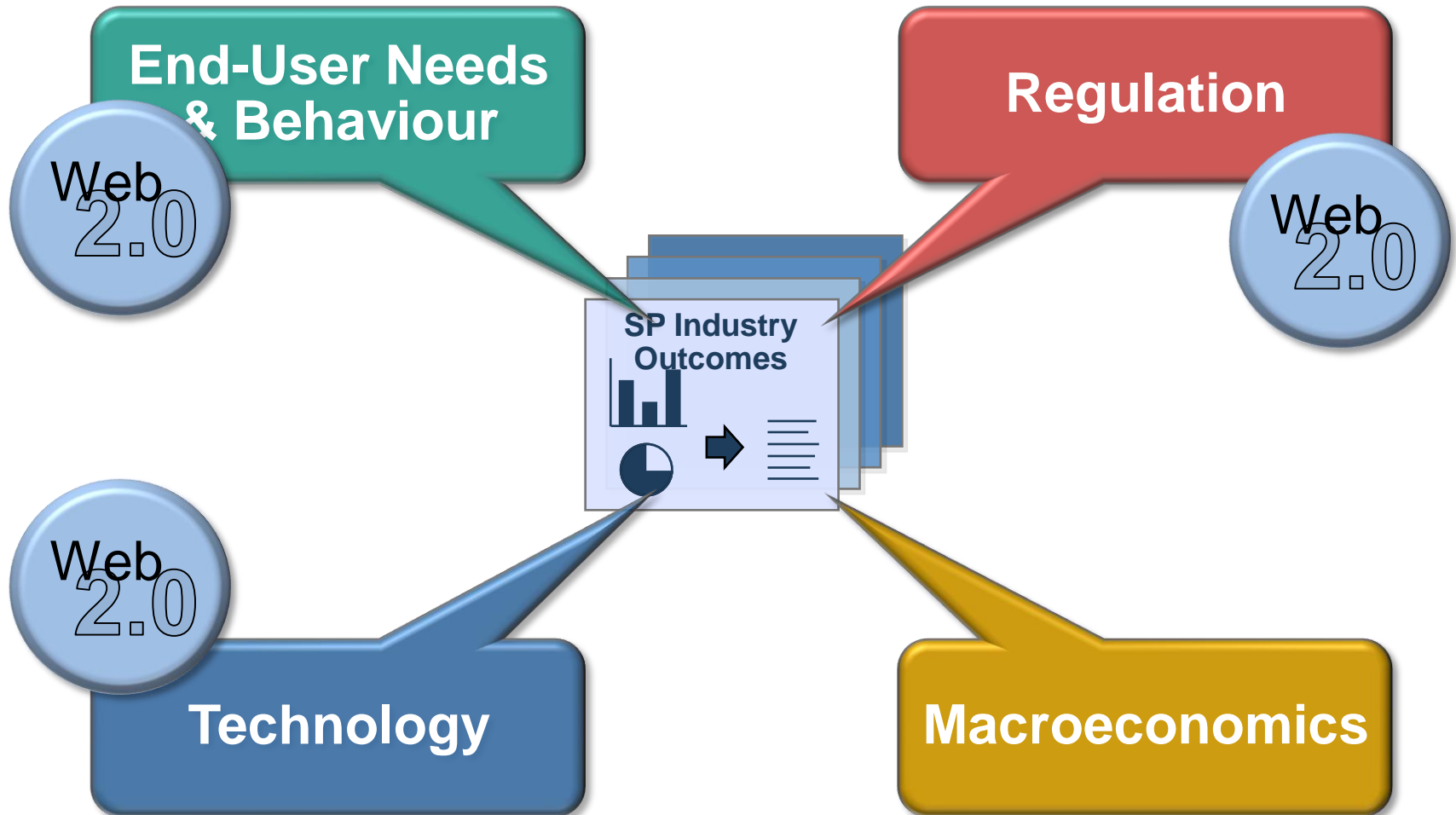
# The Web 2.0 Phenomenon

# Beneath the Hype

- Web as the platform, architecture of participation
- Above the level of single devices
- Composed by integrating distributed, independent developers
- Mash-ups

<b>Level 3</b> Only exist online; derive power from human connections and user participation	<b>Level 2</b> Can operate offline but gains advantages by going online	<b>Level 1</b> Also available offline, but gain features online	<b>Level 0</b> Would work as well offline;
			

# Attributes of the Future



# Taking position in the Web 2.0 value chain

## Ignore

- Ignore the thousands of irrelevant services

## Imitate

- VoIP over any broadband out of footprint
- On-line video strategy
- Social Networks

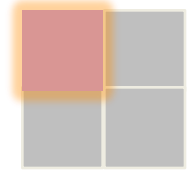
## Impair

- Traffic analysis and control
- Internet Access Tiering, Quota/Data Limits

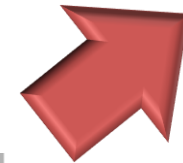
## Improve

- Strategic OTT Alliances
- QOS to Subscribers and to OTT Providers
- Joint advertising opportunity

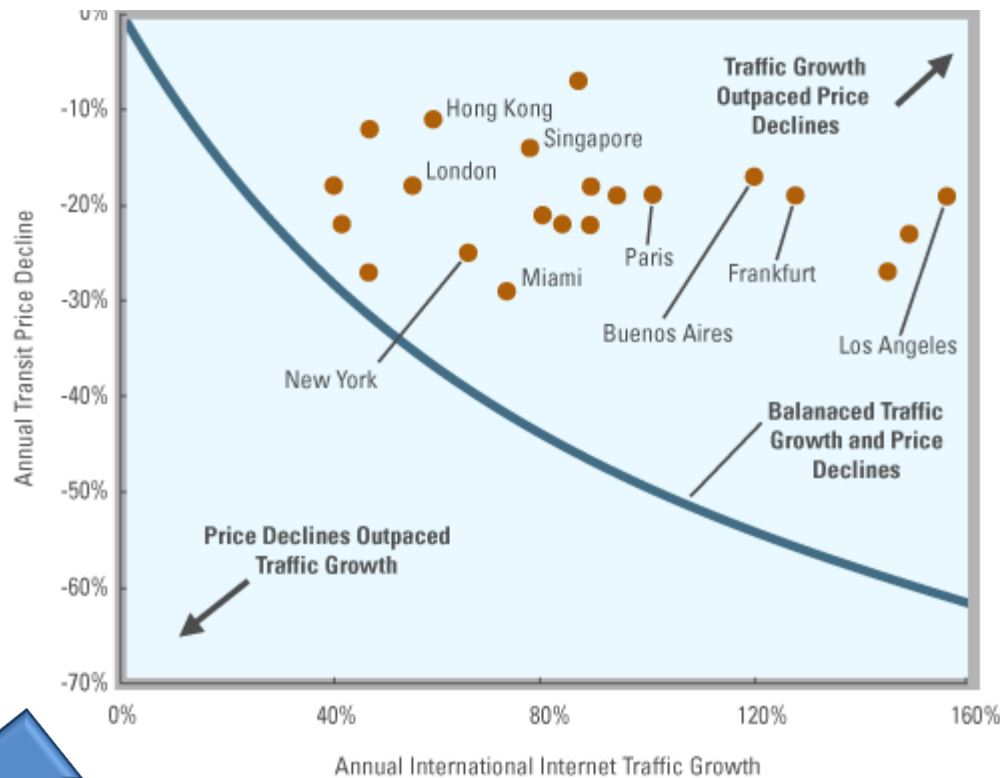
# Ignore Traffic Growth exceeds Cost Reduction



## IP Transit Price Declines Versus Traffic Growth in Select Cities 2005-2006



**Margins Decrease**

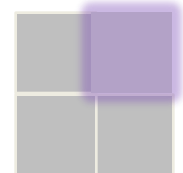


**Margins Increase**



Source: TeleGeography, 2006

# Imitate Develop Me-Toos



**T-Community** Beta

Suche  OK

Teilnehmer Kommunikation Kontakte Foren Mediathek Mein Profil

Hallo idefour,  
willkommen in der T-Community! Hier finden Sie genau die Menschen, die gleiche oder ähnliche Interessen haben wie Sie - unkompliziert, kostenlos und deutschlandweit. Und mit den vielfältigen Möglichkeiten der T-Community nehmen Sie gleich Kontakt auf.

**Snap & Click**  
Möchten Sie mehr über unseren Fotoservice Snap & Click erfahren, Ihre Fotos abholen oder eine Snap & Click-Kamera im T-Punkt kaufen?  
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**Neu in der Mediathek: Printservice**  
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powered by FILMCOLOR

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Jetzt Party machen und gratis Digi-Fotos schießen! Quick Snap-Aktion: Termine, Orte, Ihre Mediathek - alles, was Sie wissen müssen!

Diese Online-Teilnehmer passen am besten zu Ihnen [Zum Matchmaker](#)

gDilly jackson.. Trance.. dsfgasr.. twister marco.. cternes lutzido florida.. engel.. cosmic

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User ID   
Password

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[Forgot Your Password?](#)  
(For authorized Verizon customers only)

Keep your phone number [▶](#)

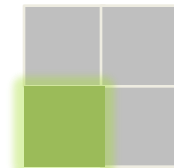
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Get started with our advisor tool!  
[go!](#) [go!](#)

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**More Links**  
FAQs  
Glossary  
Done

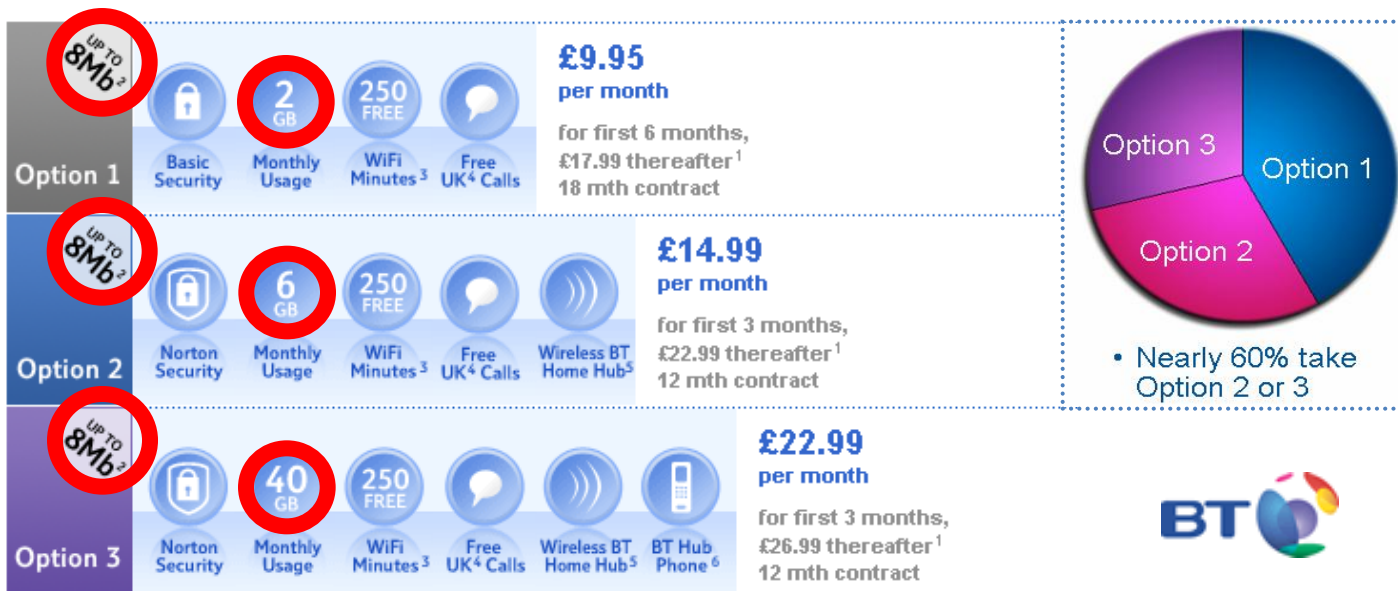
# Impair Access Tiering & Fair Use Policies



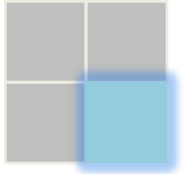
- Quota-based tiers
- Acceleration Services
- Application-based Access
- Smart & enforced Fair Use Policies

Make sure Interactive Apps work well

Service Heavy Users and Applications



# Improve Example Strategy Under Consideration

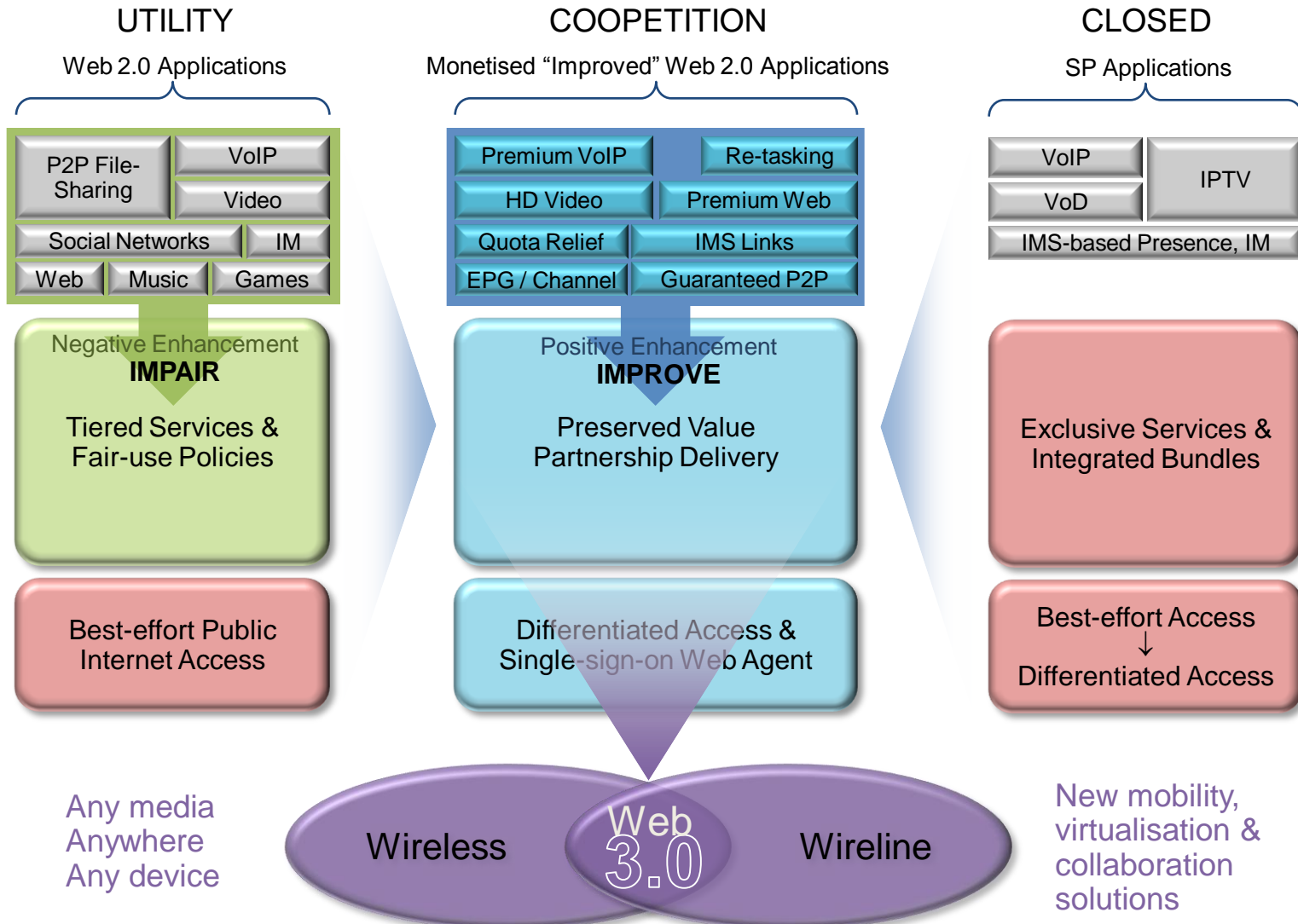


**Improve towards users**

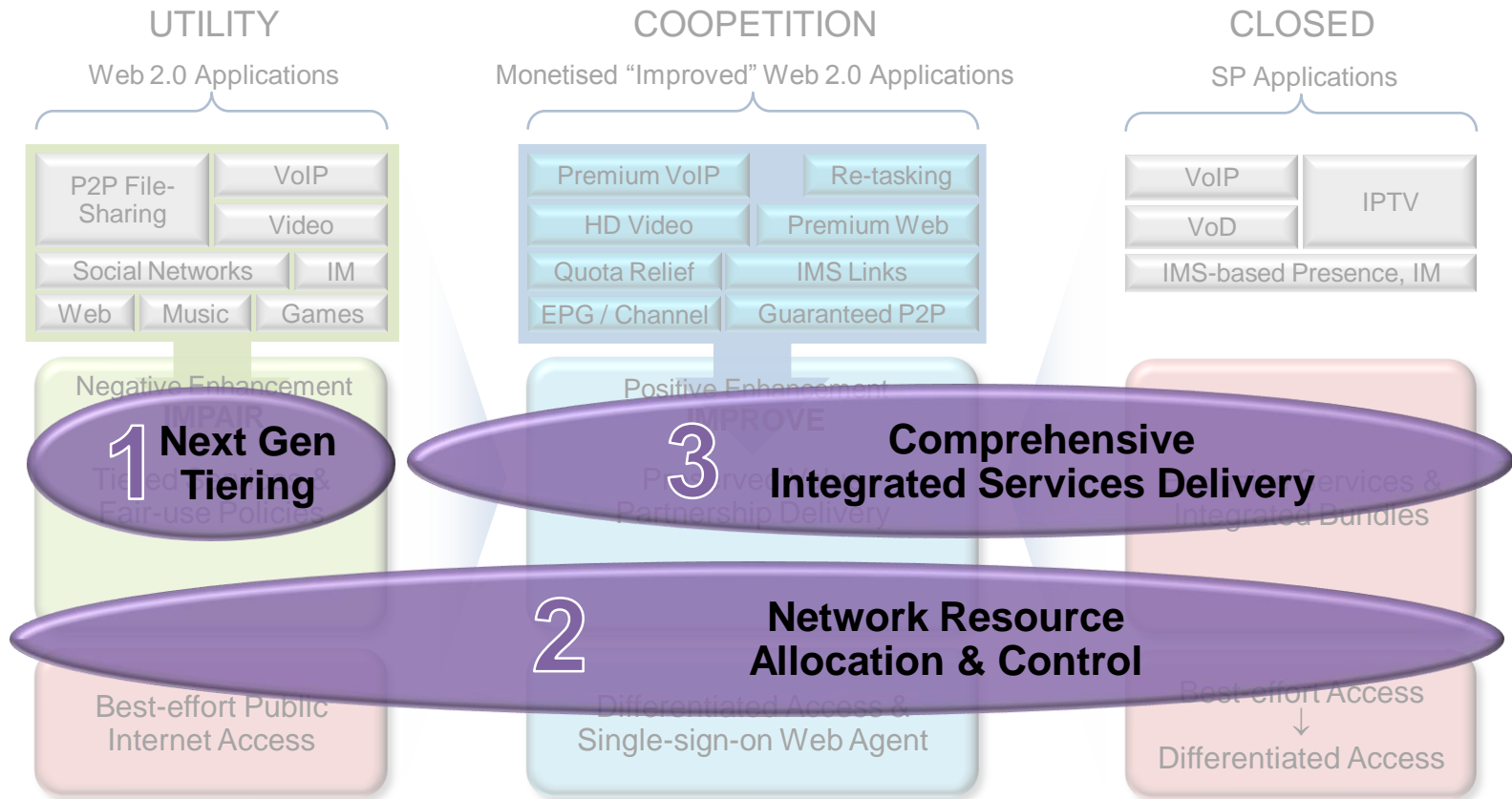
**Improve towards provider**

Localised Content YouTube 'channels'	<b>Content Uniqueness</b>	Tap into ISP content YouTube 'channels'
Put on TV & mobile, higher quality SP community ratings	<b>Functionality</b>	Greater usage & reach Localised advertising, Peering partner
YouTube EPG & portal Sharing content on devices	<b>Ease of Use</b>	Provide access to "lean back" market & non-PC users
QoS, enhanced resolution Guaranteed performance, Quota relief	<b>Service Level</b>	Greater usage and longer sessions

# Reasserting position in the value chain



# Reasserting position in the value chain



- 1 Next Gen Internet Access Tiering** – New tools to optimize Internet access
- 2 Network Resource Allocation & Control** – content-aware dynamic performance
- 3 Integrated Services Delivery** – Differentiation, enable new business models

# In Closing ...

# Expanding into Managed Services

## Partnerships

Necessary to manage complexity & volume

## Convergence

Voice, Data AND mobility

## Adaptability, Modularity and Flexibility

Accommodate IT lifecycles



Continued development of ISR as Managed Services platform

Software, hardware, innovation, acquisition

Services for today and tomorrow

# Dealing with the Web 2.0 Phenomenon

## An Opportunity

More than threat or risk

## Ignore, Imitate, Impair and Improve

Evolving combinations expected

## Coopetition re-asserts position in value chains

Content and subscriber-aware intelligence for business control



Service Exchange Framework for IMS and non-IMS architectures

Fundamental attribute of Cisco IP NGN architectures; core and edge

Together with Web 2.0, provides foundation for Web 3.0

