Tata Communications Ltd. Leads Managed Services Market with Cisco TelePresence Offerings

**Background**

Tata Communications Ltd. (TCL), part of the $38 billion Tata Group, is India’s largest telecommunications company, providing international long-distance, enterprise data and voice, and Internet services. TCL has operations in more than 80 cities in 40 countries.

Additionally, through its acquisition of Tyco Global Network, TCL is one of the world’s largest submarine cable bandwidth providers. The global network encompasses an advanced submarine cable network and a Tier-1 IP network, with connectivity to more than 200 countries across 400 points of presence.

TCL offers a comprehensive suite of managed information and communications technology (ICT) solutions for the enterprise such as Multiprotocol Label Switching (MPLS), Ethernet, and data center through its managed ICT services business. TCL’s core strategy, however, is to become a leading global information, media, and communications service provider (SP), and the company is aggressively developing its enterprise and managed ICT solutions portfolio. TCL believes new services such as hosted unified communications, managed telepresence, cloud computing, and managed security / VPN are key engines for long-term success.

**Challenges**

TCL has been successful in the wholesale and voice/data business. Today’s market, however, is experiencing low margins and flat revenues despite volume growth. Because of this, TCL is transforming its focus from telecom company to that of a media, information, and communications SP for retail, wholesale, and enterprise markets. In this way, TCL can address the high-margin managed services market and reach its goal of increasing enterprise business revenue from 15 percent currently to 40 percent in three years.

To compete in the global managed services market, TCL needed more expertise in end-to-end service creation, monetization, vertical-market,
and go-to-market strategies that would ensure a reasonable return on investment. Additionally, TCL needed to raise more brand awareness about its role as an enterprise SP.

Based on prior successful engagements with the Cisco Internet Business Solutions Group (IBSG), TCL believed IBSG could help the company differentiate itself within the managed-services market.

**Solutions**

In 2007, Tata Group Chairman Ratan Tata met with Cisco Chairman and CEO John Chambers. During their meeting, Cisco showcased Cisco TelePresence, an ultra-high-definition collaboration system that brings people together in a virtual environment that simulates in-person meetings. Tata realized the power of Cisco TelePresence and requested that his management team explore how the company could offer the technology to enterprise customers.

TCL also wanted to accelerate its success by developing new business models. One was based on public Cisco TelePresence suites—global TelePresence rooms offered on a pay-per-use basis from leading hotels, airports, and business/convention centers—that would enable TCL customers to rent public Cisco TelePresence rooms from convenient locations around the globe. These decisions ultimately led to the launch of a comprehensive Cisco Managed TelePresence solution.

Cisco IBSG helped TCL identify the best locations—in terms of investments—in which to launch public Cisco TelePresence suites. IBSG conducted in-depth analysis of global demand for public TelePresence rooms based on: 1) cities with high financial activities; 2) cities with high air travel; and 3) cities that presented large financial risks in terms of doing business there.

Cisco IBSG then analyzed cities that had high financial activity and correlated its findings with those of other cities to create a list of “city pairs” (two cities, each with a TelePresence site) and TelePresence “hubs” (cities with TelePresence connections to several other cities) that serve as transit points between cities worldwide. Additionally, IBSG analyzed foreign investments in these cities and countries with high-risk quotients (based on economic, human, and political risks). Based on their findings, IBSG recommended priority locations in which to roll out public TelePresence rooms.

Cisco IBSG also researched and analyzed real estate opportunity costs and user consumption rates to develop price points for public TelePresence on a pay-per-use model and provided breakeven and net present value analysis. Through a series of recommendations to TCL’s CXOs and board members, Cisco IBSG helped the board secure a US$50 million investment to roll out 100 TCL global public Cisco TelePresence rooms by 2012, in addition to investing in a B2B Cisco TelePresence exchange in the Asia-Pacific region.
Cisco IBSG—with help from Cisco Sales, the Cisco TelePresence Business Unit, Cisco Capital, Cisco Advanced Services, and Cisco SP Marketing—has created a solid relationship with TCL that shows Cisco’s commitment as a partner, rather than just as a vendor.

Results

As a managed services SP, TCL currently operates more than 21 global, public Cisco TelePresence suites on a pay-per-use model, with plans to add 100 suites by 2012. The service enables enterprise customers to connect to their customers, suppliers, and partners worldwide. TCL’s customers pay a monthly fee that allows them to enjoy multipoint TelePresence conferencing without paying high up-front costs. The technology has enabled TCL to offer rich video solutions to leading enterprise customers and expand into the enterprise market.

TCL now has end-to-end Cisco Managed TelePresence offerings with Citroën, William Grant & Sons, and Starwood Hotels & Resorts Worldwide, Inc. Cisco Managed TelePresence has resulted in faster customer adoption through low up-front costs for customers, as TCL now offers: 1) TelePresence endpoints; 2) connectivity within the network among multiple endpoints; and 3) the intelligent layer that sets up and manages TelePresence connectivity—all on a monthly recurring model to customers.

TCL also operates the first B2B Cisco TelePresence exchange in the Asia-Pacific region, offering SP partners intercarrier TelePresence connectivity. This enables SPs to interconnect with Cisco TelePresence rooms linked to TCL’s network and those of other SP partners. In this way, an SP that is interconnected with TCL’s B2B TelePresence exchange can offer a global footprint of connected locations to its customer base. TCL plans to build two more B2B TelePresence exchanges in the near future, and continues to add SPs to the interconnected network.

As a strategic adviser to TCL, Cisco IBSG helped the company create a “network effect” by connecting TCL with other SPs, such as Kazakh Telecom, VimpelCom, and Philippines Long Distance Telecom. This has enabled TCL to accelerate its go-to-market strategy through partnerships, and to custom label its managed TelePresence solutions.

Through this engagement, TCL has become the world’s first provider of public Cisco TelePresence services. The company received the “Managed TelePresence Service Provider of the Year” award for 2009 from European CEO magazine. That same year, Gartner, Inc. positioned TCL as a “Top 5 Managed Network and Security Provider,” along with Verizon, BT, AT&T, and Orange.

Next Steps

Cisco IBSG will continue to work with TCL on a new data-center and cloud-computing strategy for the enterprise market.

“With this innovative service offering, Tata Communications not only is adding value to its business and that of its customers, but also revolutionizing business altogether. This groundbreaking innovation enables our global customers to join a wider ecosystem of users via public access rooms that allow them not only to communicate virtually in real time, but also provide a cost-effective and ecofriendly solution.”

Vinod Kumar
CEO
Tata Communications
More Information
Cisco Internet Business Solutions Group (IBSG), the company’s global consultancy, helps CXOs from the world’s largest public and private organizations solve critical business challenges. By connecting strategy, process, and technology, Cisco IBSG industry experts enable customers to turn visionary ideas into value.

For further information about IBSG, visit http://www.cisco.com/go/ibsg.