TELUS BREAKS AWAY FROM THE COMPETITION WITH LAUNCH OF IP-ONE

CUSTOMER VIEW

"The IP Telephony market in North America is evolving as IBSG has predicted."
—Mathew George, VP Portfolio Management, TELUS Ventures

Cisco Systems® Internet Business Solutions Group (IBSG) offers TELUS complete market analysis and financial modeling for launch of a carrier-grade, hosted, and managed IP Telephony service.

BACKGROUND

With more than US$6 billion of annual revenue, 4.8 million network access lines, and 3.5 million wireless subscribers, TELUS is the largest telecommunications company in Western Canada and the second largest in the entire country. The company provides subscribers with a full range of telecommunications products and services including data, voice, and TELUS Mobility wireless services across Canada based on next-generation Internet-protocol-based network technologies.

TELUS' strategy is to unleash the power of Internet technologies to deliver the best solutions to Canadians at home, in the workplace, and on the move.

CHALLENGE

A key TELUS goal is to drive revenue growth by gaining market share in non-incumbent markets, and the company believes these new revenues must come from services delivered over IP networks rather than legacy networks. In pursuing this strategy, TELUS became one of the first major telecommunications providers in the world to deploy an Internet Protocol- (IP) based "Next Generation Network" (NGN) that eliminates the need for separate networks to carry voice, data, and video applications.

TELUS wanted to capitalize on this Next Generation Network to fuel its leadership in a highly volatile marketplace. "It has become brutal working in telecom in that large companies like ours need to drive costs down yet improve value to the customer," says Alan Strachan, Director, Technology Assessment and one of the IEEE's Top 100 Engineers in North America. "Our ongoing challenge is to stay ahead of our competitors and increase business by delivering exceptional value to our customers."

TELUS decided to pursue an offering it calls IP-One™ that would use the Cisco®-based NGN rather than the telephone network to route calls and data, providing business customers with a full suite of IP-based advanced application services and the ability to integrate voice-mail, e-mail, data, and images via a highly intuitive online Web portal.

"If you look at the way the telecom space has been evolving, it's very apparent that voice over IP is going to be the dominant technology in a very short space of time," says Mathew George, VP Portfolio Management, TELUS Ventures. "Given that we're already moving to a next-generation network, it makes a lot of sense to position ourselves where we can compete with some of the newer players, not only from a cost perspective, but also from a feature perspective. To compete successfully with some of our larger competitors it's not just going to be on price, but on value-added services that we can provide to our customers. IP-One is an important step in addressing that, and in giving us a lead in the market."

SOLUTION

Cisco's IBSG helped TELUS' executive team think through the business case for IP-One, including operational factors, total cost of ownership (TCO) issues, and the engagement of service providers. Cisco IBSG also provided TELUS with a strategic review of the product introduction plan for IP-One, including a review of markets outside Canada.

In addition to an overall assessment of the North American market, Cisco IBSG provided detailed models of TCO for both end users of telephony and for service providers. These models compared traditional PBX and Centrex services with managed and unmanaged IP services.

"In a series of workshops in 2002 and 2003, Cisco IBSG helped us work through the strategic elements of our delivery model," Strachan says. "We emerged from these working meetings with answers to questions we hadn't already asked ourselves."

Practicing What They Preach

IBSG encouraged TELUS to implement IP-One internally before launching it to customers, much as Cisco internalizes any new technology before taking it to market. This creates a powerful selling strategy and builds knowledge and confidence in representing the offering across the sales force. But it wasn't an easy sell inside TELUS.

"Moving to voice over IP was a cultural change for us at first," Strachan recalls. "There's a tendency to hold on to the old ways of PBX and Centrex. But, once people realized they could have virtual service anywhere by taking the phone along and that we could run everything over Ethernet eliminating dual systems, we won them over."

RESULTS

The IP-One service, launched in TELUS' out-of-region territory in central Canada in November 2003, has been well received by companies such as Borland Software Corporation.

"TELUS' commitment to advancing technology while reducing costs and increasing productivity for customers is consistent with our own," says Christopher Corey, regional vice president, Canada and Latin America, Borland Software Corporation. "Borland is already seeing real benefits from TELUS' IP-One service, both in our internal and customer-facing communications. The new service is helping us better meet our customers' needs by seamlessly providing one point of contact for them to reach us from anywhere in the country," Corey adds.

Value-Added Functionality

Through this offering, TELUS IP-One allows businesses to easily manage features such as call forwarding and contact lists. They can access voice mail as they would e-mail by clicking on a specific message or conduct multi-party conference calls by selecting contact names from a directory and adding them to a "Meet Me" window on the TELUS IP-One portal. The service also allows business customers the flexibility to shift employees and workstations without having to reconfigure network and telephony services, making that process extremely time- and cost-effective.

TELUS IP-One gives customers like Borland, Jetsgo, and Sun Microsystems the ability to converge their networks and reap tangible benefits of the technology, such as increased productivity, ease of use, lower overall cost, one network to manage, and easy scalability.

An Effective Process

"We now have a process for customer implementation that is highly effective, and it begins with a LAN audit to ensure it is robust enough to handle the new system," Strachan notes. "Immediately, our customers eliminate the costs of moves, adds, and changes. And after six months, with the suite of new services available, they realize even more benefits in cost savings and productivity improvements."

NEXT STEPS

TELUS continues to develop the IP-One offering and to sign up more and more customers on the service. Interim releases are planned to add services, as well as a scaled-back "IP-One Light" version for customers who don't need full features. In the meantime, TELUS is continuing to partner with Cisco IBSG in the areas of Go-to-Market and Operations strategy to identify more opportunities to break away from the competition.

FOR MORE INFORMATION

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