

Packetl N™ Solutions

An excerpt from a scripted
technical presentation

Lucent Technologies – Proprietary

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Welcome. And thank you for attending.

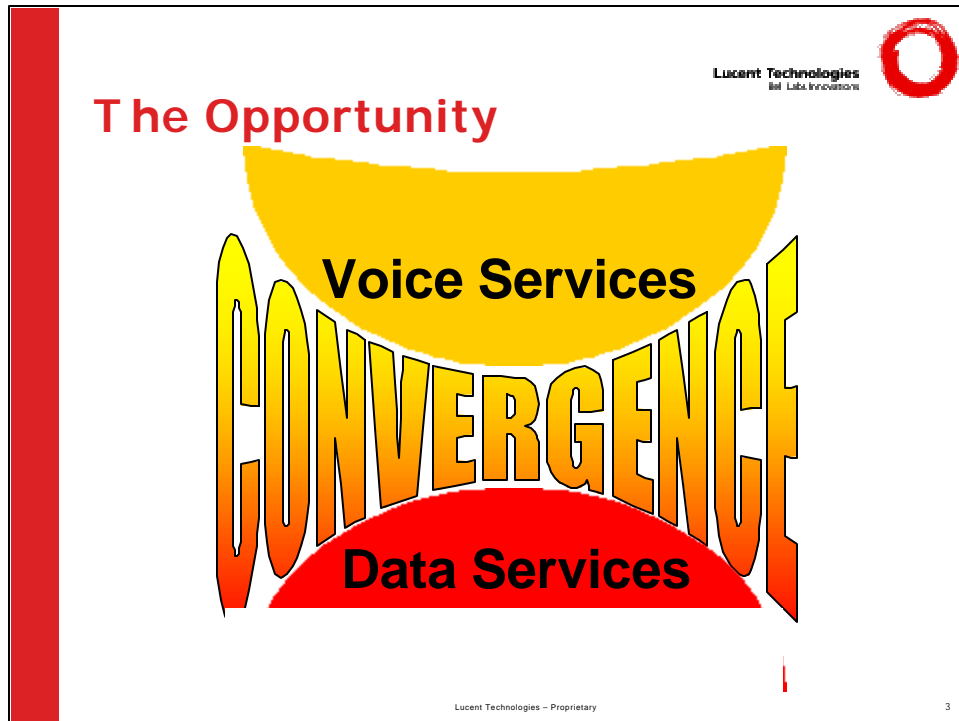
As you know, successful networks must blend voice, data, and video into a seamlessly networked flow of information over public and private networks.

We call this the Next Generation network. And this network will carry a tremendous number of innovative, enhanced — and profitable — services. This new world of services is the wave of the future, but it's happening today.

This presentation will introduce you to *PacketIN*™ Solutions, Lucent's solution for seamlessly integrating voice, data, and multimedia services over next generation packet networks — while still allowing you to leverage the services and infrastructure of circuit-switched networks.

In this presentation, we're going to discuss the *PacketIN* Solutions platform for creating, deploying, and managing services. And, we're going to discuss a portfolio of advanced services that Lucent has already created for our customers.

However, the first thing we need to talk about is convergence...

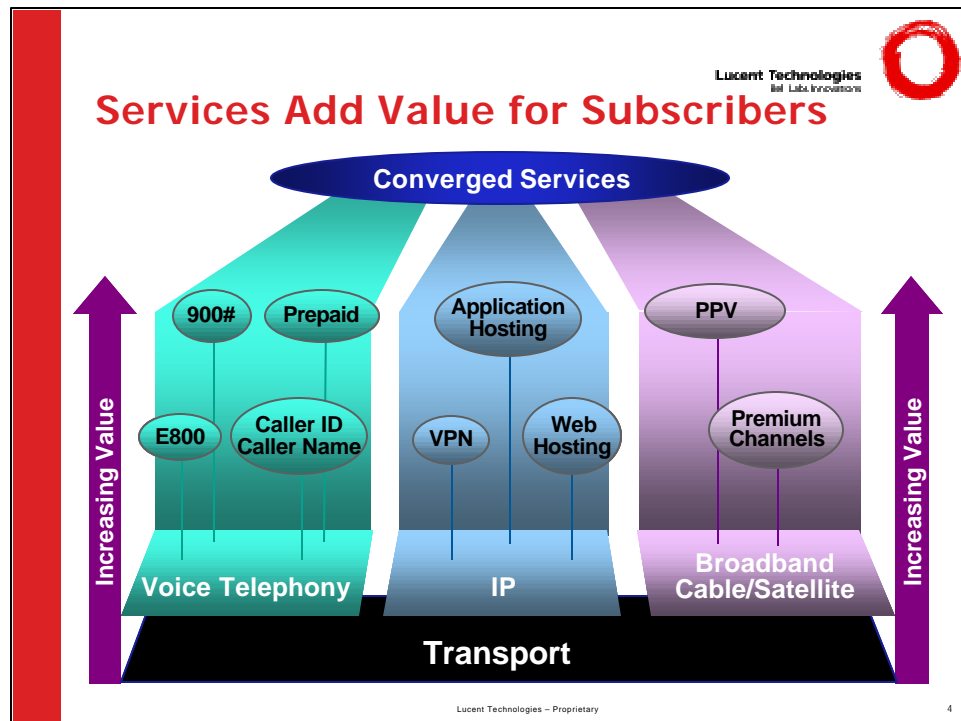


People mean different things when they talk about convergence — a sure sign that convergence is an overused word. Some are talking about voice versus data. Others about TDM versus packet-switching. Some think it's taking today's services and deploying them on data networks.

None of this is what we mean.

BUILD: By convergence, we mean the *convergence of services*. We're talking about the blending of voice, data and multimedia capabilities on the data network, which is opening a window to an entire new world of possible services.

In many ways, voice services are still the king of all services. They make a lot of money. Therefore, step one in convergence was to preserve voice services and take them to the next generation of data networks. Step two is to use the new capabilities of this next generation network to provide a services infrastructure that has never been possible in the history of telephony.



BUILD: Because of the Internet, basic transport is getting much cheaper. It's becoming a commodity, in fact, with low margins. Therefore, in the new telecommunications landscape, it will be services – and not just transport – that will drive revenues and profits.


Services add value...Services add convenience... And people will pay for value and convenience.

BUILD: So on top of basic transport are basic telephony and IP services. In the entertainment world, there are broadband, cable, and satellite services.

BUILD: On each of these layers are services that start increasing in value and convenience for the customer. On top of voice are enhanced 800 numbers and residential services like caller ID. In the data space there are Virtual Private Network and web hosting services. And in entertainment there are premium channels like HBO.

BUILD: There's another tier above this. Premium rate 900 service in voice. Prepaid calling cards, which cost more, but people are willing to pay for the convenience of them. On top of IP there is application hosting which offers tremendous convenience to businesses. On top of premium channels there is Pay-Per-View. Yes, some people will pay a premium to watch wrestlemania. In the next generation world, it's all about offering enhanced and targeted services to open up new market opportunities and find new customers.

BUILD: What's happening with all of these services is that they are converging, not only in terms of blending voice, data, and video, but also in terms of moving towards an e-commerce business model. E-commerce enables a lot of these services to be combined, resulting in a new way of doing business. For example, consider a prepaid card that can be used not only to make phone calls but to purchase goods and services on the Internet, and even to order a Pay-Per-View event. It's these kind of services that create new opportunity. And the winners will be those carriers who jump on this opportunity.



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Converged Services Help Differentiate

- Voice is why the revolution in wireless is about surfing the web with cell phones not alpha pagers
- Voice-enabled E-commerce => increased up-sell and cross-sell => higher value transactions
- Collaborative media (voice, video, text) are igniting a call center explosion
- Web, 3G Wireless, Converged Networks are energizing data services by providing a broad base of capable endpoints

Converged services, not just converged networks

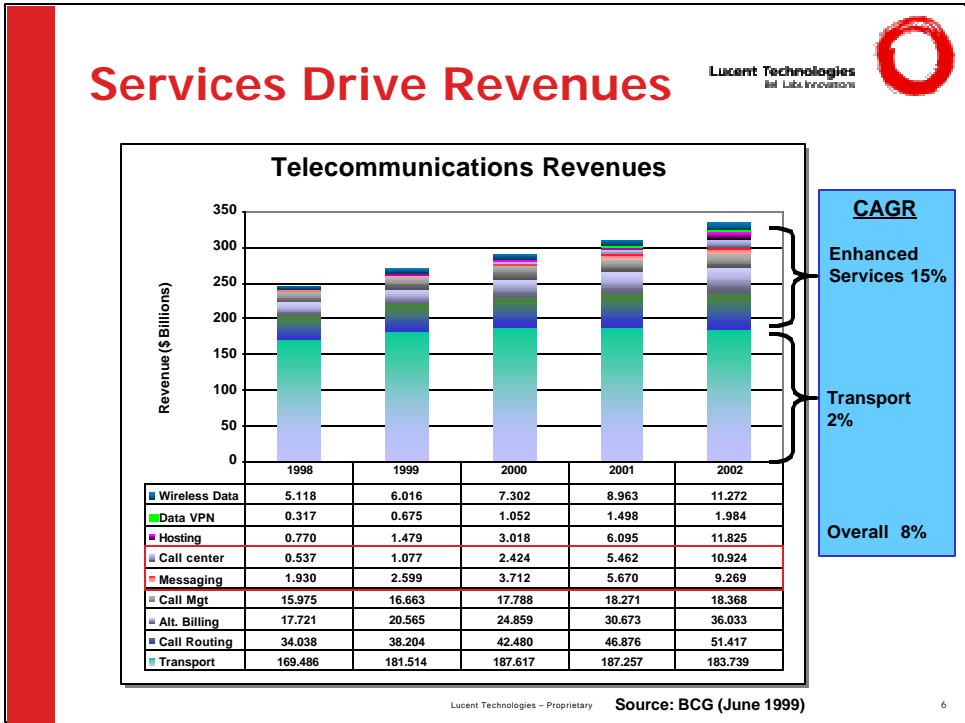
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PacketIN is not just about taking existing services and deploying them on next generation networks. Nor is it just about offering data-only services on next generation networks. It's more about services that straddle the voice/data boundary. These services offer tremendous value and can help a carrier create differentiation. These are the kind of services that consumers and businesses want.

Consider these examples. People are starting to surf the web through their cell phones — a true blending of voice and data. Also, voice-enabled e-commerce — what we call e-commerce with a personal touch — is enabling a business to identify and take advantage of cross-sell and up-sell opportunities. For instance, tracking a customer on a web site and pushing out a video telephone call over the data network. This call initiates an interactive session to help the customer find what they are looking for or offer suggestions on products or services that might be of interest.

There's technology appearing now that can make these kind of services and transactions a reality. Significant advances in back-end infrastructure. And, on the front end, advances in handsets that are driving people to these services. Like phones that can handle different kinds of data. And right around the corner new souped-up handsets and PDAs that give access to simultaneous voice, data, and video streams over a broadband wireless network.



The message, so far, is that enhanced services, not transport, will provide the greatest revenue growth over the next few years. Research from the Boston Consulting Group backs this up. According to this chart, the total telecommunications revenue market is growing at an annual rate of 8%. But within that market, enhanced services are growing 15% while basic transport will grow only 2%.

And the table below shows that two of the fastest growing services are converged services — call centers and unified messaging.