



Making IP-Based Telephony a Business Reality

"

"Since 1996, SBC companies have been preparing for the market's adoption of business Voice over IP. As businesses accelerate their investments in this technology, we are firmly established as an early mover on a national level."

"

Edward E. Whitacre Jr.
Chairman and Chief Executive Officer
SBC Communications Inc.



Convergence has arrived. Businesses of all sizes are evolving their voice networks to Internet-based communications technologies, known as Internet Protocol (IP) telephony or Voice over IP (VoIP). While traditional voice services require separate networks for voice and data, VoIP enables businesses to consolidate traffic onto a single platform.

A growing number of businesses are adopting VoIP, but how they deploy it varies dramatically depending on their current infrastructure and specific communications needs. Some businesses may install a completely new system; others may gradually transition to VoIP over several years.

The SBC strategy is to offer a broad portfolio of IP voice and data services, enabling business customers to choose the best solution for today and to plan for the future with IP telephony.

The success of this strategy is clear: SBC customers in every region are deploying IP-based voice systems. SBC companies have earned new VoIP contracts from major corporations such as Ford Motor Co. and have deployed VoIP projects of all sizes for customers as diverse as retailer Crate & Barrel and the Francis Howell School District in St. Charles, Mo. SBC companies are meeting the growing demand for IP telephony.

Whether a company plans to migrate to VoIP in six months or six years, SBC sales and consulting teams identify the right strategy and help the company with every stage from planning and implementation to ongoing network management. This approach allows businesses to evolve their communications infrastructure toward IP telephony without abandoning existing investments in other systems. This strategy also allows SBC companies to grow and evolve with customers.

Market Growing for Hosted VoIP
As enterprise communications services grow more capable and complex, SBC companies have focused on delivering fully managed services to businesses. This allows customers to adopt advanced technology while relying on SBC expertise to design, deliver and manage the underlying services and infrastructure.

To date, many businesses have adopted equipment-based VoIP solutions. SBC companies are either the largest or one of the largest resellers of Cisco, Nortel and Avaya equipment.

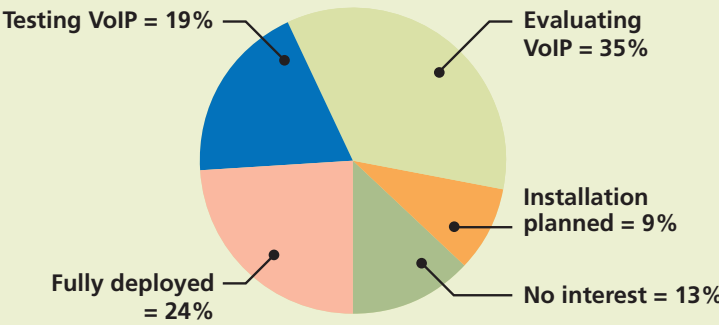
“Opening the headquarters and integrating our employees to this new system was a smooth transition because of the SBC DataComm expertise and ongoing customer support,” said Mark Carrier, telecommunications manager, Crate & Barrel. “Crate & Barrel values the work and happiness of its people, and having a system that makes their jobs easier and more efficient is an investment worth making.”

At the same time, industry analysts are predicting rapid growth of hosted VoIP. These groups have noted the SBC initiatives to be early movers in the emerging market for VoIP, highlighted by last year’s launch of the SBC PremierSERVSM Hosted IP Communications Service (HIPCS), one of the industry’s first fully managed and hosted VoIP platforms. In its newest industry report on VoIP published in September 2004, leading industry analyst firm IDC cites SBC leadership in hosted business VoIP and categorizes the company as the top contender for market leadership, in terms of both revenue and market reach.

Additionally, *Telecommunications Magazine* in April named hosted VoIP one of its 10 Hottest Technologies, and cited SBC as a leader. Attendees at this year’s SuperComm show named SBC as one of the five companies expected to lead VoIP evolution.

Hosted services like Voice over IP help corporations avoid making large investments in infrastructure and equipment; they also support companies that are operating a mix of telecommunications platforms that require interoperability. With its broad portfolio of IP voice and data services, SBC companies help businesses find the solutions that suit them best.

BUSINESSES SHOWING INTEREST IN VoIP



Source: The Yankee Group 2003 U.S. Enterprise Communications Survey.

Small businesses are also embracing VoIP. Stewart Motors, an auto dealership in Corsicana, Texas, wanted more features and a better price. It selected an SBC-hosted IP service for a single monthly rate. “I wanted a Cadillac phone at a Kia price,” Terry Fleenor, the dealership’s office manager, told *The Wall Street Journal* on Sept. 13, 2004, “I think we got it. The new phone system was the most talked-about thing in Corsicana since we got the overpass.”

SBC Companies Meet Customer Demand for IP Services

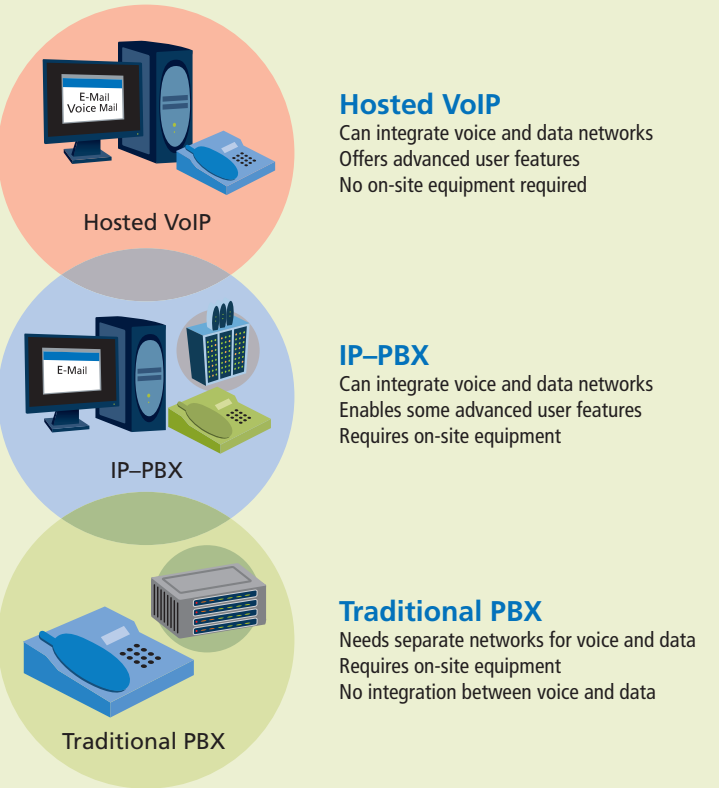
Late 2003
> Launched hosted IP communications (VoIP) service.

- 2004
- > Introduced hybrid communications service for businesses with well-established voice networks that want VoIP-similar calling features without widespread deployment of new equipment.
 - > Launched network-based Virtual Private Network service using the SBC IP backbone network for transporting data.
 - > Announced IP-Virtual Private Network services contract with American Mortgage Network.
 - > Announced three-year data-center hosting contracts with CB Richard Ellis, Commercial Capital Bancorp and Unocal Corp.
 - > Announced one of the largest VoIP installations in the United States with Ford Motor Co.

RESEARCH FIRM IDC PROJECTS THAT THE HOSTED VOICE MARKET WILL REACH \$7.6 BILLION IN 2008.

SBC VoIP CHOICES GROW WITH CUSTOMER NEEDS

Businesses that are evaluating VoIP solutions may replace their existing Private Branch Exchange-based voice network with a total IP telephony network or choose to evolve their data and voice networks over time.



Ford Motor Co. Taps SBC Companies for Advanced IP Telephony Network

In a new contract with Ford Motor Co., SBC employees will design, implement and manage a state-of-the-art IP telephony system for more than 50,000 employees in 110 Ford facilities in Michigan. The project will be one of the nation’s largest VoIP deployments to date.

Following the announcement, *The Wall Street Journal* reported: “The move by SBC, the nation’s second-largest local phone company, after Verizon, shows how it is aggressively pursuing large business customers and protecting existing enterprise accounts—and that it is using Internet calling as a weapon to compete against rival long distance companies that still dominate the business-telecom market.”

Network consultants from Callisma (an SBC company) will work with Ford throughout the implementation to help assure a seamless integration of the IP telephony service into Ford’s existing network infrastructure.

All elements of the new Ford system will be fully tested under real-world conditions at the SBC staging center in Memphis, Tenn. At this facility, SBC engineers will test equipment under operating conditions that match those of the customer, allowing SBC companies to resolve any issues well before installation at the customer’s location.

The contract expands a long-standing relationship between Ford and SBC. SBC companies have provided Centrex voice services to Ford since 1986, and Ford today uses SBC GigaMAN[®] Service, a point-to-point Ethernet solution for high-bandwidth connectivity among its southeast Michigan locations.

Expanding Consulting Services to Business Customers

Capitalizing on the growing demand for IP voice and data services, SBC companies are matching their telecommunications expertise with comprehensive, network consulting services for large-business customers. Earlier this year SBC acquired California-based Callisma Inc., which specializes in helping businesses with their most complex networking challenges, including operations management, VoIP, Internetworking, security and storage solutions.

“Effective, efficient consulting services have never been more important to enterprise businesses, as they look to adopt advanced networking capabilities, such as high-performance IP-VPNs, all while coping with tight budgets and limited in-house expertise,” said Ray Wilkins, group president of SBC Marketing and Sales.

¹ “Is Now the Time for Net Calling?” Sept. 13, 2004.