

Cisco **SP Business Voice Solution** for Service Provider Managed Voice Services

Q. What is the Cisco® SP Business Voice Solution?

A. The Cisco SP Business Voice Solution enables service providers to deliver managed voice services based on Cisco IP Communications solutions and products to small and medium-sized businesses (SMBs) and enterprises. With the Cisco SP Business Voice Solution, service providers can deploy a scalable, reliable, voice-over-IP (VoIP) infrastructure enabling them to offer a portfolio of revenue-generating managed voice services that work with several end-customer deployment options. The options include Cisco CallManager, Cisco CallManager Express, legacy private branch exchanges (PBXs) with VoIP gateways, integrated access devices (IADs), and remote Cisco IP phones.

Q. What services are enabled by the Cisco SP Business Voice Solution?

A. Business voice services are IP telephony solutions delivered as services to enterprise and SMB customers. Service providers can take advantage of the Cisco SP Business Voice Solution to offer managed voice services, including:

- *Business phone services*—Subscriber and group calling services, including paging, intercom, three-way conferencing, hunt groups, call forwarding, and call transfer. The business phone platforms supported include full-featured IP PBX such as Cisco CallManager, and IP key system-like solutions such as Cisco CallManager Express for small businesses. Alternatively, a customer can continue using its existing time-division multiplexing (TDM) PBX with a Cisco VoIP gateway, which would enable the migration to IP telephony over time.
- *Site-to-site services*—Services that enable companies to use the service provider's VoIP infrastructure for toll bypass, or for intra-enterprise voice traffic among a company's distributed sites and branches. Site-to-site services enable a distributed enterprise to preserve its custom dial plans and to exploit features such as abbreviated extension dialing.
- *Public switched telephone network (PSTN) connectivity*—This connectivity can be provided to all enterprise branches and sites from the service provider's VoIP network to allow the enterprise to take advantage of the service provider's shared infrastructure and economies of scale, or can be enabled locally from a customer premises-based VoIP gateway.
- *Unified communications*—This feature delivers unified messaging services (voice mail, e-mail, fax, and find me/follow me as managed services, allowing end users to decide how they choose to receive messages. The solution can be deployed at the customer site or hosted at the service provider data center.



- *Enhanced services*—Allow service providers to deliver current and future enhanced IP services such as Extensible Markup Language (XML) services to IP phones, hosted IP customer contact services, integrated instant messaging, and hosted IP conferencing services.
- *Remote network operations*—The service provider provides ongoing operational support services for its customer's IP telephony solution. These services may include systems, network, and performance management; fault monitoring; security; capacity planning; and help desk.

Q. What are Cisco's business objectives for the SP Business Voice solution?

A. The primary Cisco objectives for the SP Business Voice Solution are to:

- Enable service providers to deliver revenue-generating services based on Cisco IP Communications to enterprises and SMBs
- Allow enterprises or SMBs to mix and match deployment models (on premises vs. located in service provider's data center or central office) and management options (self- vs. service-provider-managed) for IP Communications services across various locations of their companies
- Help ensure applications interworking and feature transparency for service-provider-offered IP Communications services across a mixed environment of management scenarios and deployment options

Q. What are the market drivers behind these services?

A. With annual shipment growth exceeding 35 percent, IP PBXs are projected to exceed one-half of all PBX line shipments by 2004, according to Phillips InfoTech. The business voice services opportunity is driven by two primary factors. First, enterprises increasingly want to outsource the provisioning and ongoing management of their voice services so that they can focus on core competencies. Businesses can lower internal support and capital costs in favor of predictable communications expenditures by using the managed services of a business voice service provider. Secondly, service providers are shifting their historically strong managed voice services focus from legacy TDM PBXs to the fast-growing IP PBX market. Industry data shows that nearly 30 percent of legacy PBX systems in the United States are shipped by service providers. The service provider share of the Europe, Middle East, and Africa (EMEA) legacy PBX market is even higher, from 30-35 percent, and exceeding 50 percent in some country markets. The majority of these systems are managed or maintained by the service provider, providing the service provider an annuity revenue stream as well as an ongoing customer relationship to sell other network and managed services. The growth in the IP PBX market gives service providers the opportunity to retain customers moving away from TDM PBX systems. It also allows service providers to offer higher-value outsourced services such as converged voice/data network fault monitoring and performance management services, intra- and inter-enterprise site-to-site voice services, centralized PSTN off-net termination services across an enterprise's multiple sites, and managed/hosted unified messaging services. These service-provider-managed services are simply not possible with legacy TDM PBXs, and enable service providers to earn higher average revenue per user (ARPU).

Q. Which service providers benefit most from these services?

A. For Post, Telegraph, and Telephone (PTT) providers and local exchange carriers that resell or maintain legacy PBXs, the opportunity is to first preserve and grow the managed voice services annuity revenue by helping existing and new customers deploy IP telephony based on Cisco CallManager. Next, they can bundle higher-value, higher-margin managed services that are simply not possible in a legacy TDM environment.

Incumbent Centrex providers can retain the increasing number of large accounts "defecting" to IP PBXs by offering a managed IP telephony service.



Network service providers (NSPs) and interexchange carriers (IXCs) offering managed LAN/WAN or data VPN services can profitably enter the VoIP market by overlaying a converged voice VPN as an add-on option. In general, the “shared capital expenditure (CapEx)” approach of business voice services appeals to all service providers who wish to take advantage of the ongoing enterprise investments in IP telephony with only minor CapEx on the part of the service provider to tap into this lucrative market opportunity.

Q. What benefits do service providers derive from these business voice services?

A. These services generate new, high-margin revenue streams with a success-based CapEx model. Business voice services can be quickly profitable because the service provider invests most CapEx after the customer has been acquired. Furthermore, ARPU typically increases because satisfied customers are likely to outsource more VoIP services over time to the service provider. Additionally, as the service provider delivers additional enhanced services to a given customer, there is less likelihood of the customer changing service providers, so churn is reduced. Because it combines voice, IP, and management services, the Cisco SP Business Voice Solution also gives service providers with a core competency in any one of the three areas a foothold into the others. For example, a carrier with a core competency in TDM voice services can use the Cisco SP Business Voice Solution as an entry into other Internet and data services. Managed data network service providers can introduce IP telephony services as an overlay option. IP carriers can begin offering voice in addition to data. Telcos can use the services enabled by the Cisco SP Business Voice Solution to establish themselves as trusted IP networking partners and to expand their packet-based services portfolios; traditional out-tasking organizations can branch out into IP telephony; and existing IP service providers can offer new voice services.

Q. Who are the target business customers for these services?

A. Targets for service providers offering business voice services are SMB and enterprise customers seeking to lower costs and increase productivity from converged voice/data services. According to a Meta Group survey, almost 70 percent of respondents believe that converging their networks will help them realize moderate to substantial infrastructure savings. Fifty percent expect moderate to substantial administrative cost savings. And 60 percent expect to achieve moderate to substantial toll bypass savings. Specifically, business customers who do not have the skills to support an IP telephony system or a migration to IP PBXs should be interested in a managed business voice service offered by service providers. Internal research at Cisco indicates that a significant portion of enterprises planning to deploy IP telephony want to partially or fully outsource management of their IP telephony solutions to a service provider.

Q. What benefits do business customers derive from these services?

A. Business customers of service providers that offer business voice services will realize lower total cost of ownership (TCO) based on reduced telecommunications staffing and administration costs, reduced network costs from converged voice and data networks, and lower operational expenditures (OpEx) by avoiding hiring specialized in-house resources. Furthermore, service provider managed voice services allow customers to focus on their core business while reducing of migrating to IP telephony, as the end customer relies on the service provider’s operational scale and expertise. In addition, business customers can increase employee productivity by exploiting new IP-enabled communications applications such as unified messaging, notification services, network-based call distribution, and find-me/follow-me services.

Q. What products are included in this solution?

A. The Cisco SP Business Voice Solution includes:

- Cisco CallManager
- Cisco IP phones
- Cisco Unity™ voice and unified messaging
- Cisco CallManager Express for small businesses with less than 120 phones
- Cisco Catalyst® switches and in-line power
- Voice-enabled customer premises equipment (CPE) gateways such as the Cisco 1700, 2400, 2600, 3600 and 3700 series
- Cisco and third-party network management system (NMS) tools
- Cisco softswitches such as the Cisco PGW 2200 and Cisco BTS 10200 for network services like call routing, hosted dial plans, and centralized PSTN connectivity
- Core Cisco VoIP gateways such as the Cisco AS5000 Series and the Cisco MGX® 8000 Series voice gateways

Q. Where can I find more information about this solution?

A. Please consult: <http://www.cisco.com/go/telephony>



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(0304R) ETMG 203163—LB 09/03