



## Overheard

*Water cooler talk from the Metaswitch office*

### News Digest October 2010

Handset fashionistas are rejoicing at news that worldwide mobile connections will hit 6 billion in the first half of 2012, as new subs join at a rate of 40 million a month. Latin American users now constitute the second biggest mobile region after APAC, with Western Europe pushed into third place. Determined to maintain Asia's lead in mobile handsets, Unicom customers line up for iPhone4 in China and jam the KT servers with orders in South Korea.

In Italy, where the national predisposition for mobile is second-to-none, Vodafone is looking to pump 1 billion into wireless broadband and help 1,800 Italian towns currently in the slow lane.

That investment is set to be dwarfed by Verizon who have now released plans to light up a first tranche of cities with 4G LTE. The goal is to have 4G LTE access in 38 US cities before the end of 2010, along with 60 airports. Verizon expects to blanket the whole country with 4G by 2013.

Meanwhile, regional broadband operators everywhere should beware the 'carrier pigeon vs. broadband' gimmick coming to a local news station near you soon. Pioneered in South Africa and refined in Skegness, England – this is a ready-made good news story for users dissatisfied with their connection speed.

With trademark controversy of a different kind, analysts at Heavy Reading have waded in on a thorny debate with a report that claims 'Telcos Need a Google Strategy'. Does that mean that everyone should move to California, expect free haircuts and "do no evil"?

Back in the UK, regulator Ofcom has pulled its latest trick on incumbent BT by mandating it opens up primary infrastructure on its burgeoning FTTC network to rival ISPs. At least BT has gotten the clarity it asked for, while the result should liven up the market for superfast broadband services, and encourage voice competition among OTT VoIP providers. Compare to the US, where decisions on all things broadband are still very much "up in the air" – and that's not a prediction that it's all going wireless.



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## Good Call

### THINK VOICE, NOT TELEPHONY

By Steve Gleave

It's a question you probably ask yourself every day: is Simon Cowell's brain much use in telecoms innovation? You don't? But this is the man whose midas touch has taken plain old voice to new heights. The continuing stellar success of American Idol, the X-Factor and other wannabe singer competitions has generated a whole lotta revenue from a centuries old profession. People have been singing forever; what has changed, is the packaging.

Rather than being dead, voice is as vibrant as ever. We can lament about the documented demise of telephony, how tomorrow's employees will project their interpersonal skills via their avatars, and how parents get the kids down for mealtimes by sending a text message. But while telephony might have the odd wobble, rumors of voice's demise are somewhat exaggerated.

If you're a phone company, especially a fixed line business, it must be hard to read the telecom obituaries, or at least accept the notion that voice is dying. But let me challenge that: what if the evolutionary cul-de-sac isn't speech, but just the telephone?

If you mentally 'Photoshop' out the image of a Bakelite telephone from communications services, how much of day to day conversation would actually disappear? Probably less than we fear.

People are talking over lots more things than they used to, which is good news. Intelligent things. Converged things. Things that have an SDK that allows YOU to come to the party. I'm talking about iPhones and Android, softphones and FaceTime, PlayStation and Xbox, Facebook and MSN. Your job is to be part of the voice conversation, even if it's not telephony as we once knew it.

At this year's Forum, we turned many of the death knells for telecom on their head. Are customers substituting wireless for wireline? Absolutely. But wait a minute – many mobile-only subscribers were never destined to be your highest revenue-generating customers. And for those deserters that you really care about, applications exist that turn the mobile 'telephone' into a sophisticated control point for your wireline voice services. Much of the industry conversation still revolves around the handling of the call itself – the voice – from device to device as the call parties roam (from office to home, Wi-Fi to cell).

Our vision for the next decade sees a world where the handling of voice is improved, with telcos offering, amongst others, advanced voice authentication services, intelligent call completion and an enhanced call center experience.

Of course, voice itself is still the ultimate form of communication. My kids are too young to read emails from Dad when he travels, and my wife has yet to ask me to text her all those special moments! The good news is that the genetic code for voice services has already been decoded: simplicity; transparency; lots of digital branding at the device end; and a pricing structure attractive enough so I don't need to give it a second thought.

For a good call, think voice, not telephony.

**Steve Gleave is Vice President of Marketing at Metaswitch Networks.**



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## Give the Voice its People

### **PLAIN SAILIN'**

What's better than winning a world championship? Winning two, of course! Metaswitch's Archie Massey became the first sailor to win back-to-back i14s in Warnemünde (Germany) in 2008 and in Sydney (Australia) in 2010. The i14 (International Fourteen), held every 18-24 months, originated in the 1930's and has continually developed to always remain one of the top high-performance dinghy classes in the world.

Archie, whose day job is Customer Support Engineer for the Asia Pacific region, has been with Metaswitch since 2002 and sailing since he was 5 years old. What's next? Going for the hat trick with a win at the next i14s Worlds in Weymouth (UK) in Sept 2011!

### **BRIGHT YOUNG THING**

John Cole is Senior Systems Engineer, Telephone Electronics Corporation (TEC) where he oversees the entire packet-based switching network across 3 states - Alabama, Mississippi and Tennessee. With a network built on Metaswitch, John also has time for his community.

John is a deacon at his church, leads annual educational missions to Nicaragua and is serving his second term on the local board of education. Did we mention that John is 27 years old? And that he started his own dial-up Internet business at aged 13? And that he was just elected to the Metaswitch User Group Board of Directors? Yes, that's John.

Do you know anyone who'd feel at home in Overheard's hall of fame?  
Please send us your suggestions.

## Hang Ups

**With Patrick Fitzgerald and Joe McGarvey**

To assure their continued success, many service providers are determined to re-invent and innovate their business models. But at what cost? For this edition of 'Hang Ups' we pose the following question: "Does the demand for complex applications necessitate complex network architectures?"

Going head to head on this important topic is Current Analysis's Principal Analyst for IP Services Infrastructure Joe McGarvey, and Metaswitch's Patrick Fitzgerald.

### **Joe McGarvey**

I'm sure we all remember the ubiquitous question of the previous decade 'what will be the killer app for xyz?' Today, the answer might easily be 'everything'. Without applications (complex or simple) riding on top, why bother with your network anyway? The network must march to the tune of the services and applications that they carry, rather than the other way around, as these drive revenues and ultimately determine the commercial success of any network operator. Nobody ever won any prizes for managing a network that was neat and tidy.

The operator's goal is to hide complexity from the subscriber. If pulling off that feat means increasing the complexity of the network, it's a worthy and necessary sacrifice. If operators can answer the requirements of subscribers while at the same time reduce the complexity of their operations, more power to them. However, it is innovation and subscriber satisfaction that should be at the forefront of an operator's reason for existence. If reducing network complexity gains priority over subscriber satisfaction, operators open a door that could severely dull their competitive edge.



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In the future, carriers stand to encounter far greater complexities than ever before as they compete with one another for the most compelling and flexible service offerings, and migrate deeper into the adoption of next generation network elements and protocols. Their evolution will be the product of two parallel trends; increased service innovation, and the drive for further reducing network operating costs. They need to make sure that attention to the latter does not inhibit the former.

### **Patrick Fitzgerald**

It's very rare that any two operators share the exact same evolution paths that brought them to where they all are today. Every network is some kind of "patchwork", and when you look at the "stitches" you can read the story of how each part developed and came together over time. I reserve the utmost respect for network planners. Understanding their networks, and knowing what to do next takes the foresight, nerve and willpower of a champion poker player.

Increasingly however, it's becoming harder to come to grips with network complexity especially as Service Providers begin to grapple with the challenge of getting the highest possible return out of their heritage application and legacy network investments while at the same time, introducing exciting new services. The evolution from traditional circuit-switched networks to an open service layer along with the integration of commercially successful internet services, such as web 2.0, requires new strategies and investments in new technologies. A critical element to enabling this evolution and reducing the complexity is the Service Broker.

Service Brokers allow operators to evolve their networks and applications in a truly integrated fashion, and we're seeing many leading operators adopt this technology to meet all kinds of challenges and opportunities.

### **JM**

Clearly Service Brokers have a role to play in mediating the complex interactions between the network layer and the application layer – across multiple service domains.

The only way of truly eradicating network complexity is to rip out and replace your infrastructure and start again. That way you can tailor a network from the ground up to meet your service and revenue aspirations. However in any economic climate, and especially the current one, few would advocate such a potentially expensive and disruptive strategy.

Service Brokers don't actually remove the complexity in the network; you can even argue that they add to it. What they do is mitigate the complexity in network operations. As new complexity inevitably arrives along with each advanced service that gets added, Service Brokers manage that pain.

### **PF**

I think we both agree and are seeing that operators are calling to simplify operating processes well ahead of any radical network overhaul. Next generation networks promise lower operating costs, and next generation services promise greater revenues. Unfortunately, these promises need a little extra help to become a reality if your starting point already consists of an established network, established services and an established customer base.

A Service Broker provides a purpose-built solution to simplify application migration use cases between circuit-switched and packet-switched networks while at the same time enabling a long-term application connectivity solution for any service, any network, anywhere.

We'd love to hear your views on the service broker debate, so please get in touch. We're also interested in your suggestions for future debate topics, or if you'd like to offer your own viewpoint as one of the two debaters.



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### On Metaswitch

#### RECORD NUMBERS FLOCK TO MOST SUCCESSFUL EVER METASWITCH FORUM

Metaswitch wrapped up its spectacular 7th Annual Forum last month with a record attendance of more than 800 service provider customers, partners and guests. Whatever your memories of Forum 2010, we hope you found the inspiration to define your decade. A big thank you to everyone who helped make Orlando the biggest and best Forum yet... and if you weren't one of those who did come, we're sorry but you missed one heck of a show!

The Forum capped a full year that marked a series of notable milestones including growth into new regions, as evidenced by new customer Telecom Argentina, successful integration of the company's first acquisition, AppTrigger, and deployment of its 1,000th system. Metaswitch also announced its year-end results for FY 2009/10 which showed an 18% growth in top-line revenue to \$134.5M.

With the dust finally settled after another successful annual get together, Metaswitch has already started planning on the Forum for next year – details will be announced shortly.

#### SERVICE PROVIDERS: WE SALUTE YOU

A fantastic level of entries were received for the inaugural MarketVisionaries Awards for Service Provider Innovation, which took place at Forum 2010. The winners were chosen by a panel of experts including: Venture Director with In-nosight Ventures, Alasdair Trotter; Gary Kim, editor of Carrier Evolution; Bernie Arnason of Pivot Media; and Connected Planet Editor-in-Chief Rich Karpinski:

Product Innovation: ThinkTel Communications for OCS Connect

Marketing Innovation: Cavalier for IPEer "Cash for Clunkers"

Business Model Innovation: Saddleback Communications for its Wholesale Channel for Hosted and Managed VoIP

#### CONNECTED

One portal unlocks the door to Metaswitch for customers, partners and developers. Metaswitch Communities is now live, providing a single point of entry accessing information, getting answers, and collaboration.

Built upon the existing Innovators platform, the new Communities site now provides direct access to four sub-communities:

- **Innovators:** A business social network for applications development
- **MarketVisions:** A new community enabling the sharing of answers, ideas, and tools connecting service provider marketers
- **Mosaic:** Our new and improved partner program homepage providing information on interop and vendor partner news
- **Support:** Our new support portal offering improved navigation and content accessibility

Visit <http://communities.metaswitch.com> today and get connected to Metaswitch Communities

#### ELEMENTAL

Service Brokers are the talk of the town, smoothing network and application complexity to safeguard optimum service revenue. If you've ever wondered what all the various pieces are that drive your network transformation, Metaswitch



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has created the definitive Periodic Table of Network Elements to help you work it all out. Use this to manage application connectivity and interworking, and you might just discover that the most critical element of all is the Service Broker. Request your copy.

### **ILLUMINATING**

Metaswitch has been named a finalist for Private Company of the Year in Light Reading's 'Leading Lights' awards. The winners will be announced in New York on 2 November. Let the judges know what you think of all the awards finalists by clicking here (tip: you have to register).

Keep up to date in real-time with Metaswitch news and the latest on this year's Metaswitch Forum with our RSS Feed. Alternatively, follow us on Twitter.

## Guest Speaker

### **DEFINING RLEC OWNERSHIP STRATEGIES: TARGET GROWTH, FIND THE DOOR OR HURRY YOUR HARVEST**

In this issue of Overheard, our guest article is by Bill King, President and Managing Principal of JSICA and charts 6 suggested RLEC ownership strategies to meet the present and emerging challenges of the telecoms market. The article originally appeared in JSICA's must-read ILEC Advisor publication. Read it here.

JSI Capital Advisors offers buyer and seller representation and capital sourcing services to the entire rural and independent communications provider industry. Over the years, their principals have participated in acquisition, sale and financing efforts with aggregate transaction value approaching \$6 billion. JSI supplements its advisory services with a growing list of publications including The ILEC Advisor, The Deal Advisor, Phone Numbers, Phone Lines, and the Executive Advisors series of research whitepapers. To subscribe, go to <http://jsicapital.com/pubs/>

## Now and Then

### **LOOKING BACK THROUGH THE ARCHIVE TO A DECADE AGO, AT WHAT WAS HOLDING THE HEADLINES IN THE INTERNATIONAL TELECOMS MEDIA.**

SMS Continues to Take Messaging World by Storm, April 4, 2001

Twelve billion text messages are sent worldwide each month to PCs, PDAs and mobile phones, according to Gartner Group Inc., and pagers add another 3 billion text messages each month.

Messaging numbers continue to grow, indicating that messaging is emerging as the killer wireless application, and standard messaging is being transformed into instant messaging (IM), a much more collaborative, friendly mechanism, complete with "buddy lists" that indicate which contacts are online simultaneously. Read the full article.

### **BACK TO 2010, WHERE MONTHLY SMS TRAFFIC COMFORTABLY EXCEEDS 300 BILLION MESSAGES, WE BRING YOU SOME OF SOME OF TODAY'S GLOBAL MARKET ANALYSIS FROM LEADING INDUSTRY SOURCES.**

Global mobile market to be worth \$1tr by 2015

Ovum's latest mobile forecasts predict that connections will grow far faster than revenues during the next five years. Additionally, the effects of emerging market growth and intense competition worldwide will force a marked change in the behavior of mobile operators looking to thrive in 2015. This will result in operators becoming increasingly cost-focused. Read the full article.



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### One Minute in Voice

**For this edition, Metaswitch VP of Operations, Ben Miller, rang esteemed pop icon and oddball music maker, Lady Gargar.**

**LG:** Miaow...

**BM:** Hello, is that Lady Gargar? It's Ben Miller here from Metaswitch; is now still a good time for our chat?

**LG:** \*sound of purring\*

**BM:** OK then. What was the inspiration behind your hit single 'Telephone'?

**LG:** Pete, the telephone is an object d'art. I love it. I love the possibilities. It excites me. It's almost like connecting to the spirit world. I feel magic flowing when I push those buttons baby.

**BM:** I spent some time exploring those lyrics, and it struck me that a decent voicemail service and perhaps some presence capability would serve you well?

**LG:** THAT is a postmodern construct, right there Bob. My job is to spread love, and make everything purple. Twice.

**BM:** You have made the telephone a fashion icon, by virtue of having put one on your head. Is telephony an area of interest for you?

**LG:** I'll be honest with you John; not really... I kinda admire Bakelite - let's leave it at that.

**BM:** Our readers are innovating all the time. Tell me, what do you think would make a really good new telephony-based service?

**LG:** Get me Liberace on speed dial and you've got yourself a deal.