softswitch consortium
The Voice of Packet Communications

ISC Newsletter

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Message From The Chairman

Dear ISC Members,

Despite the challenges our industry faced in 2002, I am proud of the progress that the ISC has made over the past year. As I look forward into 2003, I'm very excited about what's to come for the industry and the ISC. We have worked extremely hard to position the ISC as a key resource for the Next Generation Network Applications and Components and this effort has paid off. Event organizers, industry groups, VCs, the media and analysts are coming to us when they need information about Softswitches, Packet Communications and Next Generation Networks. We've succeeded in becoming a key resource for the industry.

In 2003, the ISC has already been invited to a number of industry functions such as:

1. Present at the Internet Telephony conference in February.
2. Organize a panel discussion at the China VoIP conference in Beijing in May.
3. Co-organize a full-day conference at CommunicAsia, the largest communications conference and expo in SE Asia, in June.
4. Participate in the SUPERDemos at SUPERCOMM in June.

And, the requests just keep coming! The ISC Marketing Working Group will be developing exciting and interesting topics for some of these speaking engagements so I invite you to participate in the meetings to provide your input. The first marketing WG meeting will take place on Wednesday, January 8th at 8 am Pacific. Please contact Lily Sun (Lsun@inventures.com/925-275-6674) for details.

In January 2003, we will also be releasing the highly anticipated global study from the Yankee Group. This study includes the results of one-to-one interviews with over 80 wireline and wireless service providers from around the world. The ROI (Return On Investment) tool and various documentation will also be available soon so please check the ISC web site regularly for the most up to date developments. Our legal intercept group continues their important work in the electronic surveillance area.

Another of our key initiatives in 2003 will be to expand our sphere of influence to the Broadband Cable and Wireless industries where activities in Packet Communications are accelerating. I met with various representatives of CableLabs while at Broadband Plus earlier this month and will continue to work with them on collaboration efforts. The same initiatives are taking place in the Wireless industry.

I'd like to take this opportunity to thank the ISC Board of Directors, the TAC, the Marketing and Legal Intercept working groups, and all ISC members for your continued support and efforts! I look forward to working with you in 2003. If you have ideas on other initiatives the group could or should be taking, please contact me. The best ideas have come from you, the members, and I don't want that to stop.

I hope you and your families have a happy and safe holiday season, and here's to a successful and prosperous 2003 for all!

Regards,

Michael Khalilian

IBM launches Voice-over-IP network services

Seeking to remain the network consulting market's leader, International Business Machines Corp. said it would sell new services that will allow business customers to transfer telephone calls to voice-over-Internet Protocol networks.

The services will help customers plan and package telephone systems -- including voicemail, faxes and call-centers -- on a single Internet Protocol-based network, which holds the promise of cutting long-distance costs while delivering online services.

IBM had largely steered clear of the under-performing voice-over-IP market, but the company said it was ready for a more aggressive push because new technology is being developed for it and businesses are desperate to cut costs.

The company said its Network Consulting, Integration and Deployment Services package was currently available.

Yves Lozach, IBM's director of networking services, said that IP telephony services will help the company hold on to and expand its share of the network consulting and integration market, which market research firm IDC has estimated was 17.7 percent last year.

IBM is working toward integrating its voice and data networks, and has deployed IP telephony systems based on technology from networking industry leader Cisco Systems Inc. at facilities in Toronto, Singapore, Calgary, Tel Aviv and Dubai.

Time Warner Cable to Role Out VoIP in 2003

In a move that should turn up the competitive heat between cable firms and incumbent providers, Time Warner Cable will announce an IP voice service for consumers that will be launched in the first or second quarter of 2003, according to a source at the company.

Time Warner has been testing voice-over-IP services in three cities – Rochester, N.Y., Portland, Maine and Tampa, Fla.- but there was no indication which of those cities, if any, would be involved in an actual commercial deployment. The technical trials in Portland and Rochester involve about 1,000 subscribers each.

The VoP will be called Line Runner in Rochester and Portland. The service will be "a secondary telephone line service intended for in home office use, teenager line or second adult in the home line. Line Runner uses a VoIP delivery method in which IP voice data packets are routed from the cable modem to the Time Warner Cable local switched telephone network."

Time Warner plans to deploy the IPeria Inc. application system to provide certain features of the service such as unified messaging, etc. According to press reports, Time Warner now is using Clarent Corp. and Telcordia Technologies Inc. softswitches in the Rochester and Portland trials.

Telverse Taps IP Unity

Telverse Communications, a provider of IP voice, data and video services to enterprise customers, said it has picked IP Unity's Harmony6000 Media Server platform to provide business-class messaging and conferencing applications in the U.S.

IP Unity's messaging application enables voice and electronic messages to be accesses from multiple locations and devices such as phones, personal computers and personal digital assistants. Its conferencing application offers interactive voice and data conferencing via a PC and phone.

IP Unity's gear is deployed with Cbeyond, Liberty Media and Comcast Corp., which plans to deploy IP telephony services in the Philadelphia area in mid-2003.

J-Com Launches VoIP Trial

Jupiter Telecommunications, the largest cable television operator in Japan, has selected the Terayon TA 102 embedded Multimedia Terminal Adapter (eMTA) for its trial of Voice-over-IP (VoIP) cable phone service. The trial involves 100 households in the city of Urayasu near Tokyo, and began November 1, 2002 and will run through January 31, 2003.

Terayon's eMTA provides support for 2 telephony lines via dual RJ-11 ports. The technology also features USB and Ethernet data ports for connection to a PC for high-speed Internet access. The TA 102 is based on Terayon's TJ 715 DOCSIS 1.1 cable modem.

Telia Deploys Sylantro Systems for Hosted Apps

Telia, Scandinavia's leading provider of communications services, is now offering Sylantro-based Hosted PBX services to business users in Sweden. Telia is the first incumbent service provider in Europe to roll out advanced Hosted PBX services.

Telia is offering next-generation Hosted PBX services in conjunction with its fixed access and Virtual Private Network (VPN) services. The announcement follows a one-year trial of the Sylantro solution that involved successful deployments to multiple end-user businesses. In choosing the Sylantro solution, Telia cited the architectural scalability, reliability and advanced features of Sylantro's products, as well as the company's experience in IP Centrex deployments in the United States.

Telia is a leading European carrier of transatlantic IP traffic, and is well known as an innovator in advanced services. In large part due to Telia's efforts, Sweden has the highest rate of adoption and use of broadband technologies in the world. The new Sylantro-based offering allows Telia to leverage their accomplishments and to further expand on their market leadership.

The new Telia hosted solution will be targeted toward small to medium-sized businesses, as well as large distributed enterprises.

VoEx Selects Alcatel

VoEx, a long distance provider of VoIP service, with headquarters in Coral Springs, Florida, USA has selected Alcatel's IP gear as it expands it's network. VoEx provides telecommunications carriers and service providers with access to their network through Internet and Legacy Telco Points of Presence (POP) strategically located in major European cities.

VoEx was looking for a H.323 GK that had a clear evolution path to the Session Initiation Protocol (SIP) standard. As VoEx has an existing installed base of first generation Cisco and Clarent VoIP Gateways, it was also a necessity that the proposed Softswitches be capable of inter-working with these products.

VoEX deployed Alcatel's 5020 Softswitch to ensure H.323 – SIP and older gatekeepers inter-working, and 7505 Media Gateway to provide SS7 interface with the PSTN .

With Alcatel's solution, VoEx will provide more advanced VoIP services to their customers, both domestic and international.

North American IP telephony minutes are expected to reach almost 100 billion by 2007.

Atlantic - ACM - IP Telephony: Sizing, Case Studies & Overview 2002-2007 (2002)

News From Around the Industry

- Vodafone has said it plans to beef up its presence in the U.S. in 2003, and, to that end, has appointed Arun Sarin, a telecom executive with a wide knowledge of the U.S. market.

- New home-networking equipment from LinkSys Group has been approved by CableLabs as part of its CableHome 1.0 initiative. The group also has certified IP-telephony gear made by Arris, Toshiba America, Cisco Systems and Terayon Communication Systems.

- BroadSoft, a software maker that helps small businesses and telecom carriers manage phone calls and e-mail, has received $60 million in new funding. BroadSoft has also partnered with Dimension Data Australia, a leading provider of Network Services and i-Commerce in Australia, to deliver and support the BroadWorks solution.

- Syndeo has enhanced its Syion 426 local exchange platform to meet PacketCable specifications, making it a VoIP solution for cable operators. The enhancements include support for dynamic QoS, CALEA, and LNP.

Savings Driving VoP Growth

Cost savings for both customers and service providers are driving near-term growth of voice over packet (VoP), growth that will cause VoIP revenues to "explode" within five years, according to a new study by Insight Research Corp.

The study defines VoP as all forms of packetized voice including voice over IP, voice over frame relay and voice over ATM.

VoP revenues will grow from $13 billion worldwide in 2002 to nearly $197 billion by 2007, according to Insight Research projections in the study, titled "IP Telephony: Service Revenue and OSS Expenditures for Voice over Packet Networks 2002-2007." To achieve that figure, VoP services will grow at a compounded rate of more than 72 percent over the forecast period, a figure that would make packet-voice services one of the fastest-growing segments in telecommunications.

Expenditures on operation support systems (OSSs) for VoP will increase from just over $1 billion to $10.3 billion from 2002 to 2007, the study says, also making that segment among the fastest-growing in telecommunications.

Nevertheless, the study says, migration to VoP remains a challenge to established carriers in terms of return on investment, because of their huge investments in legacy technology.

The study points out, "while $197 billion seems like a huge number, it represents only a small portion of the voice revenues received by service providers." Further, it says, "the price erosion of voice service makes it even more difficult to achieve the required return on investment (ROI) in the short time periods required by the economic environment of 2002. For some service providers, such as established interexchange carriers (IXCs) in North America, total voice revenue has even been shrinking.

Only in regions of the world where there is still unmet demand for basic communications services can packet solutions for voice be applied in a "green-field" situation, that is, a network designed and built from scratch with no need to accommodate a legacy architecture."

The main drivers of VoP growth, are:

- Cost savings for the end-user;
- Initial infrastructure savings;
- Ongoing infrastructure savings on a single converged network;
- New standards for VoP simplifying implementation (MGCP and SIP);
- Technology advancement through softswitches and similar solutions
- Enterprise networks already based on packet technology interface better with packet-based wide-area network (WAN) transport for voice and data.

The cost savings behind the near-term growth of the technology are primarily from lower operational costs, the study says, though, later, "new service offerings, such as follow-me, unified messaging, and multimedia communications," will contribute to growth.

European End User Spend on IP Telephony Services Set to Increase to $2.4 Billion in 2006, According to IDC

Packet-based Comms—Market Research

Frost & Sullivan projects market for VoP gateways to reach $18.6 billion in 2004, up from $1.7 billion in 2000.

Infonetics Research's estimeates that the North American access, router, switch, and optical market will total $16.1 billion in 2005, up from $10 billion in 2002.

According to **Insight Research**, "From a mere $13 billion in 2002, voice over packet (VoP)-based services will grow to nearly $197 billion by 2007.

According to **iLocus** study "Global IP Telephony Market 2002", over a billion VoIP calls are handled per month by a variety of wholesale and retail providers globally. The report based on a survey of 100 IP telephony companies estimates that 6.8 billion calls traveled over VoIP equipment during the year 2001.

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About ISC

"The International Softswitch Consortium (ISC) is the premiere forum for the worldwide advancement of the next generation networks through products, services, applications, and solutions utilizing packet-based voice, data and video communications technologies available today via any transport medium including but not limited to copper, broadband and fiber optics.

The ISC establishes a common terminology for the softswitch-based architecture, and it promotes interoperability, conducts research, and liaises with governmental and industry organizations to address industry issues that service providers and vendors face. By providing a variety of educational seminars and by fostering the Open Network and Standard Interfaces, the Consortium accelerates the advancement and usage of softswitch-based networks.

The ISC membership includes wireline and wireless service providers and carriers, governmental agencies, standards bodies, and equipment and software vendors representing all network elements involved in the softswitch-based and next generation network."

Upcoming Technology Documents

Over the course of next few weeks, ISC will release a number of Technology White Papers to it's consortium members. A brief overview of these documents is as follows:

- **Softswitch Reference Architecture:**

  Various Research, Development and Strategic Technology teams are partnering to develop a softswitch reference architecture model. The document will define the many functional elements that constitute a "softswitch" and will serve an important role in promoting interoperability and clarifying the confusion that now exists among the providers and consumers of Voice over IP (VoIP) products and services.

- **PRI Offload Using Packet-based Communications:**

  With the growing demand of access (T1/E1/PRI) lines for ISP Internet access services, carriers are facing severe congestion problems in their voice networks. Capacity problems have been a major issue for carriers. For ILECs, the most immediate reason for Internet offload is to avoid the costs associated with carrying dialup Internet traffic on the PSTN. This white paper will assess the market drivers, technology and network approaches associated with a number of Packet-based Internet offload architectures.

ISC Member Meeting

March 31, 2003, San Jose, CA. This meeting will take place in conjunction with Spring VON. Please check the www.softswitch.org for the most updated information.