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## **The Voice of the VoIP User: Making VoIP Matter**

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# Outline

- Emergence of the VoIP Market
- Consumer VoIP
- Enterprise VoIP
- Conclusion

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# The Market Awakens

## RBOCs & cable wage turf war

By [Jim Duffy](#)  
Network World, 08/18/03

## Cable providers bring urgency to VoIP deployment

By [Steve Taylor and Larry Hettick](#)  
Network World Convergence Newsletter, 07/02/03

## Nortel, Bell Canada push IP telephony

By [Jim Duffy](#)  
The Edge, 09/08/03

## The cable companies vs. RBOCs

The cable companies push their triple play services while the RBOCs prepare their RFPs for FTTP

By [Tim Greene](#)  
The Edge, 07/18/03

## Vonage tailors VoIP for small firms

Flat-fee dialing includes local, long-distance calls.

By [Tim Greene](#)  
Network World, 06/23/03

## Level 3 launches VoIP

Carrier's offering based on July acquisition of Telve

By [Jim Duffy](#)  
Network World, 10/03/03



CommPartners Debuts Wholesale VoIP for Cable



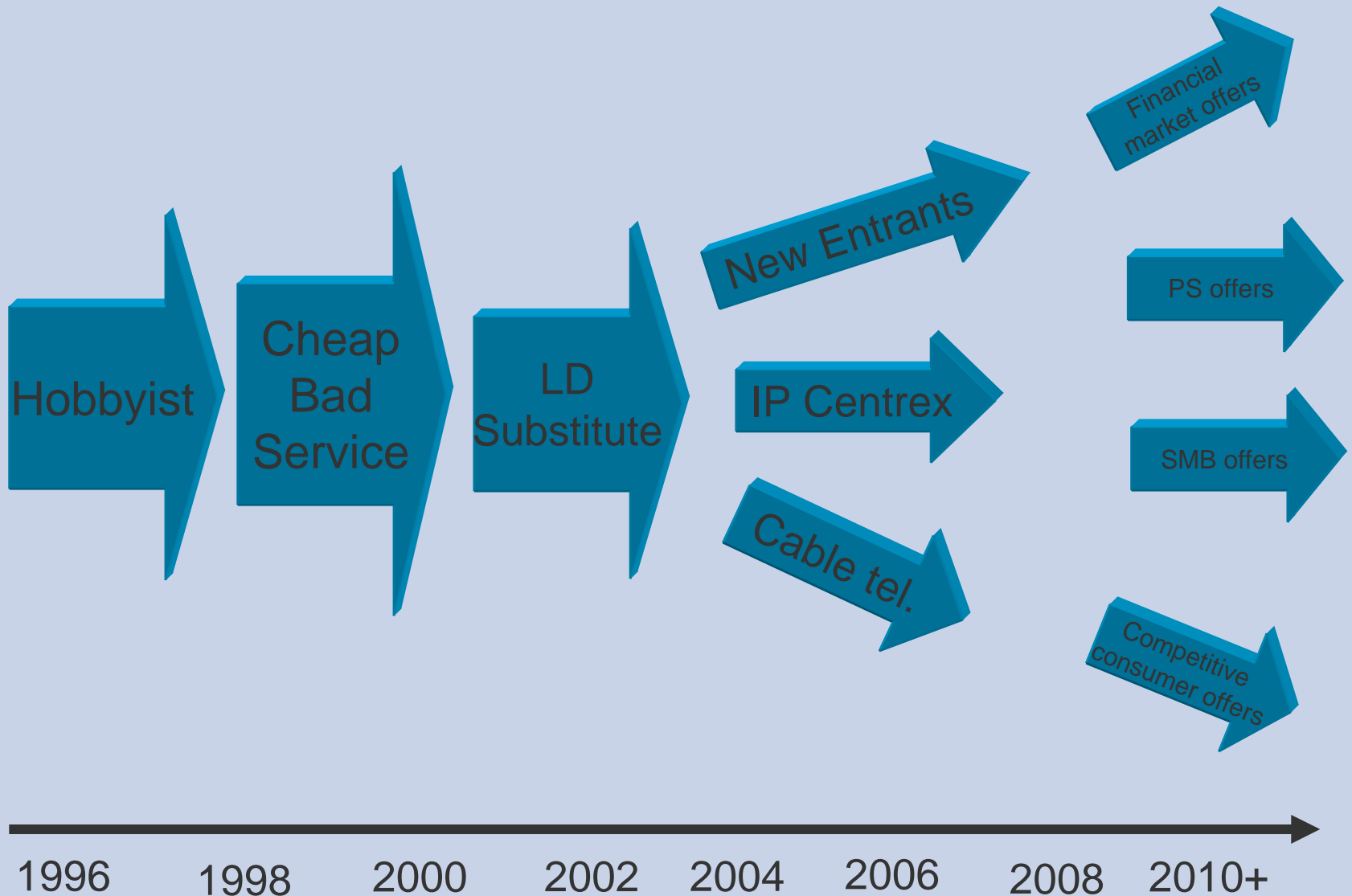
## BT Plans Voice, Video Service Over an Internet Connection



NEWS

## Z-TEL'S VOIP VISION BECOMING REALITY

# Evolution of the Broadband Voice Market

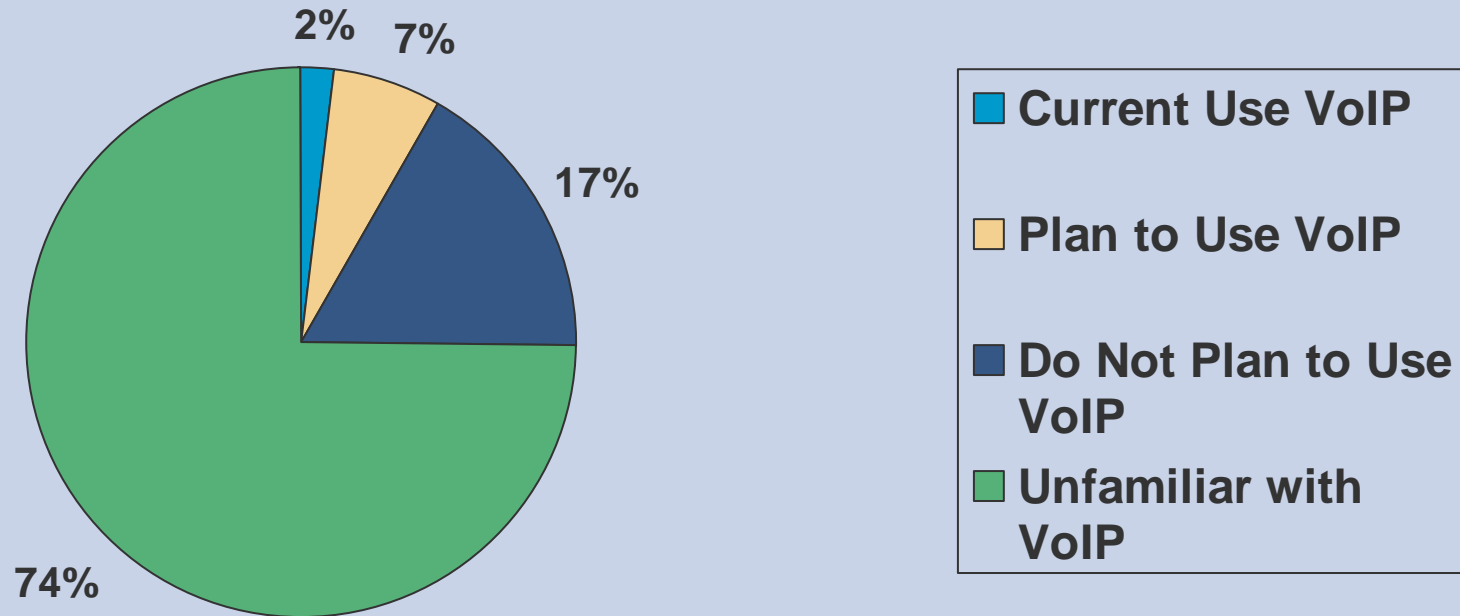


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# Do consumers really care about VoIP?

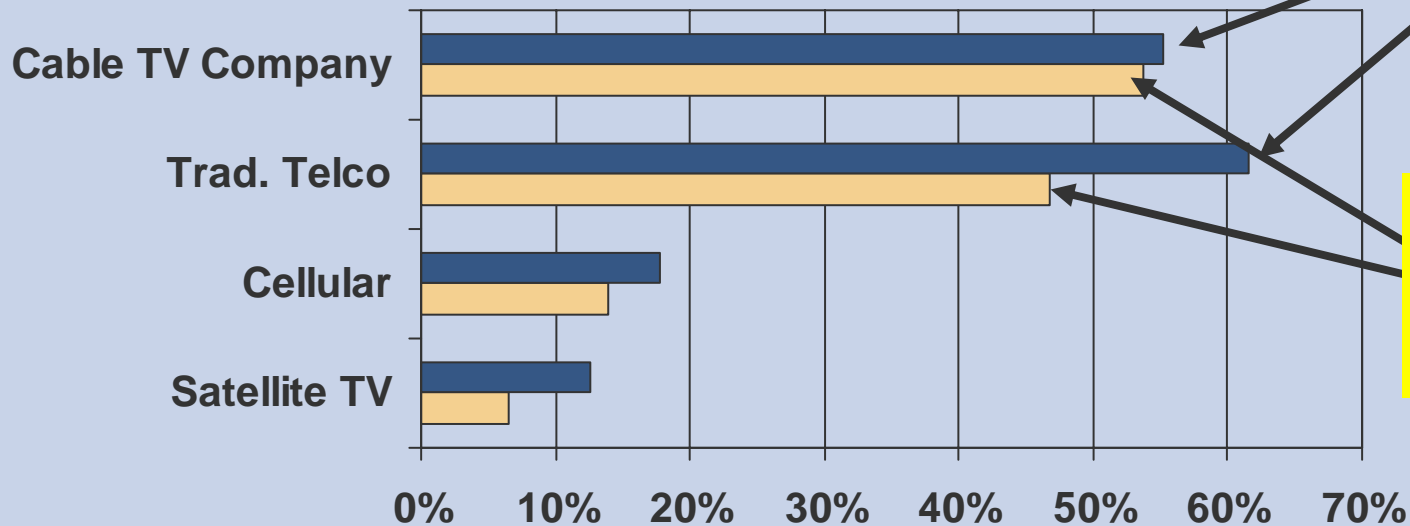
## Consumer's Familiarity and Intent to Purchase VoIP



Source: RHK NA Consumer survey 6/04

# Although Traditional Telcos Have Broader Deployment Coverage Cable MSOs Have The Lead In Acquiring Customers

Which Companies Provide a Bundle and From Whom Do You Purchase a Bundle



Telco's have broader perceived coverage

Yet MSOs acquire more customers

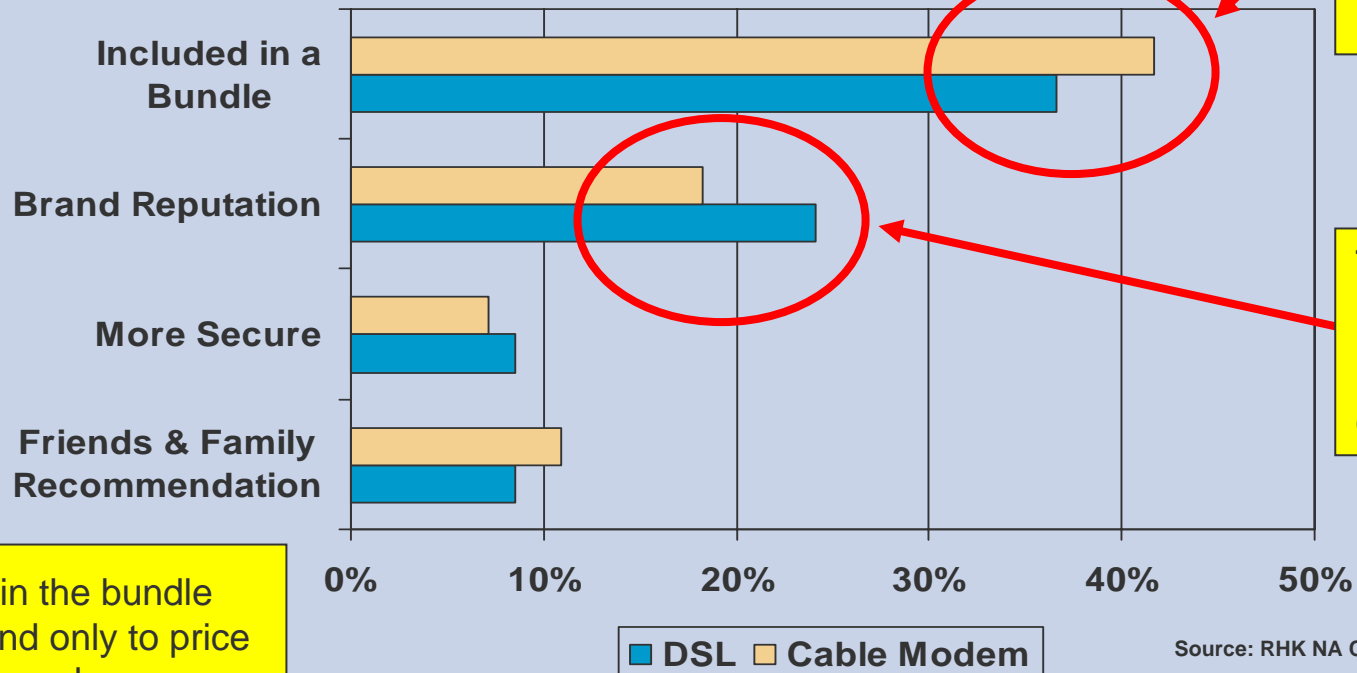
Cable subscribers demonstrated a higher willingness to pay for cable modem service than for DSL service (on average, \$10 more).

■ Purchased ■ Available

Source: RHK NA Consumer survey 6/04

# North American Cable MSOs Pose a Large Threat to Wireline Incumbent Telcos

Why Did You Choose Your Provider Versus Alternatives for Your High Speed Internet Access?



Cable has taken an early lead in building compelling bundles

The Telco lead in brand reputation has diminished

Inclusion in the bundle was second only to price in driving purchase decisions for high speed internet access

Source: RHK NA Consumer survey 6/04

# Consumer Experiences are Becoming Richer Consumer Expectations are Becoming Higher



Narrowband  
PSTN



- Person-to-person
- Single application handsets



Internet#1



- Computer-to-computer
- Multi application handsets



Broadband  
PSTN



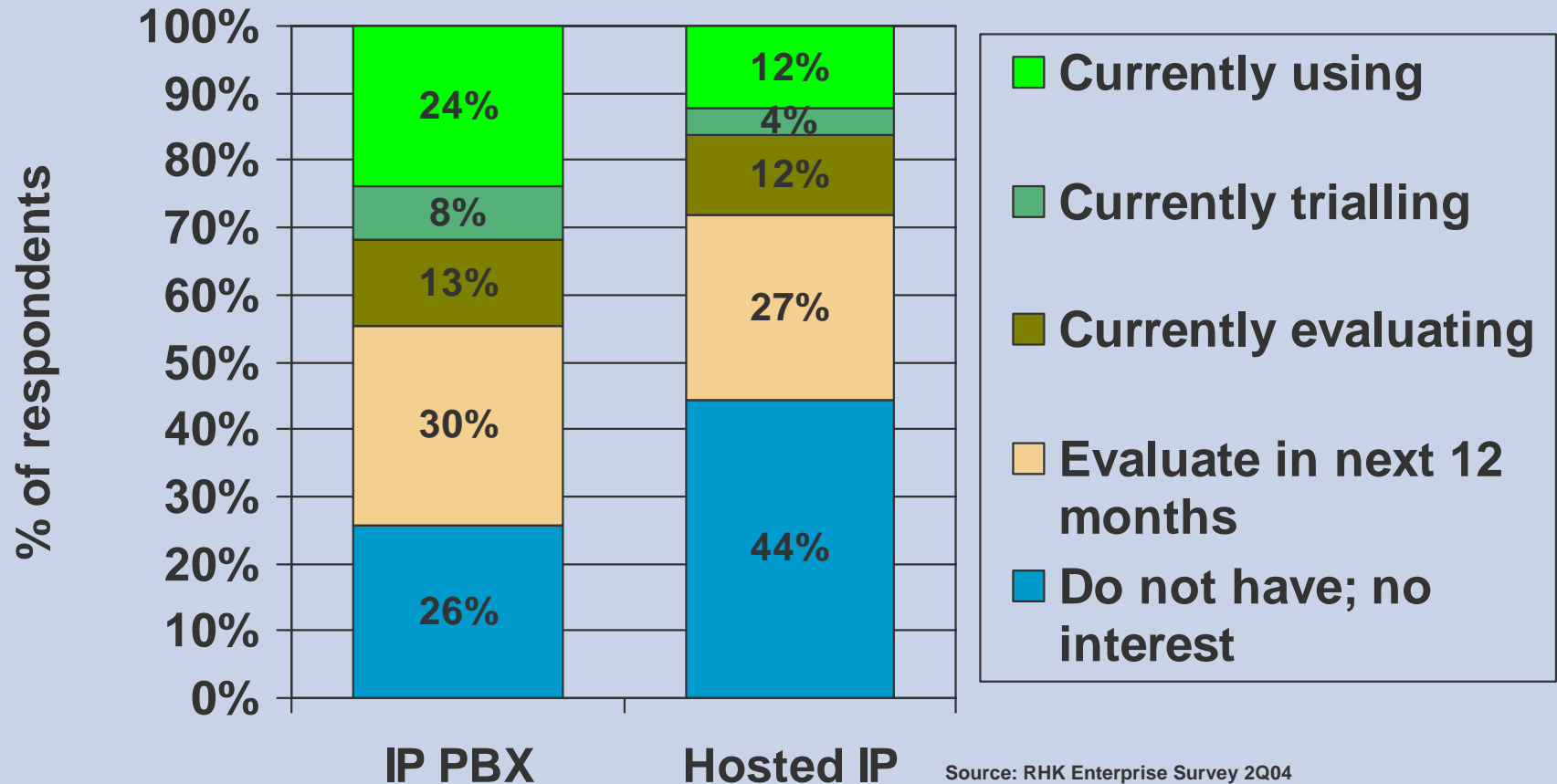
- Person-to-person, machine-to-machine, person-to-machine
- Multi application handsets

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# SPs need to move soon on hosted IP Telephony

*There are twice as many respondents using IP PBX (though IP PBX usage is weighted towards large businesses), with almost 30% of businesses planning to evaluate IP telephony in the next year. Even companies not currently using IP-based telephony services rated them equal or higher than legacy systems in nearly every category.*



Source: RHK Enterprise Survey 2Q04

# Hosted IP telephony is as good as IP-PBX and traditional Centrex

	Hosted IP vs. IP-PBX	Hosted IP vs. Traditional Centrex
Voice quality	Equal	Equal
End user satisfaction	Equal	Equal
Ease of adds/moves/changes	IP-PBX preferred	Equal
Ease of deploying to remote sites/branches	Hosted IP preferred	Hosted IP preferred

Source: RHK Enterprise Survey 2Q04

Representing a good opportunity for SPs to target those businesses planning to evaluate IP telephony. Over next year, well above average level of evaluation in healthcare, insurance, retail and wholesale sectors.

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# Trends

- VoIP is starting to become broadly available in the mass market.
  - To be successful, it needs to move from being technically interesting to creating compelling value
- Cable operators, emerging service providers, and AT&T are beginning to launch consumer-oriented voice over IP services
  - "Voice over IP" is starting to move into the wider vernacular
  - It still maintains its association with cheap or free service
  - By enabling the services to be decoupled from the access, new products and business models are emerging (ie Vonage and AT&T CallVantage)
- IP - PBX solutions continue to grow rapidly in the enterprise market
- End-user experience for IP voice services is becoming indistinguishable from traditional TDM services
- The industry continues to emphasize the technical aspects of the service, not the customer benefits.

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**Thank you!**

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