

Analyst

BT's quarterly newsletter for industry analysts
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Last year, BT attended the World Economic Forum (WEF) as an active participant. But at Davos 2006, the company took on a more influential role...

Shaping the global debate



Source: World Economic Forum (left and below)

In January, a team of five senior executives from BT including Ben Verwaayen and Andy Green, headed off to Davos, Switzerland for the annual meeting of the World Economic Forum. The team was there to represent BT at this increasingly significant annual gathering of the world's business and political leaders. Ben and Andy were joined by Al-Noor Ramji, BT's CIO, Matt Bross, CTO and Francois Barrault, president of BT International.

This year's agenda saw a shifting focus of interest towards the role of business in today's and tomorrow's global society. BT, as a strategic partner to the Forum and as an organisation responsible for helping to enable a globally connected world, frequently occupied a position at the fulcrum of the four days of events.

"This year was our biggest ever presence," said Francois Barrault, "At last year's meeting we were looking for people to talk to. This year seventy per cent of my



Ben Verwaayen at the World Economic Forum

meetings were requested by customers and potential partners. This statistic not only demonstrates that connectivity is high on the globalisation agenda, but also indicates BT's recent evolution to a unique leadership position in the market for networked IT services."

BT's executives spoke at a large number of plenary sessions and workshops and had, literally, hundreds of one-to-one meetings with other delegates.

Jobs of the future

For example, Ben Verwaayen participated in one of the opening plenary sessions entitled *'Jobs of the Future'* which discussed the question of where will the jobs of the future – and the people to fill them – will come from.

"This is an issue that is very pertinent to BT," said BT's chief executive. "After all, we create the networks that enable organisations to source labour globally, that enable companies of any size to be global, that eliminate the necessity – and with it the protection – for the physical presence of a workforce."

Ben Verwaayen also co-chaired the IT & Telecoms Governors meeting held during the event. As Ben observed: "The meeting attendee list read like a who's who of hardware, software and telecoms: Michael Dell, Bill Gates, Motorola's Ed Zander, Google's Eric Schmidt, Bill Green of Accenture and John Chambers of Cisco."

Andy Green, chief executive, BT Global Services, was a guest participant and representative of the telco industry at one of the sessions within the Logistics and Transportation Governor's meetings called *'Riding the Wave: Strategies for Successful Mergers and Acquisitions'*. Andy was also invited to participate in a CEO workshop called *'Who's Choosing Who'* – all about the war for talent, and presented at a session discussing the effects of technology convergence on work/life balance.

Technology leader

Meanwhile, Francois Barrault attended a technology workshop where BT shared the panel with companies such as Google and Skype. "It was very satisfying when the session moderator, who happens to be a customer of ours, deferred to BT as the technology leader. Particularly given the presence of the other panelists who have such a reputation for introducing disruptive technology," said Francois.

"Attending WEF was inspirational," concluded Francois Barrault. "Global connectivity is clearly at the top of the world's business and political agenda. Being at Davos confirmed to me that BT has the technology, the reach, the reputation and the desire to make the world better connected."

• www.bt.com/wef

BT to publish Broadband Futures report



'Broadband – The Next Five Years', a major new report compiled by BT, which tackles the immediate future for broadband in the UK, will be published in March.

According to BT chief executive Ben Verwaayen, the report is "an attempt to spark off the next stage of an important debate – what does broadband actually mean, to people, to business, to our society and to our economy?"

The voices of many of the key players including industry, government, community groups and BT itself will all be featured in the report.

As Ben says in his introduction, "Some of the views we at BT agree with, others we may not. But they all contribute to what needs to be a vibrant discussion on how to make this country's tremendous technology assets enable positive change in making people's lives more flexible and fulfilling, and to help deliver enduring economic benefit through more efficient business."

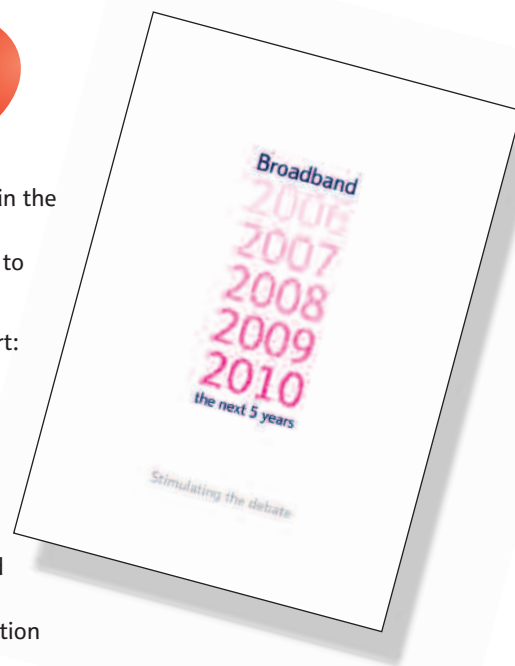
The report debates three basic questions: What are the opportunities

broadband creates?; What is getting in the way of these opportunities becoming reality?; and, What needs to be done to shift these obstacles?

Sample of key findings from the report:

- Broadband will drive a rise in productivity comparable to the introduction of electricity, with a significant impact on GDP
- Business innovators will build entirely new business models based on broadband and VoIP
- Regulation needs to provide protection for innovators while respecting the rights of 'digital citizens'
- Broadband will lead to the democratisation of learning making educational resources more accessible and more ubiquitous

Broadband – The Next Five Years will be published shortly by BT and we will send you further details on how to obtain a copy of the report. Contact Ann Lynch – ann.lynnch@bt.com



Countdown to 21CN World Forum

BT's Paul Reynolds – CEO, BT Wholesale, Matt Bross – Group CTO, and Steve Andrews – managing director, BT Mobility, are among the principal speakers appearing at the 21st Century Communications World Forum 2006, a conference and exhibition which takes place in London in March (27th – 30th).



Industry analysts, service providers and enterprise end-users will get together at the Forum which is run by the International Engineering Consortium (IEC). The Forum, officially sponsored by BT, is a focused, education-centric conference where attendees and participants will get the chance to examine the opportunities and challenges raised by the emergence of next-generation ICT services and applications and supporting technologies.

Full details of the 21st Century Communications World Forum conference programme can be found at: <http://www.iec.org/events/2006/21/>

BT's Q3 results

Highlights:

- Revenues up 8 per cent (3 per cent excluding acquisitions)
- New wave revenues up 42 per cent and now represent one third of total
- EBITDA, down £8 million
- Profit before taxation up 2 per cent
- Earnings per share up 4 per cent
- Broadband net additions of 0.7 million, BT Retail's share was 31 per cent

"We have delivered yet another good set of results in a dynamic business environment," said chief executive Ben Verwaayen when announcing BT's third quarter results on February 9th.

"Earnings per share have grown for the fifteenth quarter in a row and the improving trend in underlying EBITDA continues," he said. "BT Retail's profitability has grown strongly driven by innovative products and services aligned with continued focus on cost management. Our international business continues to grow rapidly and now delivers services in more than 160 countries around the world. We are fast establishing ourselves as a global leader."

He added, "Broadband growth continues to be very strong with the number of BT Wholesale connections now standing at more than seven million. This is pushing the UK to the front of Europe in broadband take up."

"The transformation of the business continues to deliver value to our customers and shareholders."

- More on BT's Q3 results [here](#)

Analyst talks to... Steve Robertson

Analyst Q&A. This issue, Steve Robertson, chief executive of Openreach.

Openreach went from 'nought to successful launch' in just four months – as promised – are you proud of that achievement?

Yes we are very pleased that we managed to meet our timescales. There has been a fantastic effort by a lot of people. But the principal reason this was achievable is because we've been extremely pre-emptive.

We actually started working on planning everything in April and May last year. Then before we got the green light from Ofcom at the end of last summer, we had started to do some of the – what I'd call – 'heavy lifting', for example, transferring 15,000 BT Retail engineers to Openreach or starting the process of customer engagement. The important thing now though is to look forward. We have to focus on building strong relationships with our customers and ensure that structures and systems within Openreach work to optimum efficiency.

Do you think the UK access services model could be adopted and emulated by regulators across Europe and beyond – or is the UK/Ofcom/BT situation unique?

I think there are aspects of the UK model that could certainly be exported. The key objective of creating a level playing field with real equivalence of input for products that are seen to be economic bottlenecks – this is a very exportable principle. Of course, every market is different in terms of structure and dynamics so the precision on how the principles are expressed is likely to vary. But, in my opinion, adoption across certain international markets of the principles could be a good thing.

After the exertions of the fast-tracked launch – What are your main immediate priorities?

We need to build confidence with our customers that we are operating to both the letter and in the spirit of the undertakings. It's our priority to ensure that they are confident that we are here to deliver a level playing field, and we are doing the things

necessary to make that happen. Of course, there's a whole list of deadlines and each one is critical, but building that confidence is something we really have to focus on.

It's also essential that, as a business, as a huge start-up we get up to speed quickly because we are a fundamental enabler for this whole, rapidly-transforming industry.

You gave a fairly passionate speech at the Openreach launch event – where did that passion come from and was it 'aimed' at anybody in particular?

With 30,000 people Openreach is a people business. If the CEO of this business can't feel or transmit a sense of personal commitment – on an incredibly exciting as well as difficult journey – then the chances of success are severely limited. For me it's very easy to be passionate about this because I believe passionately that we're doing something that is good for UK plc, good for our customers, good for the people who work for Openreach and the rest of the BT Group.

Openreach is consulting the industry – CPs etc – how much of a challenge is this? Will it get any easier?

Over time, the more we engage with our customers the more our relationship with them should normalise. But as I mentioned before – we are all in an industry that is undergoing substantial transformation and within this environment our relationships will evolve and change – of course they will. So, in a sense relationships with customers will become more challenging as opposed to easier, but they will also become much stronger.

When will consumers start seeing the benefits of the Openreach model? When will you take the first meaningful temperature gauge?

Some early green shoots are there and maybe consumers are already starting to feel some benefits of the Openreach



Steve Robertson

model through the improvements in the way we are delivering services to our customers. However, I'd add that there is still a long way to go.

For service providers it will get easier and easier to do business with us; they should then be able to deliver better services to consumers and add value in ways that couldn't be achieved before. In twelve months time I think we will be able to look at a number of tangible improvements. For example, the ability to get engineers on site faster, improvements in service ordering, a more reliable infrastructure.

Have you had initial feedback from some of your CP customers yet?

Yes. There's been some positive feedback from one or two service providers who have said to me, anecdotally, that they feel they are now operating in a more flexible, more transparent environment – and these are very encouraging signs. I've also had feedback from CPs who tell me areas where we need to improve quickly – but I'm happy we are feeling that pull – it's entirely part of our remit.

Analysts wanting information about Openreach should contact industryenquiry@bt.com

• www.openreach.co.uk

A big thank you

On behalf of BT's Analyst Relations team I'd like to say thanks to all of you who completed our industry analyst online survey 2005, at the end of last year. We were delighted that more than 200 analysts worldwide found time to fill in the questionnaire and to update their profiles.

In the feedback, you gave us a very clear picture of which areas you are interested in. This information will help us to shape our programme for 2006 and enable us to improve one or two areas. We were also really pleased that 90 per cent of you who remembered receiving the newsletter found it either useful or very useful.

We will be donating £500 to charity (according to your votes) – so once again, thanks for enabling us to do this.



By the way, if your contact details or areas of interest change, please do let us know by e-mailing us at industryenquiry@bt.com

Regards

Nicola Rossi

Head of Analyst Relations, BT Group

BT Fusion benefits businesses too

UK business people who enjoy the convenience of using their mobile phones in the office no longer need to feel guilty about the cost. According to analysis from BT, businesses could save more than £14 million a year in call charges by switching to BT Fusion, BT's fixed/mobile converged phone, which was made available for the business community in February.

Bill Murphy, managing director, BT Business said: "BT Fusion gives businesses the freedom to use their mobiles how they want, allowing users to make calls on their mobiles from the office without worrying about the cost, and as it is enabled by BT Broadband, they can get even more benefits from their broadband connection."

- More on the benefits of BT Fusion [here](#)

Virgin Mobile first to offer live digital mobile TV with BT Movio

Virgin Mobile will be the first mobile operator to sign up to the BT Movio broadcast digital TV and radio service for mobile phones, it was announced in February. The agreement also means that Virgin Mobile will become the first mobile operator in Europe to offer its customers digital TV and radio content on a mobile device using broadcast technology

Set for commercial launch later this year, the BT Movio service means operators like

Virgin Mobile can offer consumers a simple to use and reliable digital TV and radio service. The service is broadcast using the Digital Audio Broadcasting (DAB) network and enables multiple users to access services at the same time without a reduction in quality.

The announcement of the deal coincided with the unveiling of the new handset which will screen the new TV service. The Trilogy – the world's first DAB-IP enabled Smartphone – was unveiled at the 3GSM World Congress 2006.

According to the results of a pilot for BT Movio, customers would be prepared to pay up to £8 per month for access to BT's broadcast digital TV and radio service on their current mobile service.

Findings from the pilot – the largest of its kind undertaken in Europe – showed that the majority of the pilot's 1000 users said they would consider upgrading their mobile phone to one which supports the service. Thirty eight per cent said they were prepared to switch networks to receive the service.

- For more information on BT Movio please contact Ann Lynch – ann.lynch@bt.com

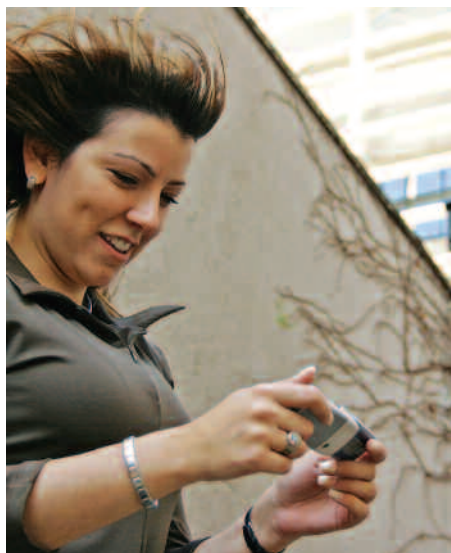
BT Global Services signs major deals in Italy

At the end of 2005 BT announced two significant deals involving Fiat. Firstly that it was to become Fiat's supplier of global telecommunications services in a five year, 450 million euro contract, and secondly, through the acquisition of Atlanet, a Fiat subsidiary which provides domestic telecommunications services to Fiat and other non-Fiat business customers across Italy.

The services agreement sees BT Global Services managing Fiat Group's global telecommunications requirements across 40 countries. This contract enables Fiat to focus on its core activities while benefiting from BT's expertise in networked IT services.

The acquisition of Atlanet from Fiat further reinforces BT's position in the Italian market by contributing new customers and revenues and a strong existing relationship with Fiat. Atlanet also provides additional strength in IP services and incremental network coverage that will further support BT Albacom's strong growth momentum.

- More on these Global Services contracts [here](#)



Profile: Ian Walker

I joined the Analyst Relations team at BT in July 2005 as a graduate trainee. It took a lot of hard work to get on to the scheme but it's all been worth it. This is my first job in full-time employment although I'd picked up some valuable experience working in marketing and PR at the Cardiff Festival last summer. Before that I'd studied Economics and Management Studies at Cardiff University where I achieved a 2:1 BSc (Hons) degree.

The biggest challenge of my job is being personally responsible for Analyst Relations for the whole of BT Retail while my colleague Joanna Gluzman is on maternity leave. It was certainly a daunting prospect before I started but now I see it as a challenge to be addressed. Each day I am learning more and more about the business.

Sometimes juggling five or six things at once can be tricky but the results you achieve can make it worthwhile. I have to admit that before I joined BT I saw the company as a fairly traditional, if slightly dull, utility telco. But the reality is different. Things are changing rapidly here. For the better. And I'm glad I'm part of that.

I consider myself an extremely well-organised person, so I tend to thrive on arranging briefings and events. My role gives me the opportunity to meet and work with senior management on a weekly basis. This gives me the chance to hear first hand the views and opinions of the people driving the propositions. I am extremely excited about the launch of BT's next generation TV service. Firstly as a consumer I want the service, and secondly, I think it will be very successful.

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Sally Elliott and Joanna Gluzman are on maternity leave.



Ian Walker



Gavin and Tom

Who's that texting?

Actor Tom Baker has become the voice of BT Text – the service which lets people send and receive text messages on their home phone. Since the end of January, text messages sent to landlines will be delivered as voice messages spoken by the ex-Dr Who and narrator of TV's hit comedy Little Britain.

"He's the perfect choice to be the new voice of text, showing everyone – young and old – how easy and fun it is to send and receive texts on your home phone," said BT group managing director, Consumer, Gavin Patterson. www.btcelebrityvoice.com

In Brief

New 21CN web site launched

All the latest information on BT's 21CN programme is now available at a new web site. As well as providing progress updates on the roll-out of the 21CN programme, the site (www.bt.com/21CN) contains information on the technology, systems and architecture behind 21CN. Site visitors will also be able to understand how 21CN will impact the way we all live and work. Bookmark this web site now.

BT Wholesale to offer Powerpressed

Powerpressed, a new software tool that enables users of Microsoft PowerPoint to optimise and compress presentations for easier sharing and storage is to be offered to UK resellers by BT Wholesale to as part of its BT Data Compression Suite.

Ryan Re-elected

BT's Ryan Jarvis, chief of Convergence Products, has been re-elected as Chair of the FMCA (Fixed Mobile Convergence Alliance) at the organisation's recent conference held in London.

The listening experts

BT has called upon a team of voice quality experts to perform a critical job as the company gears up for 21st century network transformation.

Based at BT's research laboratories in Adastral Park, near Ipswich and known affectionately as the 'Golden Ears', the team's finely tuned listening and hearing skills will be used to help ensure the high standard of call quality found over today's PSTN network is matched when BT switches over to the IP-based 21st Century Network

Chief Golden Ear, Andy Heron, who is senior project manager for voice quality engineering at the BT labs, said: "In this age of increasing service possibilities, for many end user customers voice is,

and will remain, the most important communications service. So, in making the transition to the 21st Century Network it's imperative that we get the voice quality right."

Each member of the Golden Ears team possesses finely-honed audiological skills. These are derived from a combination of natural aptitude and considerable experience gained in being able to detect and distinguish subtle variations in the quality and clarity of voice carried over a telephone line.

"This is not the only way we test voice quality," said Andy Heron. "We have an array of technology at hand to perform the scientific measurements, but as it is human voices we're carrying across our network and human ears listening at the other end, ultimately the human experience and perception is all important."

Wins, Launches & Recognition

Wins:

DSG Retail Ltd has selected BT to provide a five-year networked IT services contract. The contract builds on BT's successful strategic relationship with the company. [More.](#)

BT Germany has won the contract with German health insurer AOK to connect all 1600 AOK sites in Germany to its voice network. BT will also operate several service numbers and a central service portal. The five-year contract worth is 30m euros. [More.](#)

Bishop Cavanagh will use BT Radianz's data centres and network services to launch a complete, industry-specific outsourcing solution for international banks. [More.](#)

BT has secured a deal with Bank Machine, the independent cash machine operator, to provide cash dispensing phone kiosks in London and the North West of England. The first phase will involve transforming 33 sites and if successful this could be extended up to 300 locations. [More.](#)

BT has signed a two year contract to manage Microsoft's global OneCall call centre routing initiative. Under the agreement, BT will design, build, deploy and manage a solution to unify and manage Microsoft's contact centres throughout the world into a single network-based contact centre environment. [More.](#)

Halfords has selected BT Expedite as single source supplier for the provision and management of its new innovative store transformation programme. The contract is valued at £5m over the next five years. [More.](#)

BT has signed an agreement to provide global IP-based network services to Infor, Atlanta-headquartered global provider of enterprise business solutions to select manufacturing and distribution industries. [More.](#)

BT has signed a contract to deliver improved communications between hospitals, outpatient clinics and general practitioners with consortia representing three of the least developed regions of Hungary. [More.](#)

BT has won a £10m plus, five-year deal to provide an enhanced managed broadband network for Gamestec Leisure. [More.](#)

BT has signed a multi-million euro contract over five years with Dutch-based Friesland Bank to design and deliver internet banking for the bank's private customers. [More.](#)

BT and Interpay have signed a five-year contract to deliver phone costs savings to retailers. [More.](#)

Real-time pricing data from Tullett Prebon Information Ltd is now directly available through the BT Radianz network. [More.](#)

Launches:

BT has cut the cost of calling for small businesses by launching an innovative "flat top" calls package that offers BT Business Broadband customers unlimited national and local phone calls from £14.99 a month. [More.](#)

A new RFID-enabled asset management service – BT AssetIntelligence – has been launched BT's Auto-ID Services, part of the BT Redcare Group, delivering increased supply chain efficiencies. [More.](#)

New simple tariff plans have been launched for BT Fusion, the innovative mobile phone service, giving customers the chance to get even better value from the calls they make from home. [More.](#)

BT has announced the addition of BGAN (Broadband Global Area Network) to its extensive portfolio of IP access services offering customers a complete communications solution for on-the-move individuals and teams in remote locations. [More.](#)

Recognition:

BT's business continuity, security and governance practice has won two awards in the 2005 OSStCaRs (Outstanding Service to Compliance and Regulation) run each year by the Compliance Register. [More.](#)

BT Exact has earned ISO 9001 certification for its innovative "agile development" methodology.

BT Radianz, has won the ICT Innovation Award presented by Banking & Finance, a leading professional magazine for the Benelux financial sector. [More.](#)

Infoworld Magazine has recognised BT's 21st Century Network among its "100 IT Projects of the Year – 2005." [More.](#)

BT received a commendation for its Netcentricity project at the Information Management (IM) Awards (1 December, 2005).

IT Week (USA) has named BT a "Top 50 Technology Innovator" (5 December, 2005).

Computerworld honoured BT with its "Premier 100 IT Leaders" award (12 December, 2005).