



VoIP Opportunities & Challenges

A CLEC Perspective

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Why VoIP Today?



VoIP is Finally Ready for Metro-Voice Applications

- Maturation of IP Protocols to Support Metro-VoIP
 - SIP, MGCP, QoS
- Maturation of Hardware & Software Platforms
 - IP-TDM Gateways - Cisco, Sonus, Telica, Sentito
 - Feature Servers - Broadsoft, VocalData, Sylantro
 - Session Controllers - AcmePacket, Nextone
- Market Acceptance
 - Driven by PBX Replacement - Avaya, Nortel, Cisco
 - Residential Offerings - Vonage, Cable, AT&T

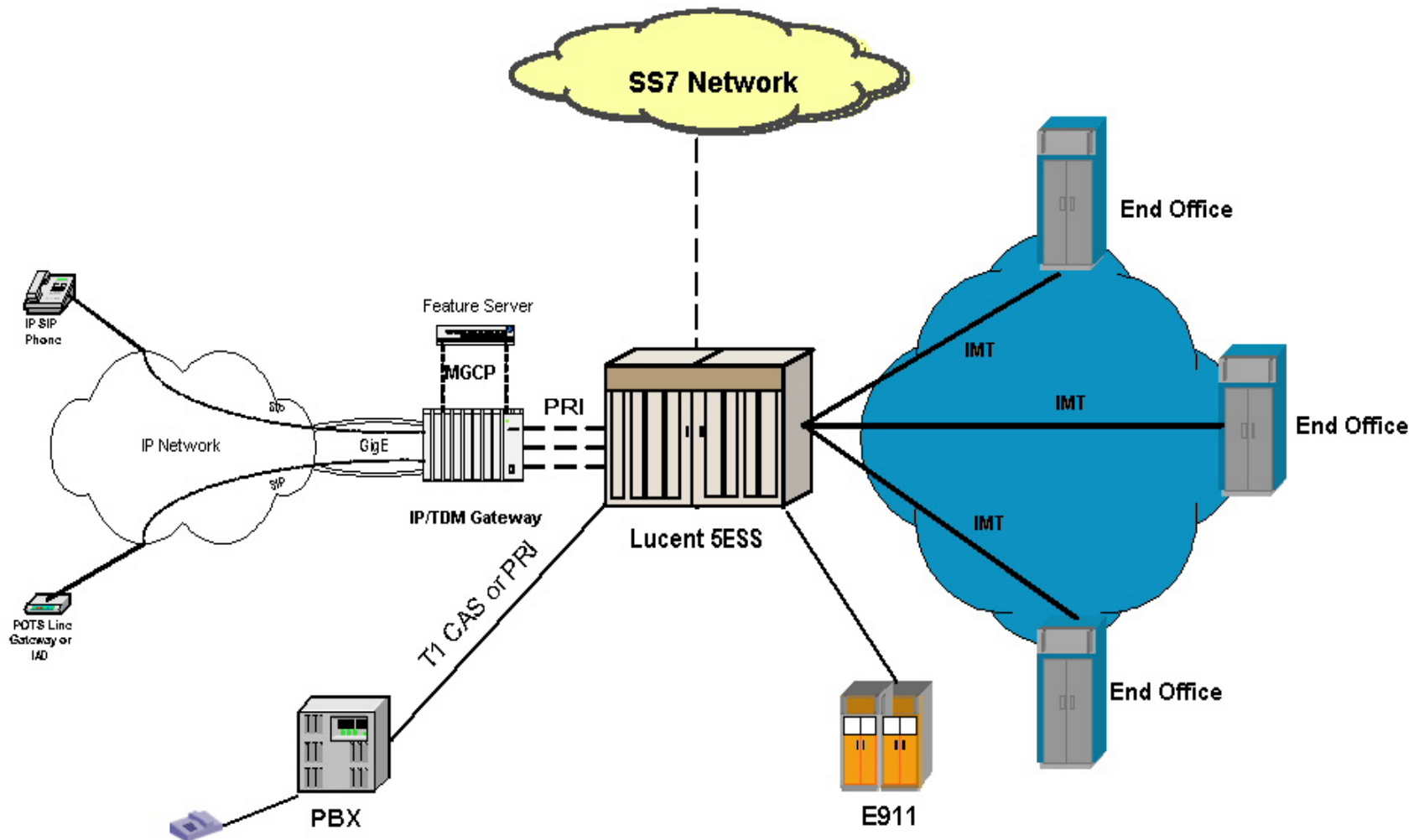
What is Driving Adoption?



- VoIP features & functionality
 - IP VPN, CTI, Simultaneous Ring, Mobility
- Simplified Pricing Model
 - Not Cost per Minute but Cost per Person
 - Lease vs. Buy
- Network Efficiencies
 - Promise of One Network, not Two
 - Converged Services Applications - “Integrated T1s”
- New Revenue Source
 - IP Centrex is first “new” product to enter CLEC business models in many years

How Will it be Integrated?

IP/TDM Gateway & SIP/MGCP Feature Server



What are the Obstacles?



“IP Centrex” is a significant departure from traditional CLEC product sets

- Sale is More PBX than Telco Service
- Installation & Service beyond the “Demarc”
- Most CLECs have well established Agent Programs, many of whom are Interconnects who sell PBXs
- VoIP is still leading edge technology (some say bleeding edge)

What's to Come?



- Almost all CLECs will enter IP Centrex marketplace in 2004 or latest 2005
- Service Differentiation will be function of hardware/software platforms chosen (i.e., not much)
- Unfortunately, IP Centrex will not be financial savior of CLECs, just another form of “price per minute”



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