VoIP Opportunities & Challenges
A CLEC Perspective

Presented by Raul K. Martynek
President & CEO
Eureka Networks
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?

“What 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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www.eurekanetworks.net

Raul Martynek, President & CEO
Email: raul.martynek@eurekanetworks.net
Tel: (212) 404-5350