

# 1 Country: UK

**Incumbent:** BT

**Challenger:** C&W

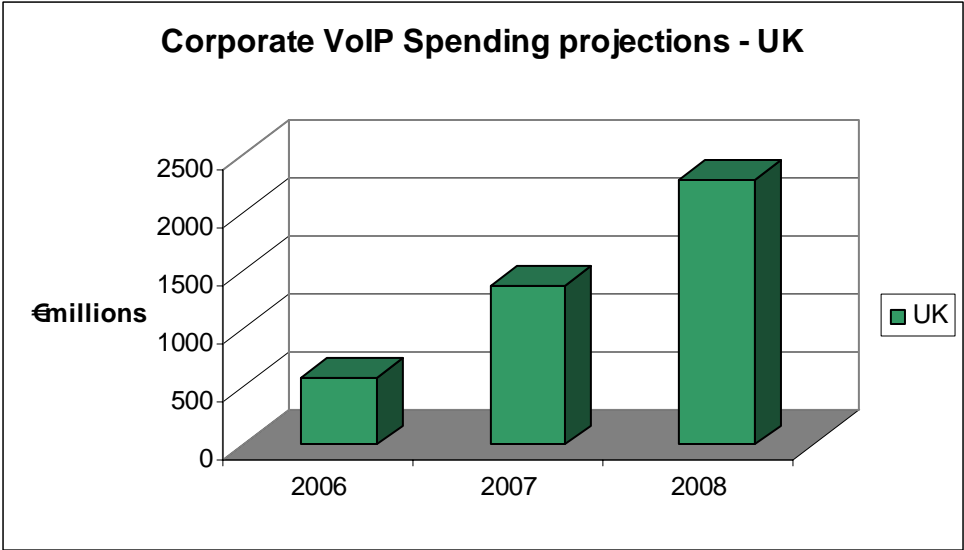
## 1.1 Key Considerations

BT is clearly focused on targeting the Corporate and Business markets in the UK with the **BT Business Broadband VoIP** offerings. While BT has residential offerings called **BT Broadband Voice**, the sales push is targeted at the enterprise sector with replacement IP based PBX and Hosted PBX solutions. This is due mainly to lower broadband penetration rates than European average and BT's strength within the Corporate and Business sectors. BT emphasise both hard and soft savings in promoting VoIP offerings into the Corporate and Business sectors.

Cable & Wireless have recently announced **C&W Intelligent Voice**, a VoIP offering into the Corporate and Business sectors. Their approach is focused on making the migration to IP offerings cost effective and easy. Avoiding a 'big bang' approach for organisations moving to an IP or Hybrid solution they brand their offerings as protecting existing investment in PBX solutions.

## 1.2 Overview of UK market

- VoIP penetration remains low - current estimates from consultants Analysys suggest only 35% of residential lines and 14% of business lines use VoIP.
- UK based Analyst MZA recorded a year-on-year drop in total PBX sales in the UK during the third quarter of 2004 resulting in an annual figure of approximately stg£2.5m
- According to a recent study published by Eurostat (EU research wing), Broadband penetration in the UK remains at the lower end of the EU scale with just over 40% of enterprises as broadband users.



- Projected VoIP spending in the UK Corporate Sector

## 1.3 BT

BT consists principally of three lines of businesses: BT Retail, BT Wholesale and BT Global Services. BT Retail and BT Wholesale operate almost entirely within the UK, addressing the consumer, major corporate, business and wholesale markets, and offer a broad spectrum of communications products and services. Total fixed-to-fixed voice call minutes in the UK market declined by an estimated two percentage points in the 2004 financial year. This was driven by customers making use of alternatives such as mobile calls, e-mail, instant messaging, corporate IP VPNs and VoIP.

- In June 2004 BT announced that it had launched a pilot for the switch-over of voice calls to an end-to-end IP-based network – the 21st century network (21CN).
- A large-scale migration of voice and other PSTN-based services is planned from 2006 as the company moves from multiple networks to a single converged multi-service network, with the majority of customers' PSTN services expected to be on the IP network by 2008.
- BT's single most significant customer for a range of VoIP services in the corporate segment is Abbey National, in a deal valued at £125 million over five years. BT has signed several recent contracts involve BT Hosted VoIP:
  - MWWFS (UK)
  - Caixa Galicia (Spain)
  - SEUR (Spain)
  - Xansa (UK)
  - Bank of Ireland (UK/IRL)
  - National Australia Group (Yorkshire Bank / Clydesdale Bank)
  - RBOS
  - BASF

### 1.3.1 Products

- Business Broadband VoIP.
  - A fully-managed global PBX convergence VoIP service from BT
  - An application on a BT-sourced MPLS network
  - Global coverage 240+ plus countries
  - Flat fee for over 90% of a customer's calling requirements
  - Supports full IDD & short-code dialling, Private Numbering Plans, Forced on-net.
  - Any digital PBX can be connected without changes
  - Complements BT's Global Voice product, "Voice Port".
  - Encryption