Gaining Traction in Managed & Professional Services





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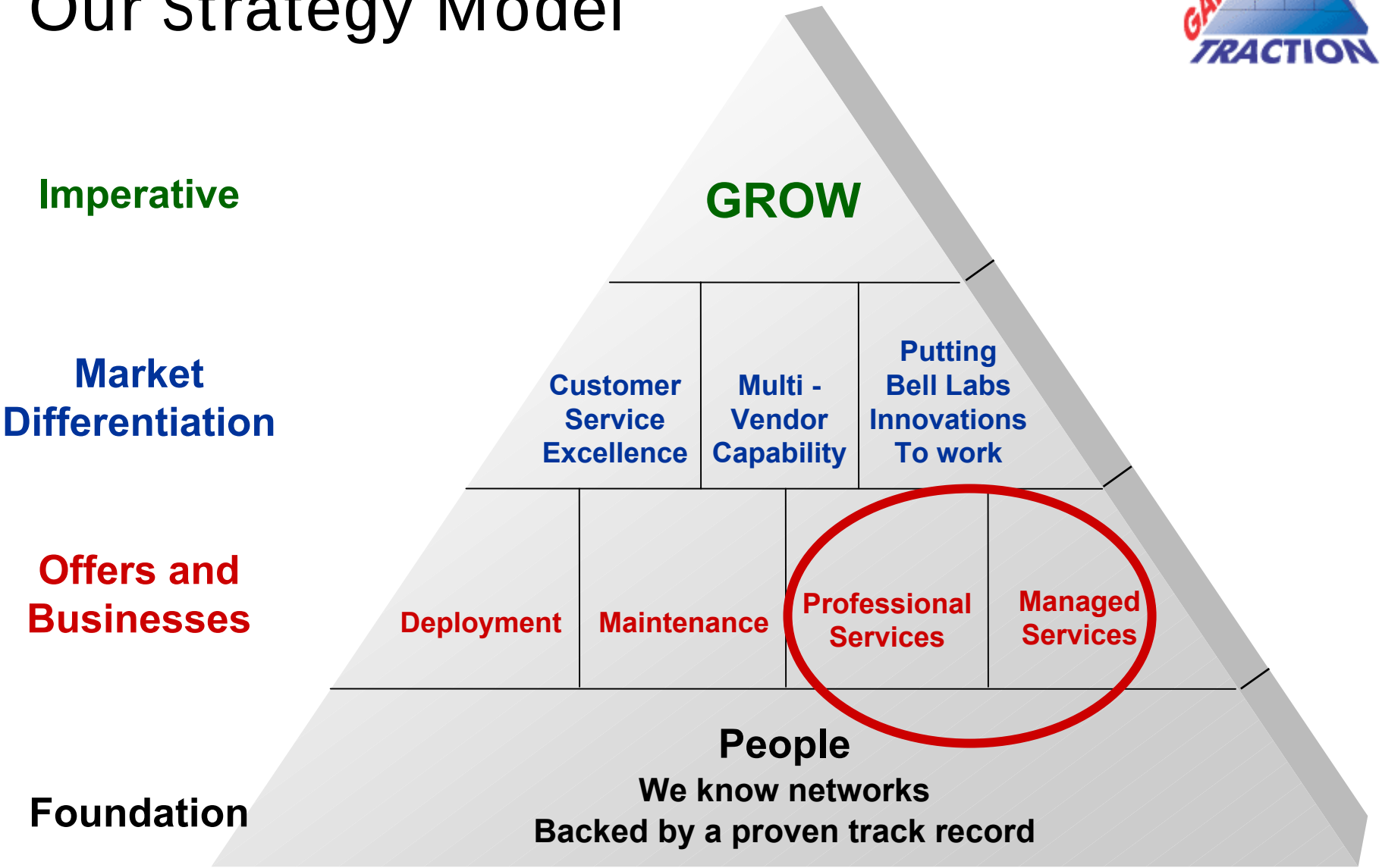
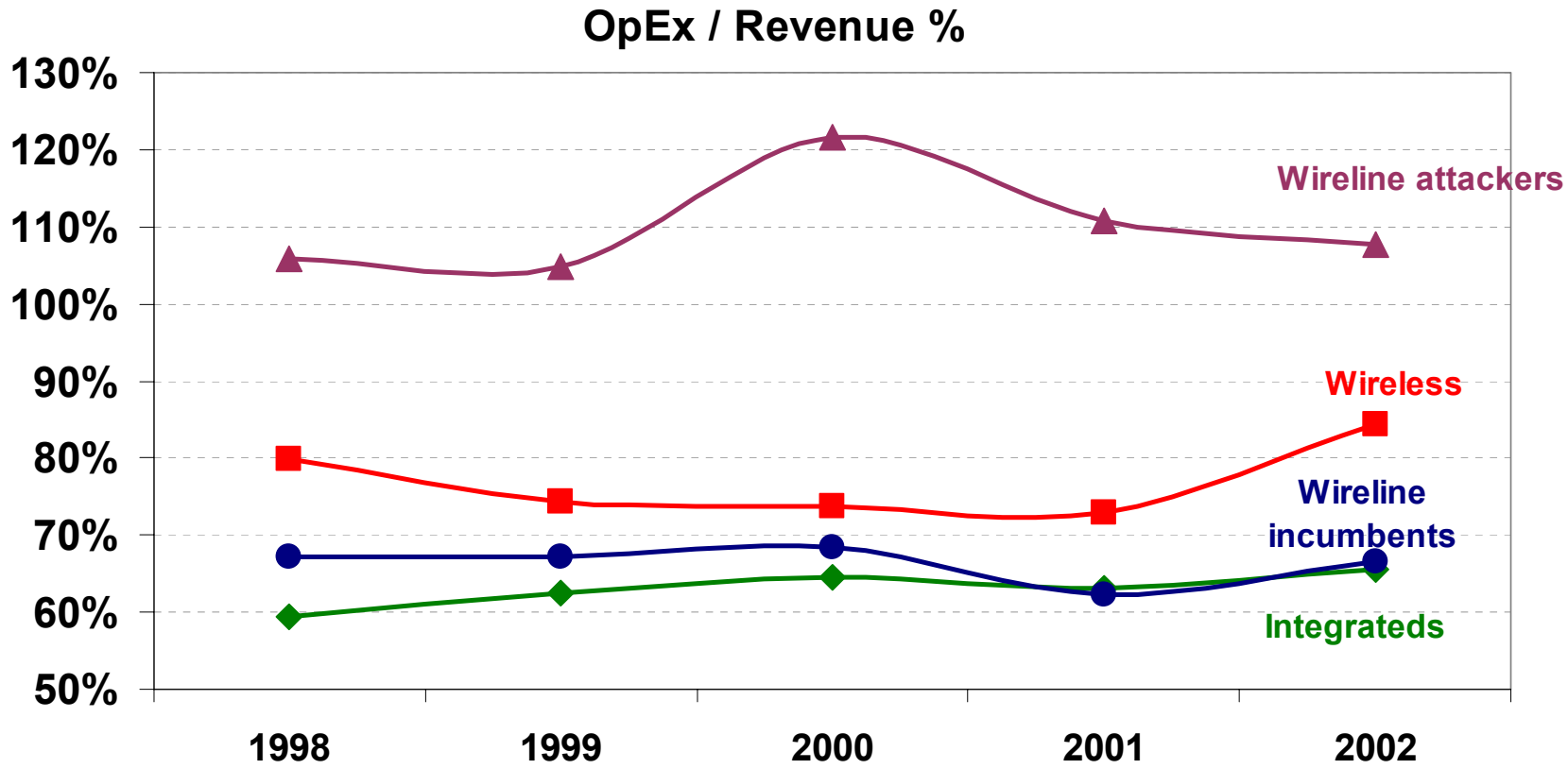
Lucent Technologies
Bell Labs Innovations

Lucent Worldwide Services
Our Strategy Model



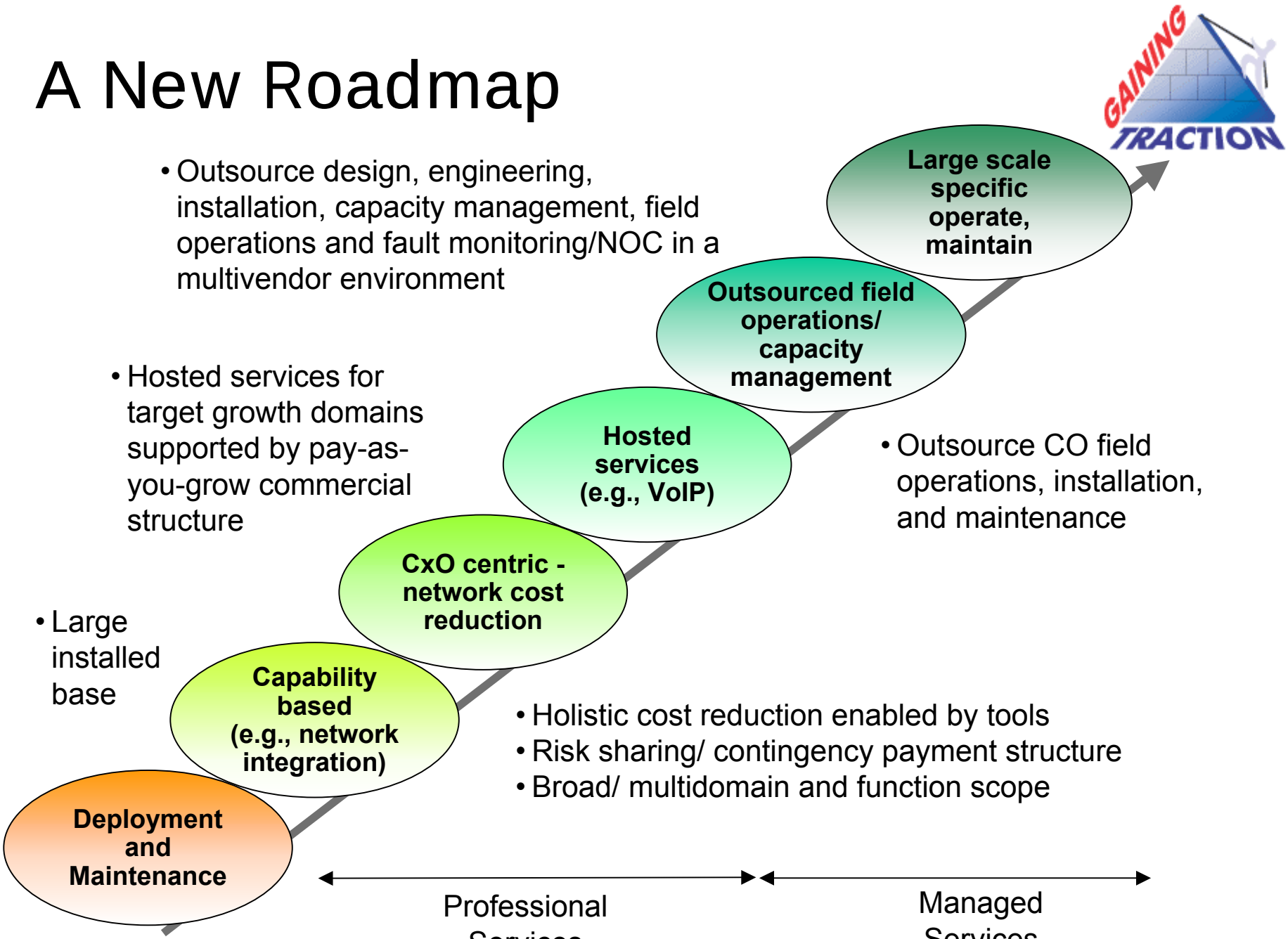
All Carrier Segments Face Significant OpEx Challenges



Source: Pyramid Research, 2003

General Efficiency Zone

A New Roadmap



Gaining Traction in Professional Services



- Consulting Services jumped from 18% to 47% of total Professional Services revenue mix this year
  - In February, we told you we'd achieve 25%
- Increased market penetration, (e.g., U.S. Government, including Bechtel and the U.S. Army)
- Professional Services is leading in non-traditional markets – GSM, Intel/Oracle enterprise penetration
- Competitive benchmarking – O2
- Network security and reliability – triple digit growth

Professional Services Value Proposition



Platform

- **Systems/network integration with service providers, government and enterprises**
  - Optimally designed migration to next generation technology
  - Reduced cost and Time to Market
- **Multivendor network/technology optimization**
  - Increased capacity and coverage
  - Increased customer satisfaction/lower churn
  - Reduced operating expenses and increased revenue
- **Blueprint for hardware and MS**

Business Process

- **Business process transformation**
  - Business Modeling and Technical Planning
  - Increased and maintained productivity gains/reduced complexity
- **Business Continuity**
  - Comprehensive Business Risk Analysis
  - Recovery Plan Analysis/Design/Development
  - Investment protection
- **Security**
  - Improved ability of the network/business to survive failures and attacks

People

- **Our People and Our Knowledge**
  - 1,600 network professionals worldwide
  - Bell Labs research & applied technology expertise
- **Knowledge Management System brings the expertise of 10,000 consultants and Bell Labs to solve customer problems**

Revenue Generation

- **Revenue Recovery**
- **Customer's Customer**
- **Implement new applications faster**

What We're Seeing in Professional Services



Reduce CapEx

- Help me design and implement the most economical network with high QoS
- Support my current and future service, technology and capacity requirements
- Protect my investment through increased network security

Solutions

- Network Planning and Design
- Network Optimization
- Network Integration and Migration
- Reliability and Security Consulting

Reduce OpEx

- Reduce my costs by improving network resource utilization
- Provide a network that is optimally integrated and easier to operate
- Supplement my workforce with Lucent consultants

Solutions

- Operations analysis and Optimization
- Network Analysis and Optimization
- Records and Assets Verification (RAVS)
- OSS/BSS Integration

Increase Revenue

- Time to market - deliver networks and applications at the earliest possible moment
- Enable revenue generating services
- Position my networks for smooth migration to future requirements, technologies and opportunities
- End-to-End Multivendor Solutions

Solutions

- Revenue Recovery
- Application Integration Services
- OSS/BSS Integration
- Network Integration and Migration
- RF Optimization

Gaining Traction in Managed Services



- In 2003, we signed contracts totaling $250 million with service providers in Asia, North America, Latin America and EMEA
- 100% non-Lucent multivendor contract with Telemar
- Network monitoring of a major North American operator's VoIP network
- Transport Build, Operate, Manage (BOM) for large North American wireless carrier
- New relationships with channel partners
  - (e.g., Bechtel, Dynavar and IMTech)

Managed Services Value Proposition



Platform

- **Network Optimization – OPEX Reduction**
  - Network consolidations and reconfiguration
  - Asset availability and inventory optimization
  - Shared asset models, hosting of network applications
- **Technology Refresh – Accelerate Revenue**
  - faster deployment of upgrades, green field, and platform replacement
- **Technology Evolution Plan – Less Complexity**

Business Process

- **Process efficiencies – Optimizes Utilization**
  - Asset/inventory optimization
  - Supply chain management
  - Network and equipment engineering
- **Organizational synergies – Improved QoS**
  - Elimination of redundancies
  - Leverage economies of scale
- **System Enhancement – Increased Automation**
  - OSS Integration and Development

People

- **Organizational integration**
  - Elimination of handoffs and complexities
- **Improvements in efficiency**
  - SLA based compensation and reward
  - Manage Cultural Shifts

Cost

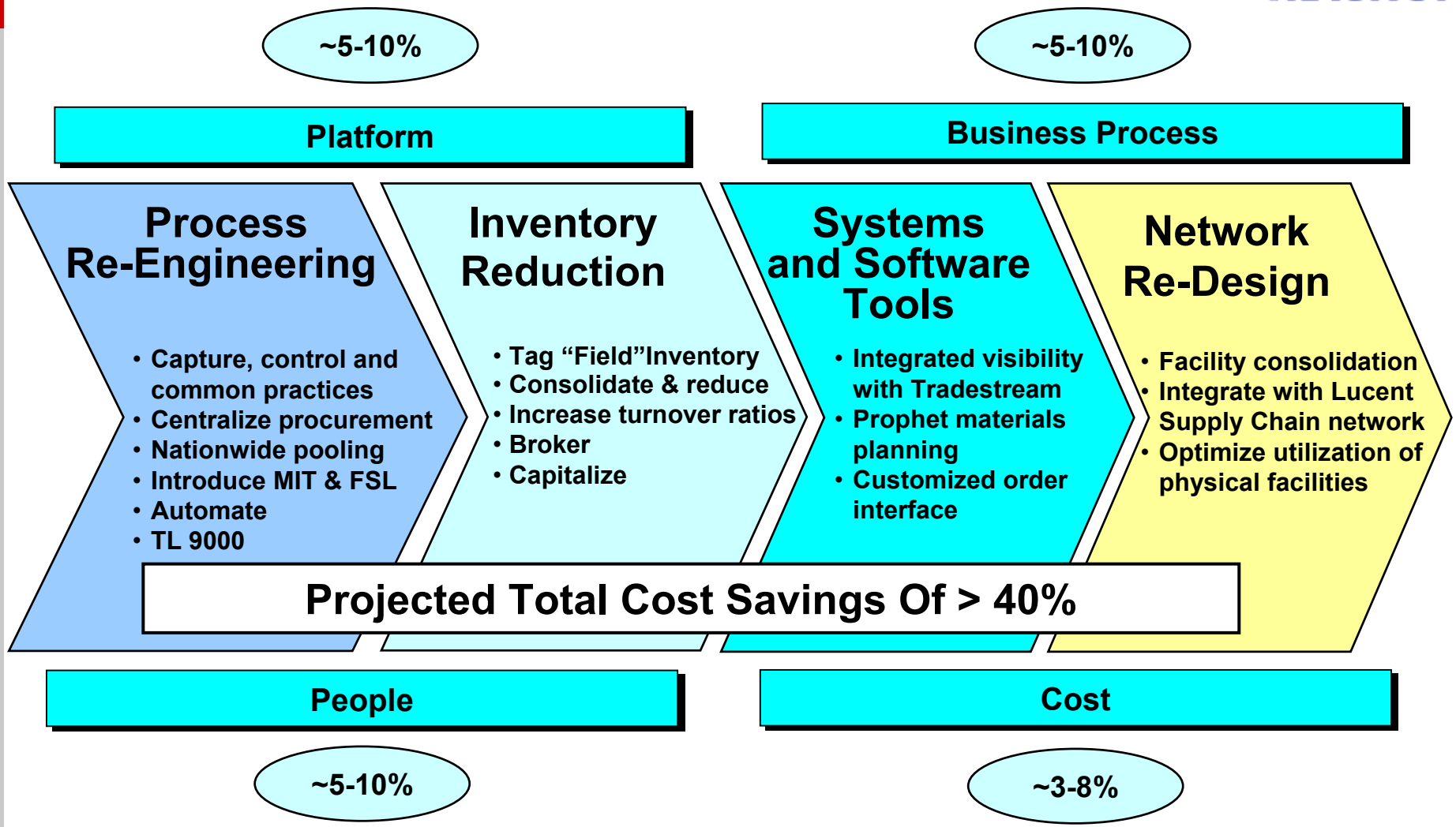
- **Hosted Network Applications**
  - Variable versus fixed capital model
- **Price structure flexibility**
  - SLA Commitments provide for risk/reward sharing

What We're Seeing in Managed Services



- Demand for
  - Managed Network Outsourcing Services
  - Hosted and Managed Applications
  - Global NOC: Remote Network Management Services
- Greater Tier 2 emphasis as investment dollars flow into Asia, CALA, and Tier 2 players
- Push for new technology to be deployed and managed in a variable cost model
- Greater cooperation with "classic" system integrators

Example of Finding Value in Supply Chain and Asset Management Outsourcing



Managed Services Hosted Messaging

- ***Hosting of:***
  - Internet Access Servers
  - Core Application Servers
  - Telephony Servers
  - Message Storage



- ***So Carriers can provide:***
  - Next Generation Unified Messaging
  - Multimedia Messaging
  - Multi-client Access
  - AnyPath® Migration Application

- Increased speed to revenue generation.
- Shared asset model lowers acquisition cost
- Reduced staff training and technology refresh complexities
- Allows smaller carriers to offer unified messaging at competitive process
- Support with customer care

Leverages existing GNOC infrastructure to provide a hosted AnyPath® Messaging System application

Why We Will Be Successful?



- Lucent is committed to the Services market
- We have the expertise and know how to help our customers be more competitive
- Making key investments to the business
- Customer trust
- Bell Labs network know-how

Lucent has the capabilities, leadership and game plan to be the leading network integrator worldwide