

THIS ISSUE

- MESSAGE FROM THE CEO P.1
- CUSTOMER CORNER P.2
- INDUSTRY TRENDS/NEWS P.3
- THE REGULATORY CORNER P.4
- VOICES FROM THE INDUSTRY P.5
- VOIP LOGIC: NEWS & NOTES P.5



MESSAGE FROM THE CEO

In the world of VoIP, SIP Trunking has emerged as the most rapidly growing segment, and as a viable bridge to a wide range of add-on “hosted VoIP” applications. I call these applications, as a group, “SIP Trunking Plus.”

For starters, I define SIP Trunking as follows: SIP Trunking allows inbound and outbound calls converted to SIP to travel through a core VoIP peering device (Softswitch, SBC, Gatekeeper), allowing enterprises to pay less for their long distance and local calling; it is a direct replacement of the T-1/PRI service historically sold to enterprises.

SIP Trunking is a great service because it opens up the PBX to long distance competition, and it clearly saves the enterprise money on both dedicated T1/PRI circuit costs and monthly usage – without being disruptive. This seems to signal that the move from the premise-based PBX to a “cloud” PBX is an incremental and long process. **SIP Trunking Plus** features are useful because they are not overly disruptive to existing telephone systems.

In a nutshell, once you can focus on individual applications that increase productivity, work better with mobility, improve existing PBX functionality and facilitate growth, there is a tremendous opportunity for recurring monthly revenue for carriers and service providers through add-ons that are of great benefit – in terms of cost and functionality – to the enterprise.

Below are several examples of applications that are getting traction in the SMB market.

Remote Worker Management – Workers not at the office – which represents 22% of workers in the US and an increasing numbers overseas – can be converted to SIP end-points and treated like any other telephone on the PBX with advanced features.

Web Portal and Mobile Management – Portal management for forwarding, presence, call logs, contacts, voicemail, various phone settings, etc. These will easily extend to mobile devices and can include voicemail and unified messaging. Most legacy PBX systems do not provide Web based portals, open APIs or mobile management.

Voice Mail, Presence and Unified Messaging – It is easy to redirect a call on a SIP Trunk to a hosted voicemail and unified messaging application. These applications can provide all kinds of advanced features including voicemail-to-email as an attachment and voicemail-to-email as text, visual voicemail on a smart-phone (iPhone, Blackberry, Symbian), web access to voicemail and management of settings.

Hunt Groups and Advanced Call Management – Companies that have their DID's and toll-free numbers coming in on SIP Trunks can easily have those calls diverted through a call management system that can introduce an auto-attendant, hunt groups for certain blocks of numbers, ACD applications (call queuing, music on hold), etc.

At VoIP Logic, we work with carriers and service providers who are continually looking to enhance their service portfolio and meet more communications needs of their customers. It is interesting to see the range of communications applications that are being dreamed up – these are just some ideas.

All my best for a happy, healthy 2009!

Micah Singer - CEO, VoIP Logic

- Convergence, FMC Are Driving Sales
- Broadsoft Acquires Sylantra
- Global Broadband Subscriber Update
- Growth in Enterprise Telephony
- Carriers Cutting Back
- Fring Spiffs up App for Windows Mobile



CUSTOMER CORNER

IP Communications, LLC
 Kennesaw, GA
 www.ipcomms.net
 Customer Since: Q1, 2005
 Service: SIP Trunking



Q&A with Donald Hansil, President, IP Communications, LLC

Please tell us about IP Communications and its products and services:

IP Communications delivers Voice over the Internet Protocol (VoIP) based carrier solutions to providers of IP based telephony services. Our product range includes Local Origination services, international local numbers (DDI), domestic/international Toll-Free service, area based IP T1 (PRI) replacement service, VoIP termination and IP private line services. SIP Trunk Origination services from IP Communications provide local and toll-free number origination from major locations throughout Asia, Europe, Latin America, and North America and terminates to devices on your VoIP network. We eliminate the need for traditional private lines and foreign exchange service fees by providing a single IP connection alternative that can support all origination markets within our global footprint.

If you had to single out four or five “nuggets” on IP Communications, what would they be?

The most unique, noteworthy point of differentiation inherent in our service offering is the flexibility with which it empowers our customers, allowing them to customize their telephony services. At IP Communications, we recognize that no two customers are the same and we allow them to find the perfect solution that meets their needs. We offer a total solution for customers with over 5,000 locations' local DID numbers, Toll Free Services and complete outbound calling services.

IP Communications was one of the pioneer SIP Trunking providers to allow unlimited inbound calling with no per-minute charges on its local origination DID numbers. Our state-of-the-art online portal allows customers to add services on-the-go, and easily manage all of their services with a click of the mouse. However, if customers have any questions, they can always contact our friendly and courteous staff for technical and other assistance. Also of note, is that IP Communications provides services in over 5,000 locations in the USA, Canada, and European countries, and provides customers the ability to grow services as their business needs change with easy online ordering.

What does VoIP Logic do for you and your company?

VoIP Logic allowed us to have a carrier-class solution while staying within our budget, and enabled us to easily deploy new, reliable services. Specifically, the Company added invaluable expertise in the decision-making process of selecting a border controller, which enabled us to begin with low cost of entry.

Through working with VoIP Logic, we successfully reduced initial capital expense with a managed service option instead of purchasing it (initially), and we now offer a scalable, cost-effective solution that grows with our business.

What unique features of VoIP Logic's model help IP Communications?

Our clients are global leaders in IP telephony, recognized for providing the highest level of VoIP, broadband and wireless services to the consumer and enterprise marketplaces. Using VoIP Logic's managed services solutions, Cortex® OSS middleware, these companies are able to ensure all-around customer satisfaction while driving costs down and increasing efficiency in their respective VoIP rollouts.

How has your business done in the past year?

Our business continues to grow as SIP Trunking becomes more and more prevalent as a reliable, cost-effective communications tool. IP Communications is able to provide the business class services to meet the demanding new VoIP Applications of the future by providing best of class service and availability.

Our future plans include providing a full range of hosted pbx solutions.



INDUSTRY TRENDS/NEWS

Convergence, FMC Are Driving Sales

Infonetics Research reports in its report, "FMC Equipment, Phones, and Subscribers", that sales of dual mode cellular/WiFi phones, including dual service and UMA and IMS seamless FMC client phones, hit \$7.6 billion in 2Q08 and are expected to be up 16% for the year, indicating healthy growth for converged cellular/WiFi services in both enterprise and consumer market segments.

Meanwhile, the nascent FMC network element market, which launched last year and includes UMA network controllers (UNCs), voice call continuity (VCC) application servers, and multi-access convergence gateways, grew 5-fold from 2006 to 2007 and is forecast to grow another 7-fold between 2007 and 2011 worldwide.

-- Infonetics

Broadsoft Acquires Sylanro

It's official. Gaithersburg, Maryland-based BroadSoft, Inc., officially announced that it has acquired Sylanro Systems Corporation, an erstwhile competitor.

According to BroadSoft president and CEO Michael Tessler, "Sylanro has been a strong competitor of BroadSoft for 10 years. This acquisition further advances our market and innovative leadership position. Sylanro's solutions, talent and customers complement BroadSoft's business and enhance our ability to deliver compelling solutions and services to our customers."

As a result of the acquisition, BroadSoft now has development and customer operations centers in Montreal, Canada; Dallas, Texas; Bangalore, India; Sydney, Australia; Belfast, Northern Ireland; and Gaithersburg, Maryland.

-- TMCNET

Global Broadband Subscriber Update

Broadband services continue to be in high demand, attracting millions of new subscribers worldwide each month. Over the past 12 months, approximately 80 million new broadband subscribers signed up for high-speed access to the Internet, the high-tech market research firm says. In terms of broadband access technologies, digital subscriber line (DSL) technologies continue to serve the greatest number of broadband subscribers worldwide, accounting for 55% of total broadband connections.

-- In-Stat

Growth in Enterprise Telephony

The worldwide enterprise telephony market grew 8% between 2Q08 and 3Q08, to \$2.6 billion, with pure IP PBX and hybrid PBX equipment sales up and TDM PBX equipment sales down, according to a new report from market research firm Infonetics Research.

According to Analyst Matthias Machowinski, there are a few bright spots, like the pure IP PBX segment, which is benefiting from new product launches, and IP softphones, of which we've seen a tremendous uptake in recent quarters, and which should weather the economic storm fairly well, with continued annual growth expected. The report also highlights:

- The IP PBX segment grew 9% in revenue and 7% in lines from 2Q08 to 3Q08
- Year-over-year, quarterly IP phone shipments are up 25% in 3Q08
- IP softphone shipments more than doubled from 2Q08 to 3Q08
- The TDM segment will drop below the \$1 billion mark for the first time in 2008

-- Infonetics

Carriers Cutting Back

UBS analyst Nikos Theodosopoulos revised his forecast for cuts in U.S. carrier spending next year from a drop of about 5 percent to a steeper decline of 10 percent or more. He said cable TV firms and wireless-related spending might not be as bad, but still would decline by at least 5 percent and 7 percent respectively. Theodosopoulos believes that AT&T specifically may cut wireline spending as much as 10 percent or more in 2009.

-- UBS



Fring Spiffs up App for Windows Mobile

Windows Mobile may be an ugly stepchild of mobile platforms, but among more ambitious publishers, it hasn't been forgotten.

Months after adding file transferring abilities to its Symbian version, Fring, a free VoIP communication company, is conferring this and other features to an updated versions of Fring for Windows Mobile.

In addition to sending images, audio, and video files to friends on Skype, SIP, Yahoo, Windows Live Messenger, Google Talk, AIM, and ICQ, the latest version of Fring for Windows Mobile also packs on support for add-ons, an indicator message as contacts type out an IM response, and long-overdue privacy settings.

-- CNET NEWS

THE REGULATORY CORNER

FCC May Redefine VoIP Landscape

In the waning days of the Bush administration, the Federal Communications Commission had the opportunity to make a number of significant regulatory decisions, any of which could have a significant impact on the Voice over IP community.

The question on the table is one of clarity and whether the FCC will at last put forth regulations defining certain key terms and relationships within the VoIP world. With many smaller providers having established themselves and larger carriers beginning to delve into IP, some observers say the time is ripe for the FCC to lay out some basic conventions.

Questions about VoIP are wrapped up within a sweeping overhaul agenda known as comprehensive intercarrier compensation reform—an effort to review rules governing the money that changes hands when carriers originate, transport, or terminate traffic across networks. This effort has drawn attention throughout the telecommunications world.

Then there is the financial picture and the matter of intercarrier compensation. The VoIP world has been waiting for some guidance as to whether IP-to-TDM (or TDM-to-IP) calls are to be treated as traditional TDM calls in terms of charges and reciprocal compensation.

--Enterprise VoIP Planet

Taxes, Taxes, Taxes

Sacramento, Calif., initiated a tax on VoIP communications today, as "Measure O," the "Utility User Tax Reduction and Fairness Measure" takes effect. The measure drops the overall tax rate on communication services from 7.5 to 7 percent, but the tax now includes VoIP calls, text messages and voice features like call waiting and caller ID as taxable items. Internet access won't be taxed, but mobile data plans will. Telecommunications companies have until March 1 to begin assessing the taxes on customers' bills.

Measure O passed on November 4, with the stated aim of "ensuring that communications users are treated uniformly without regard to the technology used." Sacramento will receive an estimated \$12 million annually from the increased tax revenue.

A VoIP customer in Sacramento averaging \$20 per month in charges will spend an additional \$16 per year for phone service, which isn't a tremendous increase. But with economic times tight, regulations like Measure O eat away at vanilla VoIP's value proposition. If similar measures pass in other cities, VoIP providers wouldn't lose any direct revenue since the actual service price stays constant. But VoIP taxes might slow adoption and there is always the annoying accounting overhead when different cities set different rates and demanded compliance.

-- FierceVoIP



VOICES FROM THE INDUSTRY

VoIP Logic's Vice President, Software Engineering, Colin Jacobs Addresses Net Neutrality and VoIP

In 2006, AT&T CEO, Ed Whitacre, kicked up a major storm by suggesting that Internet content providers such as Google and Yahoo were getting a "free ride" by having their content delivered at no cost to customers over their network.

The suggestion that content providers should pay broadband service providers to deliver their content is controversial, and brings light to the concept of "net neutrality," the idea that ISPs should be required to treat all packets equally.

Proponents of net neutrality worry that ISPs (who are already being paid for bandwidth used by their customers) will ultimately use their control of the networks to squeeze additional revenue out of the big content players, and to put the squeeze on competitors.

VoIP service providers have perhaps the most to gain should net neutrality be enforced, as they have the most to lose from aggressive Quality of Service management by ISPs. For example, if a Comcast cable customer has two choices for VoIP service, Comcast or a third-party provider, the third-party will have a harder time marketing its offering if people know the ISP's own offering will have lower latency (by virtue of priority given to those VoIP packets). Currently, there is no legal obstacle to prevent an ISP from doing this, nor are there major obstacles preventing them from performing other traffic shaping that might affect competitors' services.

Several attempts have been made within the United States to legislate the concept of network neutrality and restrict the introduction of tiered service models by the ISPs. Since 2006, seven pieces of legislation have been introduced in Congress, five of which have been defeated, and two are still in committee. One of these bills, the Internet Freedom Preservation Act, would introduce a ban on the blocking of lawful content and prevent QoS deals between network operators and specific content providers.

Of course, legislating how a network operator should handle IP packets is far from an ideal solution. Dropping spam or preventing denial of service attacks, for instance, violates the principles of network neutrality. There may be new and legitimate reasons to shape traffic in the future to provide reliable services such as IPTV or deal with security issues. Therefore, it remains to be seen how net neutrality will play out in the long-term.

Food for thought... Brad Templeton, chairman of the board of the Electronic Frontier Foundation, has said "while the market would sort it out if we had healthy competition among broadband providers, we usually don't."

VoIP LOGIC: NEWS & NOTES

VoIP Logic's Colin Jacobs Speaks to New York Times on Australia's Internet Filter

How to Grow Revenue with Enterprise SIP Trunking, By Micah Singer

SIP Trunking Plus: 5 Avenues for Revenue Generation, By Micah Singer

See Us At...

COMPTEL PLUS Spring Convention & EXPO, March 2-5, 2009,
Dallas, TX, USA

VoIP for Business, March 11-12, 2009, National Hall, Olympia,
London, UK

Cable Connection Week, April 1-7, 2009, Washington, DC, USA

NABSHOW, April 18-23, 2009, Las Vegas NV, USA

ITW, June 1- 3, 2009, Washington, DC, USA

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