

ADC To Acquire Fiber Optic Network Solutions (FONS)

From BBP Wires

Minneapolis – ADC announced July 22 that it would purchase Fiber Optic Network Solutions (FONS). The two companies are two of Verizon's biggest FTTH suppliers (the other is Motorola). The price was \$172 million in cash, net of any FONS debt at the time of closing. The transaction is expected to close by October.

The amount includes retention bonuses for about 60 FONS employees. Many employees also own FONS stock. ADC expects to take a small charge against earnings for various acquisition-related expenses, but expects the impact on earnings to be positive (5 to 10 cents a share) in 2006. Michael J. Noonan, president and CEO of FONS, will become Vice President of Business Development in ADC's Global Connectivity Solutions business.

In addition to its corporate headquarters in Marlboro, Massachusetts, FONS has strategic partnerships and outsourcing relationships in countries including Mexico, Japan and China.

FONS is privately held, and has been financed mainly by two rounds of venture investing from Oak Investment Partners and Morgenthaler Partners. The company was founded in 1992 and prospered initially. It was on the ropes after the dot.com boom until Verizon came calling in 2003. Since then, it has rebounded

well. Its sales for 2005 are estimated (in the press release describing the takeover) at \$95 million. Local sources were surprised; some estimates for FY 2005 had been twice as high.

An ADC spokesman said the combination of its product line and FONS products "creates an extensive set of FTTH product options for our customers" and "further enhances ADC's growth strategy to become the global communications network infrastructure leader by building scale in fiber connectivity from the central office, through the outside plant to customer premises."

ADC provides connections for wireline, wireless, cable, broadcast, and enterprise networks around the world. The acquisition should more than double ADC's FTTH outside plant sales, but they would still be only about 10 percent of ADC revenue.

Said Robert E. Switz, president and CEO of ADC, "The strategic value of this acquisition is created from combining ADC's global scale, worldwide customer base and distribution channels, and innovations in connectivity with FONS' advancements in fiber connectivity solutions."

"We remain focused on being a leader in global communications network infrastructure solutions and the FONS acquisition is a great addition to our existing

organic growth initiatives in fiber connectivity, Ethernet, wireless and enterprise solutions."

FONS also brings additional scale and capabilities to our growing fiber connectivity business to help us meet the needs of our customers as they roll out their important initiatives in this area. Ultimately, our customers benefit from ADC's commitment to the development of a strategic portfolio consisting of fiber connectivity solutions designed for the central office all the way through the outside plant to customer premises," Switz added.

ADC said its market research indicates that the FTTH market's growth potential is significant around the world:

- In the United States, FTTH networks are expected to pass more than 4.5 million homes by the end of 2005. It is estimated that by year-end 2008, FTTH networks will pass more than 29 million homes and that \$1.5-3.5 billion will be spent annually by telecommunications service providers during the next five years as FTTH networks are deployed in the United States.
- Internationally, FTTH networks are expected to pass more than 10 million homes by the end of 2005 and it is estimated that by year-end 2008 more than 60 million homes will be passed by FTTH networks. **BBP**

WiMAX Equipment Sales Off to a Good Start, Says Infonetics Research

From BBP Wires

London – Worldwide WiMAX equipment sales hit \$16.4 million last year and are projected to grow to \$124.5 million in 2005, according to Infonetics Research's latest market outlook report, *WiMAX and Outdoor Mesh Equipment*. The report was released July 28. That's not bad, considering that the current WiMAX standard applies only to 10-60 GHz equipment (mainly for backhaul).

The consumer-related standard for 2-11 GHz was scheduled to go into formal draft after a confirmatory round of voting at press time. A final standard could be approved this October.

WiMAX is initially being deployed as a wireless backhaul solution, but will be deployed as a mobility application starting in 2007-2008 once the 802.16e standard is ratified and WiMAX-capable

client devices enter the market, Infonetics predicts.

Outdoor mesh network access nodes, currently used primarily by municipal authorities to provide broadband network coverage for their mobile workers, also represent a small but rapidly growing wireless segment, totaling \$8.8 million in 2004 and growing to a predicted \$110.4 million this year.

“WiMAX promises many strategic opportunities, not just as a backhaul solution for WiFi, delivering additional bandwidth to hotspots, but potentially for 3G networks too,” said Richard Webb, author of the report. “WiMAX may become a viable DSL/cable broadband replacement technology for consumers, and may even offer nomadic or portable wireless Internet access for consumers and enterprise users. Operators could also use it to carry VoIP services.”

WiMAX could form part of a wider wireless broadband strategy, comprising both licensed and unlicensed technologies, including GSM or CDMA, UMTS, proprietary broadband fixed wireless (LMDS, MMDS), WiFi, and wireless mesh networks.

The WiMAX and Outdoor Mesh Equipment report tracks WiMAX base stations, WiMAX CPE, and outdoor wireless mesh network access nodes, providing 2004 market size totals, annual revenue and unit forecasts through 2009, and analysis of the market for all regions (worldwide, North America, EMEA, Asia Pacific, and CALA). For the table of contents and sample data, log on to www.info.infonetics.com. For sales, contact Larry Howard, vice president, at larry@infonetics.com or 408-583-3335. **BBP**

Zultys Releases Full-Featured Wireless VoIP Handset

From BBP Wires

Sunnyvale – Zultys Technologies announced a full-featured desktop IP phone in July, in a handy mobile format. The move offers more confirmation of VoIP’s coming position in the marketplace. The WIP 2 is the first wireless IP phone to provide presence, and also offers two call appearances, voice encryption, paging, 3-way conferencing, instant messaging, and all standard telephony functions.

“Nearly 80 percent of our customers have asked us about WiFi VoIP products,” said Iain Milnes, President of Zultys Technologies. “They tell us they would like the ability to take their desktop IP phone with them rather than have a second mobile unit with reduced capability.”

The WIP 2 wireless IP phone is built entirely on open standards and runs on a stable, real-time Linux operating sys-

tem. The phone is compatible with any IP telephony system using SIP (Session Initiation Protocol). The phone gives four hours of continuous talk time and 12 hours of standby time.

The new handset uses Zultys’ patented jitter buffer for better speech quality even under network conditions that are less than ideal. Users can dial a destination by phone number, SIP address, or IP address. A SIP address can be abbreviated, for example to “sales.” Hot key dialing allows users to review and edit the destination address prior to calling. The integral phone book allows entries to be easily searched, inserted, modified, and deleted.

The WIP 2 will be generally available in November. Pricing is due in October. For more information on Zultys or its products: www.zultys.com. **BBP**

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Oki Demonstrates Call Center System Using 3G Mobile Videophones

From *BBP Wires*

Tokyo – Oki Electric Industry Co., Ltd. has announced development of “Visual Contact Center,” a demonstration customer service system using the videophone function on 3G mobile phones. Thirty percent of mobile phones in Japan are 3G. With this penetration, new services using the bandwidth such as videophones and video downloads, are becoming popular. Oki’s prediction is that this will stimulate demand for call-in customer service centers to use videophones in addition to traditional voice.

“This is Japan’s first contact center system to utilize NTT DoCoMo’s FOMA Videophone. With this system, communication with video and pictures can be conducted, which will release the stress and frustration many people experience when calling voice-only contact centers. Thus, we believe it can deepen the relationship between companies and its customers,” said Katsuyoshi Koide, President of Multimedia Messaging Company at Oki Electric. “Going forward, Oki will actively deploy sales activities for the commercialization of Visual Contact Center.”

Visual Contact Center connects Oki’s contact center system “CTstage 4i” with NTT DoCoMo’s 3G mobile phone FOMA network through NEC’s video 3Gvirdnet. Oki launched CTstage in 1996 as a CTI (Computer Telephony Integration) system to converge computer and telephony. CTstage 4i was launched in 2002 to provide a contact center solution with softswitch and UnPBX architectures. NEC’s 3Gvirdnet distributes high-resolution video to 3G, mobile phones and PC terminals in real time. **BBP**

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IBM and Avaya Team Up for VoIP

From *BBP Wires*

New York – IBM and Avaya are partnering to bring Avaya’s integrated audio and VoIP to IBM’s e-mail, IM, and Web conferencing products. The agreement, announced last month, is the latest in a partnership that started four years ago. Avaya’s VoIP technology will enable a “click-to-call” feature in IBM’s Lotus Notes and Sametime IM collaboration products. This allows users to launch a phone call to an e-mail or IM contact without leaving their inbox or IM client. They “dial” by right-clicking on a name (or a list) within an e-mail or IM.

Avaya Meeting Exchange will give Web conferencing participants a visual indication of who is speaking. It will also allow dialing out to new meeting participants. The idea is to give enterprise customers seamless access to col-

laboration tools and IP communications, says Ken Bisconti, vice president of Workplace, Portal, Lotus, and Collaboration Products at IBM. It all uses new integration possibilities and additional functionality enabled by VoIP.

Click-to-call functionality and the Web conferencing integration is scheduled to be available with Lotus Sametime in the fourth quarter. Lotus Notes and Domino integration is due in the first quarter of next year. **BBP**

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CrystalVoice Seamlessly Connects Customers to Call Center Over Internet While on Company's Web Site

From BBP Wires

Santa Barbara – Another clever broadband idea: Seamlessly integrating a company's Web site with the live-agent telephone center. Company Web sites are, of course, successfully being used for various self-service applications, including marketing and eCommerce. But when the site falls short, customers have to go to a brick-and-mortar office or store, or place a separate call to complete complex transactions.

Additionally, most Web sites do not allow for valuable up-selling and cross-selling opportunities. "CrystalVoice's Click-to-Talk application has already been used in the healthcare industry at BlueCross BlueShield of South Carolina, where customer service issues are particularly complex. Click-to-Talk lets a Web user click an icon on a Web page and be securely connected, over the Internet, to the call center agent most able to answer her customer service questions or assist with the completion of a transaction.

The South Carolina group's call center handles thousands of incoming phone calls

per day and serves approximately 10,000 medical practices and 45,000 other related users of its services. BCBSSC needed a cost-effective solution that would encourage the use of Web self-service, decrease call center hold time, and better route

and prioritize incoming call inquiries.

A white paper, "Click-to-Talk™ Web Customer Service: A Business Case" is available by visiting www.BenchmarkPortal.com at Purdue University, or visit them on the web at www.CrystalVoice.com. **BBP**

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