

INNOVATIVE AUSTRALIAN CLEC BOOSTS PROFITABILITY AND MARKETSHARE WITH VOICE OVER DSL

VoIP Local Access Utilizing DSL Enables Flow Communications to Differentiate Services and Maintain Margins in Competitive Market

The Challenge

Telecom is a tough business lately. Carriers that want to make money in today's highly competitive, deregulated market are finding that they have to be more aggressive and focused on customer requirements than ever before. It's probably not a bad idea to be a little creative and willing to innovate, too.

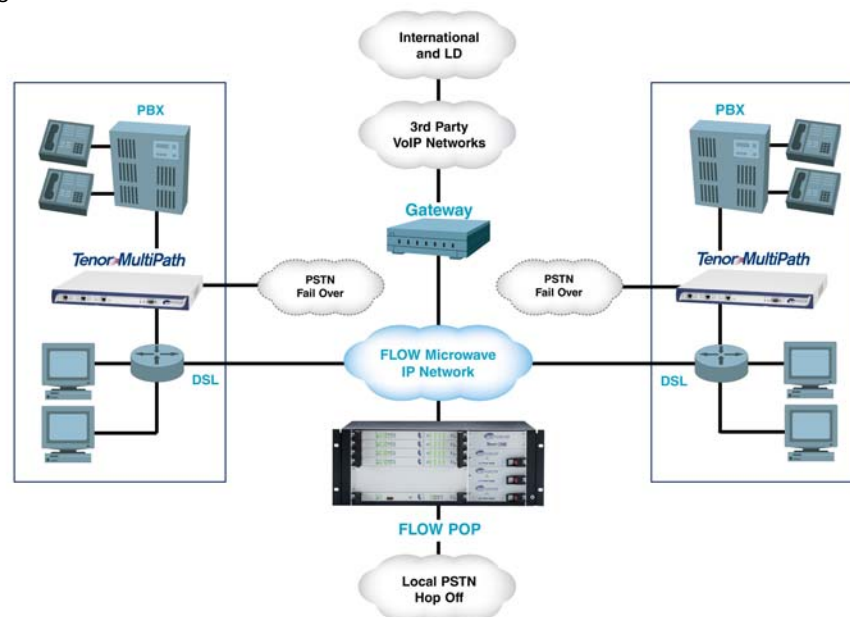
Flow Communications certainly qualifies as an innovator. The business-oriented Australian carrier uses a microwave backbone to connect its POPs in Brisbane, Melbourne, and Sydney, thereby avoiding the need to pay for access to other providers' optical networks. Flow has also moved aggressively into the DSL space offering companies with multiple locations a high-performance, cost-efficient solution for virtual private networking.

The VoIP Solution

Recently, Flow has made some bold moves on the voice side as well. With the assistance of Quintum's regional distributor, CommsConnect, Flow has successfully implemented Quintum's unique Tenor[®] VoIP switching solutions on both its own network edge and its customers' premises. As a result, Flow has been able to quickly and effectively:

- ◆ Reduce voice backhaul costs by taking advantage of low-cost IP transport for both on-net and off-net traffic; and
- ◆ Add reliable, quality voice services to its DSL market offering.

The use of Tenor switches to provision both VoIP backhaul and bundled voice and DSL services has yielded several significant benefits to Flow.



Increased Profitability

By enabling voice traffic to be backhauled over existing IP infrastructure, the Tenor switches are significantly enhancing Flow's profitability. In the case of on-network traffic, the margins are obviously quite high, since there is little incremental cost involved. For long distance and international calls, Flow realizes substantial savings by offloading traffic in the form of VoIP to either Sprint or Uunet. On the DSL side, the incremental cost to Flow for carrying voice traffic over IP is also minimal – making the carrier's per-MB charges another high-margin proposition.

Increased DSL Sales/Marketshare

Flow's voice-over-IP using DSL is highly appealing to business customers with multiple locations. Using Tenor switches on their premises, these customers can add a "voice VPN" to their data VPNs at a very low cost-of-entry. They can typically recoup those entry costs within 3-4 months through dramatically reduced office-to-office telecom charges.

Superior Quality and Reliability

Flow isn't the only carrier leveraging IP to reduce costs and boost margins. But, thanks to Tenor's SelectNet™ failover capabilities, Flow is able to do so without jeopardizing call quality or reliability – which would clearly jeopardize customer relationships at the same time. If conditions on either Flow's IP network or that of its long-haul suppliers ever threaten the quality of a call, the traffic is simply re-routed over the PSTN until the situation can be remedied. "You may lose a little margin for a short time, but you never lose the customer," says Chris Sharpe, General Sales Manager at Flow. "The fact that we can ensure a positive user experience gives us a clear competitive advantage over telcos that are trying to sell VoIP as a 'cheap and dirty' alternative to conventional voice."

In addition to its SelectNet functionality, Sharpe points to the Tenor's PacketSaver™ feature as another big plus for Flow. "PacketSaver's packet multiplexing enables us to move more voice traffic more efficiently," he says. "That means we can deliver a better service at a lower cost."

Flow's Tenor switches co-exist with its existing infrastructure, Nortel® GSP350 TDM switches and its Foundry BigIron™ IP hardware. Calls that go through the Nortel switch generate the CDRs that Flow uses for its billing processes. For on-net calls, Flow relies on log files from the Foundry switches.

One big advantage for Flow is that, unlike the U.S., Australia has not adopted flat-rate pricing for IP services. Utilization is billed on a per-MB basis. Flow's converged voice service can therefore contribute to the company's profits by increasing total billable IP utilization.

Flow's customers are free to install other VoIP solutions on their own premises, but Flow strongly recommends Quintum's products and works closely with CommsConnect to provide any necessary installation and support services. "In addition to advanced technical features like SelectNet and PacketSaver, Quintum's Tenor switches are extremely easy to install, configure and own," says Sharpe. "That's a big benefit for a carrier, because any problems our customers have become our problems, too."

While Flow is already generating new, profitable business as a result of its Tenor implementation, Sharpe believes that this is only the beginning of a major market opportunity for his company. "A lot of carriers are getting conservative and are trying to come up with ways to grow their business without taking a fresh look at their network architecture," he says. "Quintum's Tenor switches are a prime example of how you have to deploy innovative technology if you're going to be able to successfully sell innovative services. The rules in the telecom market are changing fast, and the game is going to be won by companies with the vision and guts to do things differently."