

VoIP is Transforming the Telecom Landscape

Local Voice over Internet Protocol (VoIP) Models

Increasing Customer Value (high ARPU, low churn) and Higher Barrier to Entry (network & OSS investment)

1 Voice as an Application over the Public Internet

- Low to moderate quality voice services are provided over "best efforts" broadband Internet connections
- Primarily consumer focused
- Initial focus was "cheap" domestic and international long distance
- PC-to-PC, PC-to-Phone and Phone-to-Phone conversations
- Service Providers typically do not sell or manage the Internet connection
- Relatively low barrier to entry

2 VoIP Customer Premise Equipment

- LAN and PBX vendors install IP-PBXs and IP Phones on customer's premise
- Early adopters are large and medium-sized enterprises
- Site-to-site connections are typically VoIP, however, connections to the PSTN are made via legacy, TDM voice trunks
- Significant opportunity to connect IP-PBX equipment to VoIP integrated access networks like Cbeyond's

3 VoIP Local Phone Company



CBEYOND
COMMUNICATIONS™

"Top of the VoIP Food Chain"

- Cbeyond installs an Integrated Access Device (IAD) on the customer premise and connects it to a broadband, T1 connection
- Voice calls travel over a dedicated IP connection and never travel over the public Internet; allowing Cbeyond to manage the Quality of Service to 99.999%
- IAD connects with the customer's existing phone and LAN systems to provide a complete package of high quality local, LD and high-speed Internet
- **Result:** rapid market penetration, high ARPU and "low churn" customers

Decreasing Quality (low price, commodity) and Lower Barrier to Entry (significant brand investment)

Cbeyond's Voice and Internet Applications

Voice Applications

- Local
- Domestic/Int'l Long Distance
- Toll Free Long Distance
- Conference Calling
- Calling Card
- Voice Mail
- Accounting Codes
- Operator Services and Directory Assistance
- 911
- Plus additional voice features

Data Applications

- Symmetric, high-speed Internet access
- Email (POP3, IMAP and webmail)
- Web Hosting
- VPN (Virtual Private Networks)
- DNS (Domain Name System)
- Public IP addresses
- SPAM filtering

On-line Account Management

- All customers have access to Cbeyond Online for account management and online billing/payment

BeyondOffice (local, long distance, Internet access and VPN)

- A "work-at-home" service for the owner/CEO of a BeyondVoice customer, billed to the main business account