

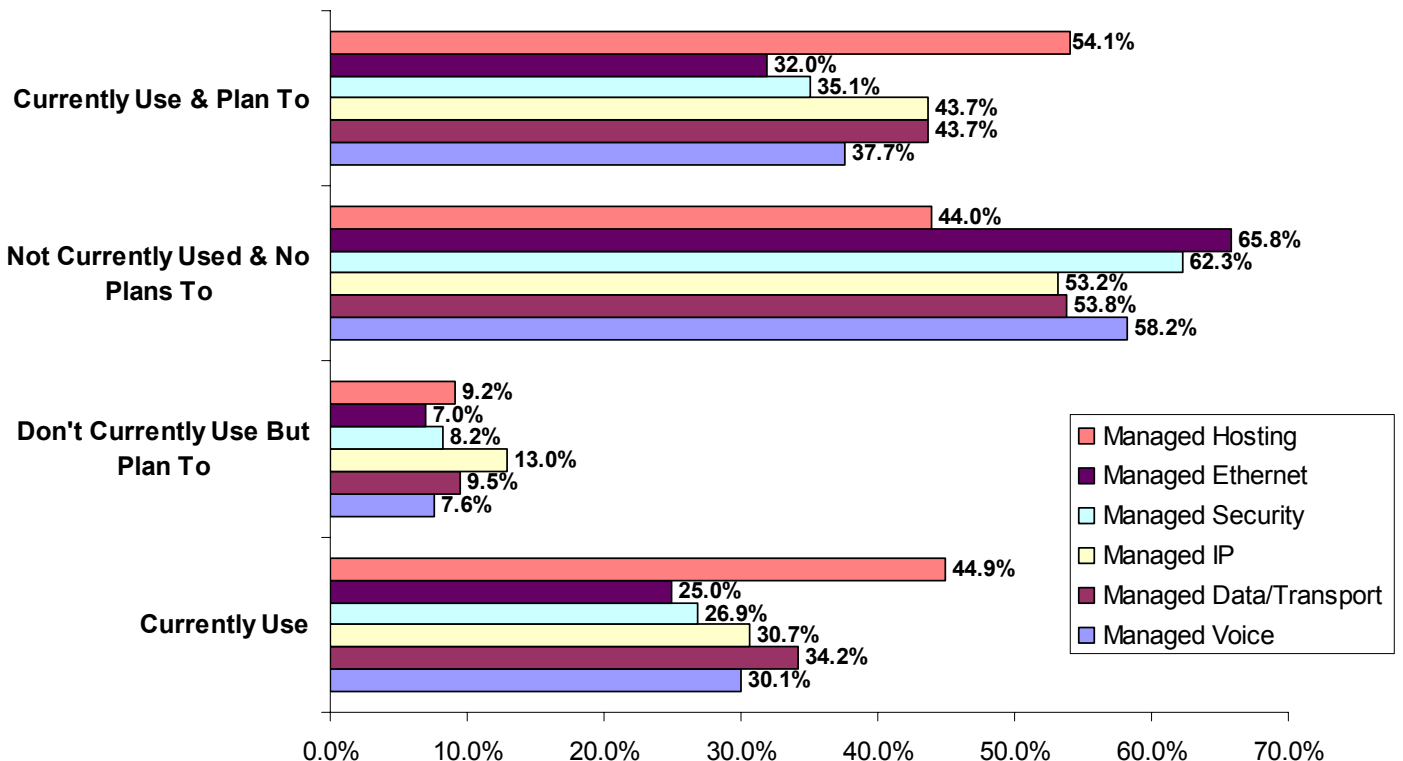
In-Stat TAP Survey Executive Summary:

Telecom Managed Services Survey

In May 2005, In-Stat conducted an online survey among members of its Technology Adoption Panel (TAP) on the topic of Managed Services in the Telecommunications Industry. Managed services have been a hot topic over the past several years. Carriers are focusing closely on managed services in an effort to grow business revenues and increase declining margins. Professional and managed services are a major focus of vendors such as SBC, AT&T, Verizon, and even some of the large integrators such as IBM and EDS. At first managed services were targeted towards enterprise businesses, but now vendors are focusing more closely on mid-sized businesses, as this is expected to be the prime market for managed services.

The survey sample included 316 telecom decision-makers. The survey participants were asked about their use or plans to use managed services across multiple managed service offerings. Of those who currently use and plan to use within the next twelve months, managed hosting was most often selected with 54.1% of respondents indicating use and plans to continue using this service. The next two highest selected offering included managed IP and managed data/transport services. These three offerings are expected to be the greatest opportunity for telecom and IT vendors in the near-term.

Figure 1. Businesses Plans for Managed Services Across Six Managed Service Offerings, (U.S.) 2005



Source: In-Stat

The managed service offering least likely to be used by businesses, based on survey feedback, is managed Ethernet services. Interestingly, business decision-makers are also more interested in using managed voice services over managed security services. This is to be expected, as businesses begin the transition to IP-based networks and may be utilizing a hybrid IP and circuit-switched voice network solution in the interim. Based on survey feedback, reasons that businesses are not implementing a managed service offering include businesses wanting more control over their telecom network and businesses still not seeing the value of a managed solution over existing solutions. This may be a sign that telecom vendors need to improve the communications and education of a managed services solution. Education may need to be targeted towards business size segments and towards specific industries.

The figure below illustrates the managed services most likely to be used regardless of whether or not the business currently uses any type of managed services. Managed hosting again made the top of the list with 44.3% respondents indicating likelihood to use, while managed VoIP services was the second most highly selected managed service offering. As service providers continue to implement IP and MPLS networks, businesses are adopting VoIP services. AT&T, for example, is targeting their CallVantage offering to SOHO and small businesses. As enterprise VoIP offerings such as IP Centrex and IP-PBX services continue to become more popular, clearly businesses will need service providers to assist in the management of these new networks, as well as the equipment on which these networks are run.

Figure 2. Managed Services Most Likely to Use, (U.S.) 2005

