



# News & Views

## IN BRIEF

8Mbps broadband will be reality for **BT** customers in three quarters of the UK's homes and businesses when BT launches a new higher speed wholesale broadband service on 31 March. BT will also be deploying technology better to manage line stability and customer experience. 5,300 exchanges are being upgraded to support the broadband update.

**Bell Canada** is restructuring its business to focus on growth services, broadband and IP platforms, customer experience and cost structure. The company wants to ensure profitability and maintain EBITDA margins and grow cash flow. Bell Canada expects to generate \$1 billion from an initial public offering of its satellite operation Telesat Canada.

**Telefonica** has revealed plans for its forthcoming launch of IPTV services in its Latin American markets, where it concentrate on territories where it already has a wireline service. Its Czech subsidiary, formerly Cesky Telecom, is also rolling out Telefonica's Imagenio IPTV service. ■

## Vanco gets Euromaster in gear

**Vanco continues** to win large contracts providing diverse services across multiple geographies with a three-year £19.6 million deal with European tyre and car maintenance provider Euromaster.

Vanco will design, implement and manage all of Euromaster's telecommunications services, including voice, remote access services, and security in addition to data services.

Andy Sumner, UK MD at Vanco, said: "The deal with Euromaster shows that the asset light model extends beyond just data networking and into the provisioning of traditional voice services."

Paul Budde, analyst at Buddecom, commented that to sustain its growth through 2006



Andy Sumner, MD Vanco UK

Vanco will need to move into more value-added services, like IT outsourcing in relation to telecoms, data centres, content hosting, billing and network management. He said that Vanco will need to move closer to its customers and be less of a "commodity farmer".

Sumner added: "We are absolutely focussed on delivering customer service because we are an asset light business. The focus is on absolutely on the softer side of making these deals work – like

making sure that we have appropriate project management teams and getting the engagement right with our clients."

Total, the world's fourth largest oil and gas company, has also signed a deal with Vanco which sees the VNO providing internet VPN services to connect sites across five continents. The value of the deal has not been disclosed but it is a foot in the door for Vanco, which hopes to grow the contract over time. ■

## GOOGLE TALKS – WE ALL LISTEN

**David Ballarini** looks at recent moves by Google and some of the companies trying to ride along in its wake

### Analyst's Eye

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**Following the** Skype acquisition, Google's rapid ascent onto the VoIP stage was perhaps the biggest story of 2005. It has figured out a business model that makes money and offers something that virtually all broadband users have a need for – internet search.

Googletalk is the company's initial foray into voice – a VoIP application that integrates with its instant messaging platform. Google has recently taken things a step further with Click-to-Call. Users who want to contact an advertiser would "click-to-call" via the search results, and a call (either VoIP or PSTN) would be initiated from their phone to the advertiser.

There will be no cost to the caller – it is an advertiser-driven model and another example of Google pushing the boundaries for integrating voice with internet applications. That said, Google's Click-to-Call service follows on the heels of companies such as Estara and Globalphone, which have offered this functionality for years, though they have never been applied to a mass-market model or internet search environment. Though their business models are quite different, these companies have proved that a PSTN-based approach can work, especially since it is more ubiquitous than VoIP. Microsoft has also made a click-to-call investment, acquiring Teleo, and IBM partners with Avaya.

At CES last month, it demonstrated the "Google Button" as part of its alliance with Motorola. By bringing search to mobility, Google can address wireless. Unlike earlier versions of mobile search, which are text-based, the "Google Button" is GPS-based, and will allow for more localised one-touch search queries. Motorola's handsets are GPS-enabled, hence the partnership. In early February, Google launched Gmail Chat, which integrates IM with its email platform. Adding chat to Gmail is a logical extension. Google Talk completes the trifecta here, and is essential for it to remain competitive with Yahoo and AOL, both of whom offer voice and IM integration with email.

We are barely into the first quarter of 2006, and Google has clearly been very busy. There is certainly much at stake, and Google seems determined to be a major force in the voice market. It cannot do it alone, and this has partners and acquisition targets trying to cash in on the Google halo effect. Investors should follow Google's moves closely, as we expect to see an IP arms race unfolding this year where the IM giants bulk up to take on the RBOCs and MSOs for their share of the broadband home. ■