

## British Telecom and Cisco Build Industry-Leading Global Service Proposition

### Executive Summary

#### CUSTOMER NAME

British Telecommunications (BT)

#### INDUSTRY

Service Provider

#### BUSINESS CHALLENGE

Develop the capabilities and capacity needed to help BT's global customers prosper in the digital networked economy

#### SOLUTION

Since 2002, BT and Cisco have developed a strategic alliance to develop and deliver a wide portfolio of IP-based solutions.

#### BUSINESS RESULTS

- In the first two years of the alliance, mutual revenue exceeded US\$1 billion.
- Successes in key market segments will benefit the BT and Cisco global platform.

The BT and Cisco® shared vision of IP networking's future has led to a new collaboration in which the two companies are combining resources to create joint sales and marketing strategies, as well as innovative products and services. Results so far include better-than-expected financial returns in Europe. Now, the two companies are planning to replicate this winning formula across the rest of the world.

### BUSINESS CHALLENGES

BT is one of the world's leading providers of communications solutions, with 20 million business and residential customers in the UK and many thousands of corporate and government customers in the rest of the world. Its strategy is to continue to serve these customers with new IP-based products and services that will enable them to take full advantage of the digital networked economy—a world in which communications and information technology converge to allow users to communicate more easily and productively, at less cost.

For the past few years, BT has been intent on developing the capabilities and capacity needed to be a key player in the worldwide communications marketplace. It already had the advantages of size and reach (covering more than 200 countries across five continents), as well as outstanding expertise in managed services. But, as Andy Green, chief executive of BT Global Services, explains, "What we also needed—to ensure that our global customers benefited from convergence, now and in the future—was a strong partner who could bring complementary expertise to the table."



Prepared by Cisco Systems, Inc.  
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With such collaboration, BT would have enhanced solutions and skills to meet the needs of its most demanding customers and their mission-critical applications. It would be able to help them remake their business models around the digital networked economy by delivering secure, end-to-end solutions that could adapt rapidly to support continual business change. The right collaborator would also help BT take advantage of a move toward delivering these converged IP solutions as outsourced, managed, or hosted services.

## SOLUTION

BT found such a collaborator in [Cisco Systems](#)<sup>®</sup>. Although the two companies had a commercial relationship for more than 10 years, collaborating on issues such as industry technology standards, Chris Dedicoat, president of European markets for Cisco, says, “In 2002 we signed a landmark agreement based on our shared vision and goals—to forge a much closer, mutually beneficial relationship that would add value to our joint customers.”

Both Cisco and BT see the emergence of a global digital networked economy, with IP-based intelligent information networks that remove the barriers of time, place, and media to allow the seamless interaction of people, processes, and technology. The two market-leading companies have complementary skills and offerings. Cisco is the global leader in [IP-based networking](#), with advanced products and services in key areas such as IP telephony, security, and storage area networking. BT, on the other hand, has unrivalled expertise in deploying and supporting high-quality managed, hosted, and outsourced network solutions.

The 2002 agreement became a strategic alliance in which the two companies would take advantage of their strengths to deliver a wide portfolio of joint solutions in the UK, Europe, and across the world. Not only would the alliance add more value to BT and Cisco than could be achieved individually, but it would also help their customers take advantage of new and emerging networking technologies and services.

**“IN 2002 WE SIGNED A LANDMARK AGREEMENT BASED ON OUR SHARED VISION AND GOALS—TO FORGE A MUCH CLOSER, MUTUALLY BENEFICIAL RELATIONSHIP THAT WOULD ADD VALUE TO OUR JOINT CUSTOMERS.”**

**Chris Dedicoat, president, European markets, Cisco Systems**

The Cisco account team worked closely with BT, exploring opportunities for joint activity including harnessing BT’s [Partnership Evaluation Model](#) (PEM), an industry-leading methodology for improving a company’s key strategic partnerships. Another important aspect was to make best use of the experience and expertise of the broader Cisco team, including consultants from the [Cisco Internet Business Solutions Group](#) (IBSG).

These consultants were closely involved in shaping the strategic alliance, using their industry experience and business and technical knowledge to steer discussions between the two companies. For the development of go-to-market strategies, IBSG consultants provided advice and support, helping to arrive at workable joint sales and marketing initiatives that would generate new revenue streams for the partners. IBSG also helped establish annual joint revenue goals for both BT and Cisco.

**“THE CISCO STRATEGIC ALLIANCE IS ONE OF BT’S MOST IMPORTANT COLLABORATIONS, FORMING A BENCHMARK AGAINST WHICH OTHERS CAN BE MEASURED.”**

**Andy Green, chief executive of BT Global Services**

While pursuing these commercial, revenue-enhancing goals, BT and Cisco are equally determined to show measurable improvements in customer value and satisfaction from joint assignments. In part, this will be achieved through the alignment of the two companies’ supply and support systems, a move that will help customers simplify their contracts and lower their costs through enhanced maintenance and support, a single contract and bill, and a single point of contact.

The alliance initially focused on joint go-to-market strategies for the UK and continental Europe, but, as Rob Lloyd, senior vice president of U.S. and Canada operations for Cisco, explains, “We’re going to take the successes we’ve had in key market segments and apply that across the BT and Cisco global platform. We are going to engage in joint planning in the United States, South America, Asia Pacific, and Japan. We believe that we can build a global service proposition that is second to none.”

### **BUSINESS RESULTS**

Since BT and Cisco created their strategic alliance, it has surpassed all expectations. For BT, the result has seen sound financial returns and satisfied customers in the UK and the rest of Europe. “The Cisco strategic alliance is one of BT’s most important collaborations, forming a benchmark against which others can be measured,” says Green.

In its first two years, the collaboration was targeted to achieve ambitious mutual revenue of US\$1 billion. In fact, it exceeded this figure, with BT recording 80 percent revenue growth from joint assignments through March 2004 and 70 percent growth the following year. Green puts that in context: “The alliance’s contribution in growing new-wave revenues is evident in BT’s 2005 full-year results, which included nearly US\$13 billion worth of networked IT services revenues.”

BT and Cisco are now building on their experiences in Europe to create joint sales and marketing initiatives for the U.S., Latin America, and Asia Pacific. Here, as in Europe, the two companies see opportunities to engage with key market segments, offering them new IP-based products and services, and fresh ways to benefit from the convergence of IT and communications.

Further benefits are also accruing from the close technical and business collaboration between BT and Cisco. Cisco chose BT to manage the initial deployment of IP telephony across its UK operations. BT selected Cisco as a preferred supplier for its 21st Century Network (21CN) project, a US\$18 billion, five-year, next-generation network project to migrate BT’s existing, service-specific UK networks to an IP infrastructure. Specifically, Cisco will provide core and metro switching and routing technology for the UK network.

**“THE ALLIANCE’S CONTRIBUTION IN GROWING NEW-WAVE REVENUES IS EVIDENT IN BT’S 2005 FULL-YEAR RESULTS, WHICH INCLUDED NEARLY US\$13 BILLION WORTH OF NETWORKED IT SERVICES REVENUES.”**

**Andy Green, chief executive, BT Global Services**

In addition, Cisco is working with BT to expand BT’s global [MPLS network](#)—already one of the world’s largest—from 90 to 160 countries by 2008. This will enable BT to take advantage of a market shift toward MPLS as the platform of choice for converged services among many of the world’s largest organizations. “Working with Cisco is a fantastic opportunity that will help us meet the needs of our customers and, at the same time, make BT a more profitable organization,” says Green.

#### MORE INFORMATION

The Cisco Internet Business Solutions Group (IBSG) is a global consulting team that helps customers transform their organizations by strategically applying business process innovation and advanced technologies. A unique combination of industry experience and business and technical knowledge enables IBSG consultants to serve as trusted advisers to many of the world’s top organizations.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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