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Cisco Announces IP Next-Generation Network Advancements for Service Providers

Building, Partnering and Acquiring to Transform Service Provider Networks

SAN JOSE, Calif., Dec. 6, 2004 – Continuing its commitment to service providers, innovation and customer success, Cisco Systems®, Inc., issued several important announcements of new products and partnerships to help service providers transform their networks to more profitable, service-rich and flexible IP Next-Generation Networks (IP NGN). These networks are critical to service providers worldwide to provide current and future services, increase infrastructure efficiencies and provide the value-added network and service control carriers need for long-term success.

The Cisco IP NGN architecture is focused around three primary areas of convergence which are already well established in service provider networks today:

- Network convergence – where disparate networks need to be converged over a more efficient and cost-effective common infrastructure.
- Service convergence or “triple play on the move” – where increased application and subscriber-level service control intelligence is needed to facilitate the efficient and profitable delivery of voice, video, data and mobility services for wireline and wireless convergence.
- Application convergence – where a profusion of new capabilities and end-user devices can provide a multitude of new service opportunities for carriers.

Cisco is making advancements in its two primary, focus areas of convergence – network and service. These advancements reflect the Cisco strategy to build, acquire or partner to advance customer success.

Network convergence:

Providers are migrating from deploying, managing, and maintaining many service-specific networks to delivering all services on a single IP/Multiprotocol Label Switching (MPLS)-based network. Cisco is leading the industry in delivering innovative technology to drive network convergence and help customers significantly reduce infrastructure costs. Recent examples of Cisco’s efforts are:

- Cisco today announced that carriers and research organizations worldwide are adopting its Cisco CRS-1 Carrier Routing System for building the core of the IP Next-Generation network. Cisco also announced that it has extended its CRS-1 product family with the introduction of the Cisco CRS-1 8-Slot Single-Shelf System. The Cisco CRS-1 is a

unique carrier routing system designed to deliver continuous system operation, service flexibility and extended system longevity to telecommunications service providers such as SoftBank BB (provider for Yahoo Broadband) and national research networks such as Japanese National Institute of Informatics and the Pittsburgh Supercomputing Center in the United States. Additionally, Cisco CRS-1 is in various stages of trials at Telecom Italia and 14 other major global service providers. (See press release: Global Carriers and Research Networks Select Cisco Carrier Routing System to Build IP Next-Generation Networks.)

- Fujitsu Limited and Cisco announced that they are entering into a strategic alliance focusing on routers and switches that will enable service providers and enterprises to build advanced Internet Protocol (IP) networks. Under this collaboration, Fujitsu and Cisco will carry out joint development of high-end routers, plan future cooperation in routing and switching, and collaborate on continuous quality improvement, enhanced support and service. The new alliance will also include joint go-to-market and customer engagement campaigns in Japan. (See press release: Fujitsu and Cisco Form Strategic Alliance.)
- Cisco recently announced that it has been selected by China Telecom as the primary equipment provider for the business network portion of the China Telecom IP Next-Generation Network (also known as ChinaNet Next Carrying Network or CN2). CN2 will connect more than 200 cities and provide premium services to corporate customers nationwide. Cisco also will provide equipment for the backbone network in six provinces, which contain the largest concentration of Chinese enterprises and the highest Internet traffic volume in the country. In the past 6 months, China Telecom has awarded contracts valued at more than US\$100 million to Cisco for optical and routing technology.

Service Convergence

Providers are migrating toward delivering “triple play on the move” which combines voice, video, data and mobility services. To achieve true service convergence, providers must be able to operate, bill, and manage a service over a range of access mediums. Cisco and its partners are developing an open Service Exchange framework, which allows service providers to facilitate and control customer access and use IP services while placing no limit on the types of applications that can be deployed. The following activities and announcements from Cisco underscore the company’s move to accelerate service convergence and integrate further intelligence within the network:

- With the company’s recent acquisition of P-Cube, Cisco will now offer Cisco Service Control solutions to provide overlay subscriber-level and application-level intelligence as well as control on existing IP networks. Service control technology within the network infrastructure enables carriers to analyze, manage and control existing as well as new applications, provide subscriber and application-aware security, adjust pricing, offer application-level quality of service (QoS) and the ability to track transactions by content-type and subscriber. Cisco has two purpose-built hardware offerings, the Cisco SCE 1000 and 2000 Service Control Engine.
- Also now part of the Service Exchange framework, Cisco’s recent acquisition of dynamicsoft, a leading developer of Session Initiation Protocol (SIP)-based solutions, emphasizes the company’s commitment to enabling network operators to pursue new revenue streams by delivering advanced Internet Protocol (IP) voice, data and multimedia services over broadband access networks. With the integration of dynamicsoft’s technology, Cisco strengthens its position to help service providers offer SIP-based integrated communications services —

telephone, mobile phone, e-mail and instant messaging — that enable users to be contacted via a single device. dynamicsoft’s portfolio of technology, combined with Cisco’s Softswitch-based solutions, enables wireless and wireline service providers to quickly develop and deploy "subscriber-aware" IP communications services using voice, video, messaging, presence awareness and other real-time capabilities. The product is deployed today in initial customer engagements, supporting millions of transactions per day.

“Providers worldwide are building networks to create revenues, not just to move bits,” said Tom Nolle, President of CIMI Corporation, an industry analysis and consulting firm. “Cisco’s IP NGN architecture and vision offer them a compelling model for revenue generation out of new services that focus on delivering a network experience based not just on transport and connection but on linking applications and networks in a seamless way to achieve carrier goals. This is the issue that is driving all of IP deployment and much of carrier capex, and it is one that Cisco is demonstrating insight and leadership in offering.

“For these IP Next-Generation networks to be built, customers require multiple layers of convergence and the technology innovation that delivers reduced operational costs, expanded revenue opportunities and increased customer loyalty,” said Carlos Dominguez, senior vice president of Worldwide Service Provider at Cisco Systems. “Cisco’s continued commitment, leadership and technology innovation allows service providers to capitalize on the multitude of benefits of convergence, and ultimately achieve their strategic business objectives.”

For more information about Cisco's routing announcements at its worldwide analyst conference, visit: <http://wwac.cisco.com>.

About Cisco Systems

Cisco Systems, Inc. (NASDAQ: CSCO), the worldwide leader in networking for the Internet, this year celebrates 20 years of commitment to technology innovation, industry leadership, and corporate social responsibility. Information on Cisco can be found at <http://www.cisco.com>. For ongoing news, please go to <http://newsroom.cisco.com>.

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