



# VoIP in Asia Pacific

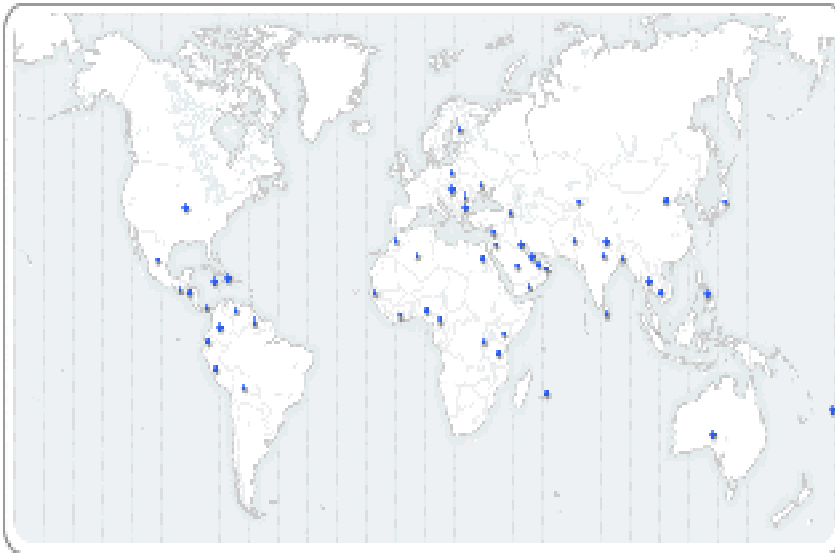
Market Overview, Obstacles, & Opportunities



- Go2Call Overview and Introduction
- The Global Market and the commoditization of voice
- Asia Pacific – Countries in Brief
  - Sri Lanka
  - India
  - Japan
- Trends across the region
- Why VoIP is inevitable

# Company Background – International VoIP Business

- Go2Call is a leading provider of Hosted VoIP Solutions to customers around the world.
  - Go2Call offers a turnkey, hosted VoIP, billing and OSS solution that supports multiple VoIP Services including traditional calling cards, soft phones, IP phones and multi-port gateways.
  - Go2Call's solution has been used for nearly half-a-billion minutes of international phone calls.
  - Go2Call has more than 200 resellers and partners in over 55 countries.



- **Our Customers include:**

- ITXC – International ILD carrier
- Intelsat – largest global satellite provider
- Melitanet – Leading ISP and Cybercafe chain in Malta
- Fujitsu's @Nifty – Largest ISP in Japan with 5.2 million subscribers
- SonaTel – PTT of Senegal
- VSNL – PTT of India

- **Business Opportunity:**

- In less developed and deregulating countries, international calling is less than 5 minutes per person per year (compare to 150 minutes in developed countries).
- In deregulating markets, the dominant carrier (the PTT) is a former government entity that typically is not customer focused and prices tend to be very high.
- Upon deregulation, New Entrants, such as the national conglomerates and ISPs want to quickly enter market for low costs, with limited experience in managing voice business.

# VoIP Common Platform

## ■ Common Platform for VoIP

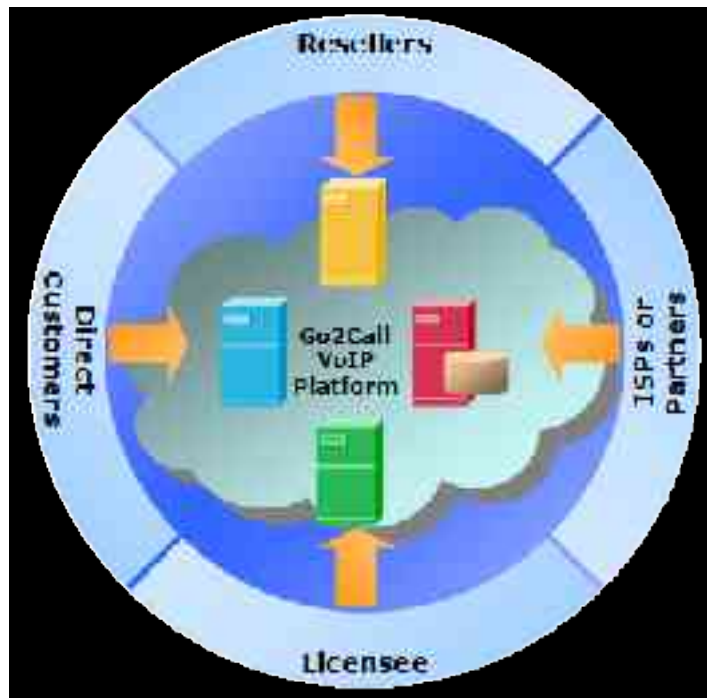
- Compatible with most IP network
- Prepaid/Postpaid billing solution for
  - ❖ Go2Call direct customers
  - ❖ Worldwide resellers
  - ❖ Major ISP/partners
- Available as a fully hosted solution

## ■ Integrated billing backend

- Currently support
  - ❖ Web/PC based soft-phones
  - ❖ Phone Card Service
  - ❖ IP phone devices/gateways
  - ❖ Wholesale termination
  - ❖ Extensible billing system for future IP services

## ■ VoIP Termination Network

- High quality calls are offered through a global network of Cisco gateways.
- Advanced routing allows high quality and low cost calls.
- Expensive and time-consuming to replicate Go2Call's solution offering and network. Customers prefer to build the businesses on Go2Call's platform.

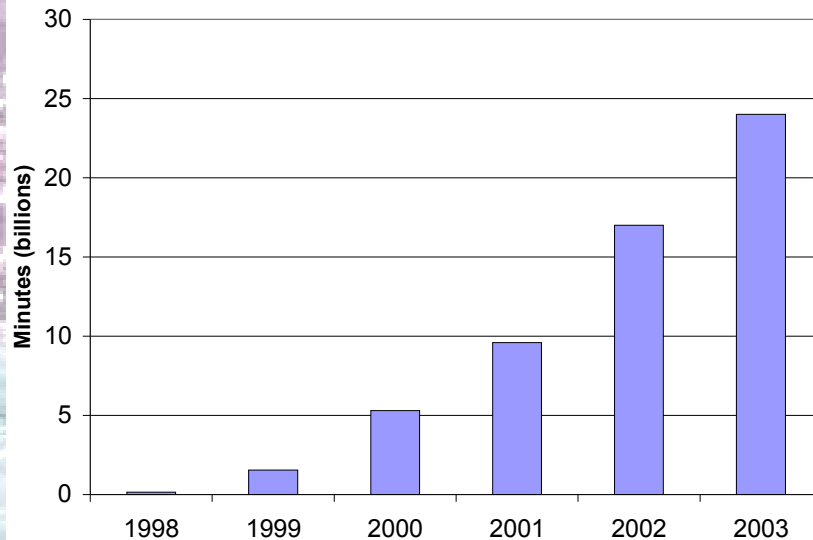


# The Market for International Calls and VoIP

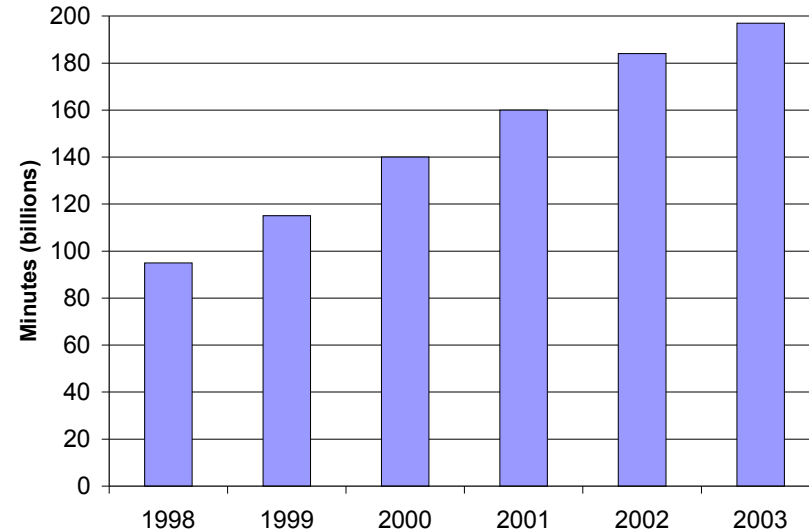
- \$70 billion market with over 180 billion minutes in 2002.
- In developed countries such as Japan and Western Europe, international calling is more than 150 minutes per person per year.
- In developing and deregulating countries such as India and Sri Lanka, international calling is less than 5 minutes per person per year.
  - international calling is limited by the high costs.
  - High latent demand
  - VoIP primarily used for international calls due
- The wave of deregulation, primarily in developing countries, creates many opportunities for new entrants.

# The Market for International Calls and VoIP

## International VoIP Minutes



## Total International Minutes



International VoIP growing exponentially, but accounted for only 10% of all international telephone calls in 2002.

Source: Telegeography 2004

# PC to Phone vs. Device to Phone or Phone to Phone

- PC to Phone market globally is estimated at \$200 Million Annually – and shrinking
  - Still Popular and Widely used in Several deregulated countries
    - ❖ Japan
    - ❖ India
  - Largest markets for PC to Phone are still in regulated areas
    - ❖ SAARC
    - ❖ Vietnam
    - ❖ Cambodia
    - ❖ Central Asia
  
- Phone to Phone and Device to Phone has a much larger and growing addressable Market.
  - Aggressive depolyments by Telcos, ISPs, Cable TV Operators, and of course new entrants



## ■ Overview

- Deregulated for VoIP in March 2003
- Currently more than 48 license holders, <10 providers
- Gray Market is bigger than you imagine it
- Rate Index: to US minute = \$0.04

## ■ Obstacles

- Regulatory Policy
  - ❖ Permits for EGO Licenses
  - ❖ Does not effectively mandate for Interconnect with incumbent

## ■ Opportunities (Device to Phone and PC to Phone)

- IP based calling devices for dial up and broadband
- Corporate Calling
- Waiting on Phone to Phone





## ■ Overview

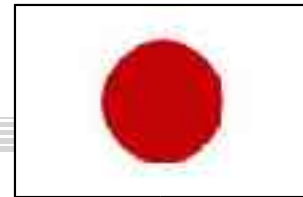
- Deregulated for VoIP in May 2002
- Currently more than 100 license holders, 46 providers
- Gray Market is as big as you want to imagine it
- Rate Index: to US minute = \$0.03

## ■ Obstacles

- Calling Card Service is illegal
- Only "pure IP" services are permitted.

## ■ Opportunities (Device to Phone and PC to Phone)

- IP based calling devices for dial up and broadband
- Call Center BPO
  - ❖ Including Inbound calling
- Corporate Calling



## ■ Overview

- Deregulated for VoIP in June 1997
- Currently more than 4000 license holders, 100s of providers
- Gray Market could never move faster than the demand for deregulation.
- Rate Index: to US minute = \$0.05

## ■ Obstacles

- Speed to Market
- Enhanced Services
- Forced "Coop-ition"

## ■ Opportunities (PC to Phone, Device to Phone, and Phone to Phone)

- Enterprise
- Corporate
- Calling Card Services

## ■ Overview

- All countries are in varying states of deregulation
- Those who enter early with legitimate services, will be those who understand the technology
- Low cost is the primary adoption driver, enhanced services is the ultimate benefit

## ■ Obstacles

- Regulatory
- Infrastructural

## ■ Opportunities

- The trend throughout the world is towards converged networks capable of providing Voice, Video, and Data. There are as many countries embracing this technology as there are who are trying to limit it. In all cases the opportunities are large carriers are assured - but small operators need to stake a claim.

# Why VoIP Will Win

- International telephone service in Asia Pacific is a very large, diverse, and growing market with rapidly increasing traffic volumes across all sectors.
- Technology allows quick introduction of new products and flexibility to meet customer needs, from Calling Card Customers to Call Center Operators.
- Voice Minutes have become commoditized and there is not a legitimate reason for the cost of the commodity to vary greatly from one country to the next. VoIP is a disruptive, but equally disruptive technology.
- All Global Carriers are moving this direction
  - BT will replace U.K.'s traditional telephone network by IP service. It is expected to generate hardware and software contracts worth \$1 billion or more a year for the next five years.
  - SingTel provides direct H323 Peering to carriers, and have plans to roll out a SIP Peering exchange.
  - Nearly every major phone company in the world is at least in an evaluation stage on this technology.



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# Thank You!

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