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Keynote Presentation and Interview

Preparing for the Future - IT's All in the Clouds

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Chair: Camille Mendler, Principal Analyst, Informa

Amit Sinha Roy

Thank you for that warm welcome. A wonderful two days here and not a cloud in sight!

What I'm going to run through is to quickly go through this set of slides that I have today. I have met most of the press and media folks here as well as the analysts in the one-on-one meetings that we've had yesterday and today. We've talked about cloud, we've talked about the challenges, we've talked about the offering from Tata Communications. What we will do here today is quickly possibly recap some of those discussions that we have had and then get into an interactive session that will be chaired by Camille.

So in terms of why cloud, why is it important for enterprises. If we look at what is happening out there in the world today, in terms of business, in terms of reaction times, in terms of the way companies have to move quickly in order to be able to survive, it has never been seen in the history of time, in the history of industry the speeds at which companies are having to react in order to bring products and services to market simply in order to stay ahead of one another.

There is hyper competition and all of that has to be dealt with with less resources. We've all heard about doing more with less, now it's doing even more with even less. And there is the increasing ability that is now being required by companies to actually be able to predict what the market is going to need. It's about anticipating, it's about being proactive, no longer being a follower will allow us to be profitable or even survive.

So what are the challenges that organisations and enterprises are facing today in order to be able to just keep up, in order to be able to exist and be profitable. Clearly if we look at applications, if we look at test and development, if we look at the ability for companies to adopt, adapt and roll out computing infrastructure quickly, about being able to have -- show results in very limited timeframes, it is impossible to actually follow the old traditional model of calling in a vendor, doing a sizing, getting a purchase order placed, waiting for the equipment to be delivered, getting a site ready for it, installing it and all of that. We all know about it, right. Today we need it now, in an instant. How do we get going tomorrow, today.

So essentially what the demands are driving this is about growth, it's about ability to support a burst in terms of a spike and pay for only the service that you're consuming, that you're using and not just pay for excess capacity. And it could be one-off. And we have some examples that I'll talk about later.

So essentially what we are saying is that the old legacy model which was based on a reactive, more planned, tactical implementation model is now moved, it's no longer moving but it's moved, to a new model which has to be proactive which enables the companies and organisations to be able to take a strategic view of the market and thereby drive the leadership. And of course all of that is being done in order to grow in order to survive.

So if we look at some of our analysts' predictions, everyone of course is bullish about cloud. Gartner is actually predicting IaaS, that's Infrastructure as a Service to be 23% of all hosted IT by 2014. That's a huge, huge number. We already in 2011.

So for the enterprise who's out there fighting it out, battling in this new hyper competitive market what will cloud actually allow them to deliver. It is of course to be able to grow in the competitive market, it's about being able to be flexible and agile as a global corporation, it's about being able to have processes that can be streamlined and shared across global regions, it's about being more financially prudent and paying for what they use. And all of this actually adds up into increased productivity.

Now I'm not going to spend any time on this, I promised Camille, because I think we've beaten this to death in terms of what is cloud, what are the different types of cloud. We talked about this at the one-on-one meetings so I'm going to just zip through this. And similarly on this slide as well where we are talking about the different delivery models and how they are deployed. So I think this is something that we've spent significant time on.

These are some of the players who are there prevalent in the market, providing different types of services, infrastructure, platform and software.

So in -- if you look at the various services, typically the way you see an adoption model is companies usually start with software as a service. They would like to test out different applications that perhaps they do not want to buy, that they have a transient need for. So often you will see that software as a service is where the relationship starts. Platform as a service is more focused on the ISVs, the developers who are developing applications and would like to take it to market based on a certain platform that they may not own. Ultimately what we will have is infrastructure as a service where companies will be able to provision their servers, their data centre requirements - storage, networking - on the cloud, on the internet, using a browser from their PCs and their netbooks and notebooks.

So what it's going to do for the enterprise of the future is allow them to provision and use these applications, these resources, these softwares, when they need it, where they need it because cloud means it's over the internet, it can be accessed from anywhere. And the most important part of course over here is pay for what you use.

So the cloud is available, it's on demand, it's simple to manage, it's full self-serviced in the sense the customer can decide how they want to set it up and at the end of the day it turns out to be extremely cost effective. IaaS, Infrastructure as a Service, actually helps us make this transition. It helps customers adopt this whole cloud, so enterprises adopt this whole cloud infrastructure.

And I'm not going to belabour on this point but just as an example from what would earlier take a month plus to deliver can be done in a matter of minutes today. And there are studies which are saying that the cost savings could be as much as 70% or even more by deploying a cloud-based model. So what that results in is cuts the delays and lowers the cost and gives us more flexibility and scalability.

Now what are some of those areas, and these are some of the questions and discussions that we've had in our table discussions over yesterday and today. Is cloud for everyone? Is cloud for every application? Is cloud for every customer? Well, these are the areas where we see that you're having significant deployment and take-up in terms of cloud services.

Application development testing, no questions asked. It's project-based, you get a project application development, turn on the cloud, do your development, when it's done, finished with the testing, turn it off. Ability to on-board, ability to have web services or web servers which may have burst mode requirements. A project that is temporary, transient in nature. The ability to actually have standardised business requirements because cloud services are shareable across the entire global enterprise thereby improving the processes.

Collaboration. You have people from multiple geographies, multiple service countries being able to work together on the same application because the access is there. And obviously for people who are travelling, many of us, we could of course continue as if we are in office over here. Maybe some of us want to be on the beach right at this time but with the cloud service we can continue our work.

So just to summarise on that, application test development, some of the web applications that are elastic in nature with temporary needs, event-based applications which could be a promotion or a certain seasonal offer that a company may decide to put out that requires tremendous server capacity in order to capture the demand. And then finally on collaboration.

So with that I'll conclude the presentation now Camille saying that there are two value propositions clearly. One is of course save the money and the other one is making the business more competitive and being able to be out there in the market, competing in this new era of growth. Both of these are important. It's not only about reducing costs, but it's also about being more effective. So there's a balance between reducing costs and being more effective and cloud solutions actually are allowing the enterprises to deliver on both these counts. So at the end of the day what it will allow is the enterprise of the future to survive, grow and prosper in the current scheme of things.

So with that Camille I'll end my presentation. Thank you.

Camille Mendler

Well thank you very much for a quick overview where you actually didn't do a sales pitch about Tata. But I think we probably should go over --

Amit Sinha Roy

I'm going to do it now.

Camille Mendler

Okay. Not too much of a sales pitch. But it's interesting to note that Tata, if you look at Tata Communications versus a number of service providers offering telecom cloud services, has taken a somewhat different approach from many peers. And when you really made a push into cloud services which was announced what in October of last year there were two things that struck me.

One, you were number one pushing on infrastructure of service and secondly it was also public cloud services and it was towards small and medium-sized enterprises. Could you talk a little bit about what I think might be a very big bet that you're making?

Amit Sinha Roy

Indeed Camille. Thanks for asking that. And it is an extremely large bet that we've placed in terms of our infrastructure investments, in terms of our go to market which includes sales and marketing and our partnerships and alliances

The way we saw the market was that there were the large companies, the large organisations, the enterprise, global enterprise that certainly would seem to be the first and the likely target for anybody entering the market. Typically these companies would already have data centres, significant investments that they have made, and they continue to use that. It is not that we don't focus on such large organisations, we certainly do, and we have engagements where we are engaging with their departments as well as some of their branches as well as on a project basis.

But where we saw the real growth and the ramp-up happening is in the smaller and the growing enterprises which do not have the wherewithal to set up their own data centre. However they do need to have server, serious servers computing power now and then when they're having the burst mode requirements. And they are the likely candidates for a public cloud offering because they don't want to have anything behind the firewall except for the clients.

Camille Mendler

And that's because the SME fundamentally wants to reduce its CapEx?

Amit Sinha Roy

Absolutely.

Camille Mendler

Okay.

Amit Sinha Roy

Absolutely. But they want the functionality and the ability to access that kind of computer and storage power when they need it.

Camille Mendler

Now out in October what you initiated was an India out strategy but a few weeks ago you made another announcement.

Amit Sinha Roy

Yes. So in October we launched in India with infrastructure as a service and software as a service and then in March - March 8 last month - we launched in Singapore for Asia Pacific. So now actually we have the centre, our data centre in Hyderabad and our data centre in Singapore, in TCX, both serving cloud for the market.

Now you maybe ask or thinking that if cloud is a service that can be consumed from anywhere then why do you need data centres, multiple data centres in different geographies. The primary reason being if you have a local data centre certainly you do have the advantage of a lower latency in terms of access.

Of course then there are the rules and the laws of the land in terms of data. We all know about it. So for all these reasons as well as having local support, the ability to support the customers with a local number, with a local service support, these are the important drivers that have actually got us to invest in setting up data centres and you'll see us expanding further in Europe and Americas later in the year.

Camille Mendler

Right, but this again would be an SME-focused strategy. Is that right?

Amit Sinha Roy

This is a public cloud strategy. So it is absolutely relevant for any large enterprise that wishes to adopt public cloud services. So it is not limited to SME, it is a sweet spot in terms of the service offering and a take-up for the SMEs.

Camille Mendler

And I think you mentioned other countries in Asia that you were targeting as well. Is that right?

Amit Sinha Roy

Yes. So with the Singapore data centre we are servicing all the surrounding countries including Malaysia, Indonesia, Philippines, Hong Kong, Thailand. So they can all access the services. We are accepting multi currencies so you can pay in Singapore dollars or US dollars. And so from that perspective it's a totally international service.

Camille Mendler

I suppose what's unusual about this is that most service providers that are going international with a particular service tend to go for the large enterprise, the AT&Ts, the BTs which I think are in this room, Verizon certainly, they tend to go for the multinational enterprise, trying to replicate the portfolio. But what I'm hearing is that you're going to happily try to target SMEs in those particular countries as well as the large enterprise but that sounds costly because nobody owns the SME segment, correct?

Amit Sinha Roy

Absolutely. And that requires us to have a go to market model which is different from the way we address our enterprise customers. Enterprise customers are with a direct sales force and they have these long-term relationships and we drive those relationships at a global level because all of these companies are global. With SMB and with the public cloud offering we're actually looking at a more marketing and partner-led engagement model. The very

nature of the service which is self-service and I request anybody who's connected to just take a look at our site, it's iaas.tatacommunications.com.

Camille Mendler

That's snappy.

Amit Sinha Roy

Yes, thank you. You can just go up there and you can sign up for a trial right now and provision a server in terms of the CPU, the storage and the memory, and off you go. And if you're a customer who wants to continue after the trial period you have two options, pay by credit card or by corporate purchase order, and you're set, that's it, it's as simple as that. No year-long contract, no other commitments, you just start off, there you go.

Camille Mendler

You're making it sound awfully easy and yet --

Amit Sinha Roy

It is.

Camille Mendler

We know that credit cards, not everyone uses a credit card, correct. So what are you going to do in countries in fact like India where not everyone is using a credit card?

Amit Sinha Roy

So we do accept the purchase orders then we invoice-based and we will accept the paper purchase order and then go ahead and invoice.

Camille Mendler

What about some of the other options I know that you've been looking at, the prepaid options?

Amit Sinha Roy

We are looking at that, we haven't launched it as yet. But that is an option, yes.

Sean Hackett

And then David, again, the same issue. How do you diversify? What does the cloud mean to your decision in doing that? I know that a lot of test and dev sort of -- it's becoming more of a broad based application life cycle sort of solution. Is that the next step for you and how do you see your strategy unfolding?

Camille Mendler

This is something that Tata has been kicking around an idea. We used to buy telephony minutes, we still do on mobile prepaid, why not a prepaid cloud? That might be one way to deal with that.

Amit Sinha Royl

Absolutely, absolutely. That could allow us to have the payment in advance as well.

Camille Mendler

So that means all the people who sell in the ma and pa shops sell minutes, they might be selling infrastructure as a service? Is that a possibility?

Amit Sinha Roy

So that's the other part of the go to market in terms of the channel. From an SMB perspective we have to amplify our reach to be able to go and meet up with customers who we normally wouldn't in terms of our enterprise engagements. And that is where the channel partners play a crucial role. We've engaged channel partners in India, over 140 of them, who have been selling our traditional network services. And now we're enabling them and refocusing them on our cloud-based services.

Camille Mendler

So Amit, it occurs to me that in this room besides the media and analysts, the unimportant people, we also have a number of service providers and Tata itself is a big wholesale carrier of capacity and minutes and outsourcing services. Surely are you not perhaps speaking to some potential partners in this room?

Amit Sinha Roy

Absolutely. So there is a potential and a possibility that we could be engaging with other player, in fact some of our wholesale relationships to take these services forward, perhaps as a branded white label product.

Camille Mendler

Okay, so a white label wholesale cloud is --?

Amit Sinha Roy

It is possible.

Camille Mendler

So the door is open for that?

Amit Sinha Roy

The door is open, absolutely.

Camille Mendler

Right, so I don't know how many one-on-one meetings Amit has got but that might be an option to discuss with him, right.

Amit Sinha Roy

I'll put on my sales hat.

Camille Mendler

Yes, yes. But I think Verizon might have something to say because Verizon also offers white label cloud services and has already started that, middle of last year I think.

Amit Sinha Roy

We'll meet them near the alligator farm along the beach.

Camille Mendler

Okay. I want to take issue with a couple of things that you've said, and by the way audience please put your hands up if you'd like to ask a question, I'm sure there are a few of you that would like to ask some questions. You did say that unlike the old way that one would perhaps set up a computing environment that took weeks that it now takes minutes. But does it really take minutes? Because it does occur to me that the commercial issues are actually the problem, not the technology?

Amit Sinha Roy

So if a customer would like to use a paper order and not pay by credit card then there is the order processing time, that takes days, not months obviously, it takes a few days. And then they are off and set to go. Other than that there is the time required for them to upload their image for their application over the network. And that's about it. So there is no waiting for equipment to arrive or installation, setting it up and testing. All of that's already done. It's just the access, right.

Camille Mendler

Just the access?

Amit Sinha Roy

Just the access.

Camille Mendler

Okay, and so how long do you think it takes. If there's an SME that doesn't have a broadband line, I don't know, in Thailand or in India, how many days is it going to take them to get the broadband line and then access your computer facility?

Amit Sinha Roy

So it can take -- I can speak for India, it can take a day or two to get the access up and running in India.

Camille Mendler

Does anyone -- is that a feasible time, two days to get a broadband line anywhere in India?

Amit Sinha Roy

Not anywhere, in some of the larger cities.

Camille Mendler

Not anywhere. Okay, so let's be a bit more realistic, okay.

Amit Sinha Roy

So if you are looking at anywhere it also depends on the access that one is looking at. If one is looking at dedicated access it could take a few more days, if somebody is looking at a DSL access that some of the providers have or even now with 3G or even over the USB dongles that we have, those are much quicker to turn around. It's not really the technology over there but it's more in terms of the regulatory process in terms of proving the entity, the address, the location, the identity, all of that, that takes a couple of days.

Camille Mendler

Okay, so the regulatory process is one of the key considerations.

Amit Sinha Roy

Yes, yes.

Camille Mendler

Okay. Well let's go back to the channel and the proposition you're making to the channel. You say that you've already recruited 140 reseller partners in India. Can you tell us a little bit more about what these types of companies are?

Amit Sinha Roy

So these are the -- our partners who have been selling our network services in the past. So they have been selling to medium and small organisations the connectivity solutions in the past. And what we are doing right now is that we have -- we are re-enabling them and we're training them up to be able to sell cloud services. The reason being that it requires to have a different conversation with the customer and usually with different people in the companies that you're selling to. Whereas in an SMB you may have a common decision-maker, as you go into larger and larger organisations you have the folks who are responsible for the network, different from the folks who are responsible for compute. And it requires a different conversation, it requires a different level of engagement, it requires knowledge in different areas, ability to talk about compute, ability to talk about operating environment,

virtualisation, security. So those are the areas where we are actually enabling them to hold those conversations.

Camille Mendler

So it's actually not the smallest of the small enterprises, it's a slightly -- it's more medium sized, is that right?

Amit Sinha Roy

Yes, yes. So that -- let me answer that question by saying that who can actually use Infrastructure as a Service. Typically the company, I wouldn't call them small or large, but I'd say any company that has the IT maturity to be able to provision a server is the likely target audience for IT as a service. So it could be in terms of size a small company which is an IT shop, which does IT development, they know everything about servers and networks. So they can immediately go and turn it on and start using it. But you could have a mid-sized company that's perhaps in manufacturing and doesn't really have an IT team or IT manager. For them to set up IT as a service would require additional support and help.

Camille Mendler

Now in terms of your analysis of the addressable market, let's say in India, how big is that universe in terms of that type of company? What's your assessment?

Amit Sinha Roy

A million dollar question and I have analysts, my friend analysts in the audience.

Camille Mendler

Right analyst folk, it's an opportunity, a bit of segmentation work, yes?

Amit Sinha Roy

Yes. So I have seen numbers from tens of millions of dollars in terms of business opportunity in a year.

Camille Mendler

Oh but anyone can generate numbers. What about the actual population, the universe of SMEs, how many SMEs are we talking about that you feel fit that frame?

Amit Sinha Roy

The number that we're looking at in India is around 40,000.

Camille Mendler

40,000, okay. A universe of 40,000. And the average contract value you're expecting is about what?

Amit Sinha Roy

That would be pretty much similar to what you have globally which would be about in terms of \$180, \$200. It depends on the usage.

Camille Mendler

\$200 per month?

Amit Sinha Roy

Yes, hopefully.

Camille Mendler

Okay. So do the maths, 40,000 companies at \$200 a month times 12, okay.

Amit Sinha Roy

So if you are looking at the number --

Camille Mendler

I feel that there's going to be a fair amount of competition for that.

Amit Sinha Roy

Absolutely. If you're looking at a number we stated that our goal is to go for \$200-250m from our cloud-based service in two to three years. That's what we have put out.

Camille Mendler

And is it -- if you look at the Indian demographics versus those in some other countries that you're working or anticipating working in, that's a multiplier effect. Is there a same percentage number of that strata of SMEs, that number of SMEs proportionally? Because if you're looking at 40,000 SMEs in a market of x million enterprises do you think that there's a fatter proportion let's say in some other Asian countries of that type of organisation?

Amit Sinha Roy

So we are looking at numbers perhaps not in those -- in that scale that we're looking at in India but we're looking at significant numbers even for the Asian countries, for Singapore as well as the surrounding Malaysia, Indonesia, Thailand. In fact on the day of launch we already had 40 trial customers the day we announced.

Camille Mendler

Well I trialled it, I don't know how many of the other analysts trialled your service to see if it actually worked. I know that I -- I actually tried to provision a server and I'm no technical expert so maybe --

Amit Sinha Roy

Did you do that?

Camille Mendler

I did, I did.

Amit Sinha Roy

Maybe I stand correct --

Camille Mendler

Perhaps badly actually. But it wasn't that difficult.

Amit Sinha Roy

Okay, great. It's the next stage, it's about using it as well, it's about loading the image.

Camille Mendler

But as you roll this out what about the pricing? The pricing variables are what are going to be very challenging for you in different countries surely?

Amit Sinha Roy

Other than -- well there's always a pricing discussion but other than pricing there are several other factors that one needs to look at in terms of the cost of ownership. From our -- here's where I do my little selling pitch -- from our perspective it's totally transparent in terms of the costing model. There are no hidden costs, there is no termination fee that's hidden if somebody wants to stop using the service after a year or six months.

Camille Mendler

And it's month by month?

Amit Sinha Roy

It's month by month, it's billed month by month. And essentially what we're doing is we're making sure that everything that we have over there is allowing the customer to have a great user experience, starting from unlimited service support on the phone line, there's no cost, it's included. Load balancer, firewall, IP addresses, all included. (Inaudible) between the data centre, the data transfers are included, there's no additional cost. So on the website the cost is published and that's it in terms of data centre costs. And then of course in terms of data, that's also clearly mentioned in terms of what the charges are. They're totally transparent, pay every month, based on the usage.

Camille Mendler

I do wonder about the profitability of this. It's really too early to tell surely?

Amit Sinha Roy

It is because we don't have any historic data to look upon but at the end of the day the business modelling that we have done, it certainly allows it to be a profitable service.

Camille Mendler

Okay, so let's -- if we go back to that universe of 40,000 SMEs that are going to be sold to by your 140 resellers in India, how much are you expecting to sell Infrastructure as a Service with connectivity?

Amit Sinha Roy

Excellent. So ideally for the SMB that is a great value proposition and it's also a cross-sell for us. So we would certainly like to bundle it and we've created a bundled offering for IT as a service as well as for software as a service. We're offering these to the SME together with a connectivity pack. And certainly that is something that gives us additional revenues.

Camille Mendler

Is it additional revenues? I guess it's -- who's wagging the tail of the dog? Sorry, a terrible expression to be translated but what I mean by that is infrastructure as a service a loss leader, in other words something you sell at cost or below cost to enable you to sell connectivity which is a depreciated profitable service for you?

Amit Sinha Roy

It is -- no, I wouldn't look at it from one compensating the other.

Camille Mendler

Well in the end it's one balance sheet is it not?

Amit Sinha Roy

At the end it is one balance sheet. Infrastructure as a service is a standalone business model that we have created with or without access. If the customer chooses to use our access there are certain benefits that they have in terms of an end-to-end connectivity, in terms of latency, in terms of security, in terms of uptime. However, if there is a service provider they are already using with their own access, that's perfectly fine and our business model supports that. We don't turn away these customers. It is truly a cloud service.

Camille Mendler

Okay. I would say that not everyone of your peers take it -- is rolling out exactly in that way. Can you talk also -- I know that you've been pushing instant compute infrastructure as a service, it's a compute and a storage play, but really what is selling today from what you can see? Is it actually storage? Is that the killer application?

Amit Sinha Roy

It may be for some other players, for us we are actually seeing compute, the overall package, because we're seeing application developers, we're seeing folks who are hosting websites, we're seeing folks who have transient projects using these. I'm sure there is a market for pure play storage and there is, as you know. Right now we're not totally focused on that market, we're focused on the infrastructure piece and that's where we are seeing the traction.

Camille Mendler

Okay, so what you've said is that some of the trial customers and some of the ones that actually came right now, you're seeing application developers use the compute. But they're early adopters anyway and there's only a certain universe. Out of that 40,000 in India, I can't imagine more than a certain percentage are application developers who need compute? So to go beyond that --?

Amit Sinha Roy

So here is the interesting part about the Indian market. If you follow the IT, ITES --

Camille Mendler

Which is the definition if you will the ICT industry in India, that's one of the abbreviations used, yes?

Amit Sinha Roy

Yes. So these are actually companies that do development work outsource for other companies.

Camille Mendler

So proportionally it is a demographically large part or segment of the market?

Amit Sinha Roy

Yes. So these are the companies that do IT development as business, as their core -- or maintenance. So maintenance, development, testing, fine-tuning, their business is doing that for other large corporations. So we see that segment of the industry really honing in on IT as a service and using that rather than having to keep on buying and upgrading servers.

Other than that we do see departments of large enterprise also using IT as a service in order to have their scale-up, scale-down kind of applications. So it's not just the SME, it is (inaudible) across the growth is where we see the SME space.

Camille Mendler

But what you've actually said is if I look at the SME universe in India the demographics are such that we have early adopter segment, a particular vertical segment within the SME market that is highly aligned to the compute.

Amit Sinha Roy

Absolutely.

Camille Mendler

That is not the story demographically in other countries in Asia or in Europe that you're addressing. So will it work elsewhere? I suppose that is the big question. Or will it have to be large enterprise in other parts of the world?

Amit Sinha Roy

It will be a different formula and a different customer base for every region. If we look at Singapore, if we look at Asia, the early adopters are from the gaming industry, the early adopters, so they're the folks who're developing. So they're developers in a way but that's not IT. From media and entertainment. So it's a different industry. So it's about being able to identify in each of these geographies who are the likely -- what is the profile of the likely customer, the likely enterprise, large, medium or small, that is going to take this service, adopt this service and roll out their applications, their services, their reach out in the market on this.

So it's not one size that will go for us.

Camille Mendler

So one size most definitely doesn't fit all. And isn't that a problem with telecom? Because telecom fundamentally is a mass production model applied to the creation and distribution of digital goods. And what you're saying is actually for this to take off you have to do some level of customisation and re-segmenting and that seems to be at odds in a way?

Amit Sinha Roy

Absolutely and we have different divisions, business divisions inside of Tata Communications focused on these different markets. So if you look at our traditional wholesale, there is a segment and there is a certain team that engages for that and global data and mobility solutions where I belong, we have in my team enterprise focus go to market which is doing the segmentation, working with analysts, working with channel partners and alliances to understand that market, to be able to create our value proposition and the benefits and to be able to do a market entry strategy. Absolutely and totally a different [plan].

Camille Mendler

Okay. Questions from the audience please. I'm just going to bring you a microphone so we can actually -- oh, okay, sorry, one at the back here but we've got one over here too.

Brad Sands - Head of Network Operations, Uecomm

Just a quick question. In terms of what we were talking about with cloud computing, it has the potential to change the --

Camille Mendler

You're not being heard that well.

Brad Sands

How's that?

Camille Mendler

That's good.

Brad Sands

Cloud clearly will change the nature of the industry. When I look back about 15, 20 years ago we talked about IP -- IT and telecommunications as a commodity and the need to de-commoditize that through management or (inaudible) management, SLAs, the degree of quality of service. What I'm seeing now is that we're getting beyond the layer one, layer two, layer three and we're looking at cloud computing as an application based which is pulling the customers. So as a service provider if we get onto that bandwagon of the cloud and we have application providers or enterprise providers who then begin to use the network at what point does the -- do we lose that level of influence that we've had with our buyers and with our suppliers and again we become a commodity? And I suppose that's not the question of what point but what I was going to ask was how can we build in some switching costs with these enterprise and content providers that locks them in rather than just proving that they've got a product worthwhile on our network? What's to stop them from moving that to smaller providers where they have a greater deal of influence? So what switching costs can we look at with these enterprise and content (inaudible)?

Camille Mendler

You're saying switching costs, you mean let's find a way to lock them in. Is that actually what you're saying.

Brad Sands

Yes, yes.

Amit Sinha Roy

So there are providers who have a switch-in, switch-out cost in terms of levying a fee if the service is terminated and the customer or the user would like to take the data off. From our service offering we do not have such fees.

Camille Mendler

So you're making it easy for them to move?

Amit Sinha Roy

Absolutely. So if a customer decides tomorrow that they don't need the service any more for whatever reason, business doesn't require it or they're growing into a next level of engagement which is (inaudible) as well, there are no penalties for that from our perspective.

Camille Mendler

But that's a problem, that's a problem. That's the point that's being made here. How are you going to keep them loyal?

Amit Sinha Roy

So the only way to keep customers loyal is to have a service that is a high quality service at an affordable cost. It's not about being the cheapest but it's not about being -- I know, everybody can say that but to be able to execute, deliver on that is where the actual secret

lies. So it's about being able to have the latest technologies in terms of performance, in terms of security, in terms of reach and uptime. Of course being --

Camille Mendler

So it goes down to the customer experience and the service level?

Amit Sinha Roy

And the service level, yes. It is very difficult to hold back an unhappy customer.

Camille Mendler

Okay. We have one more question.

Unidentified participant

I have actually two questions.

Camille Mendler

Okay. Stand up so I can see who you are.

Sanchit Gogia, Associate Research Manager, Springboard Research

By the statistics (inaudible) the Ministry of Small Medium Economic Enterprises in India there are 760,000 enterprises, SMEs in India. So why only 40,000 as a number? What's the criterion? Number one.

Number two, what we've seen typically is folks like yourself are very good at horizontal apps, very basic horizontal apps. When it comes to the end-to-end let's say for example collaboration tools it's hit and miss. We've seen the SLAs have been an issue, there have been numerous complaints about the flexibility that you provide with SLAs, the fact that the calls are never returned, the service levels are poor and deteriorating. What do you have to say about that? That's the two questions.

Amit Sinha Roy

Okay. So the first question is, you talked about a certain number of SMEs, 760,000 but there is also a number which crosses well over a million, right, in India. So from software as a service which is not what we are focusing on right now, that is a service that the larger SME population can certainly use. But if we look at infrastructure as a service, that requires an organisation to have the IT maturity to be able to provision a server, that is when the number comes down. Is 40,000 the right number? Is it 45,000, is it 35,000, is it 60,000? So these are some things that we are working on. It's a fair number of customers to reach out to and so we thought that's the number we should go with but I'm not saying that is absolutely the correct number because SMEs are so widespread.

So that's one of the reasons why you see a huge drop in the number. It's about the IT maturity and the ability to consume that service.

On the other part, if you look at the service level agreement, we are offering 99.95% uptime. It is not about selling an application or a tool per se in terms of collaboration, it is

infrastructure on top. It's available, it's running, our service centres 24 by seven and there's no cost to calling them and speaking to them and taking their help. So for all those reasons it is totally I would say a different kind of a business model from what you may be talking about from other application-led sales that you may have seen.

Camille Mendler

But I don't think you answered his question regarding customer service. Perhaps you could comment a little bit about that?

Amit Sinha Roy

Oh the customer service in terms -- I said that 99.95% uptime that we have and we're ready to back it up (inaudible) in terms of returning up to 20% if we fail in terms of uptime. So we're putting -- betting our money on it.

Camille Mendler

You can try that one again later (inaudible). Okay, any other questions. We'll take -- I think we're running out of -- we've got to take -- alright. I'm being told that we've got to move on but I think we ought to take one more question. Just one more then we'll go, okay. A quick question please. And Amit is around, correct?

Amit Sinha Roy

Yes, I'm around, I'm around until tomorrow.

From the floor

I guess it's good afternoon.

Amit Sinha Roy

Good afternoon.

Camille Mendler

And you are?

Chong Pow Min, General Manager - Head of Fixed Products and Services, Maxis

Thanks for the short presentation, short and sweet, get to the salient points. As a service provider all of us and many of us here in the room we talk about the benefits of IaaS in cloud computing to our customers. I would like to ask you your observations (inaudible) experience that how many service providers here today are actually eating their own dog food? How many of us here are deploying cloud internally, infrastructure service and in that way how many of us are actually able to deliver products faster now because of that development in such technology? Thank you.

Amit Sinha Roy

Excellent. So I can speak for ourselves. Our entire HRMS system is on cloud. And we're using the same platform that we sell.

Camille Mendler

Great.

Amit Sinha Roy

Our entire sales management system is on cloud.

Camille Mendler

Alright then. And you can pay each other, yourselves credit when it goes down, right.

Amit Sinha Roy

Absolutely.

Camille Mendler

Okay. Well thank you very much for a candid discussion and we'll continue it later on.
Thank you.

Amit Sinha Roy

Thank you Camille. That's wonderful. Thank you.

[End]