

AVAYA

Creating Business Value with IT
**Disruptive Customer Value Linked to
IT Business Transformation**

Tom Lesica, GVP, Global Information
Technology and Business Operations

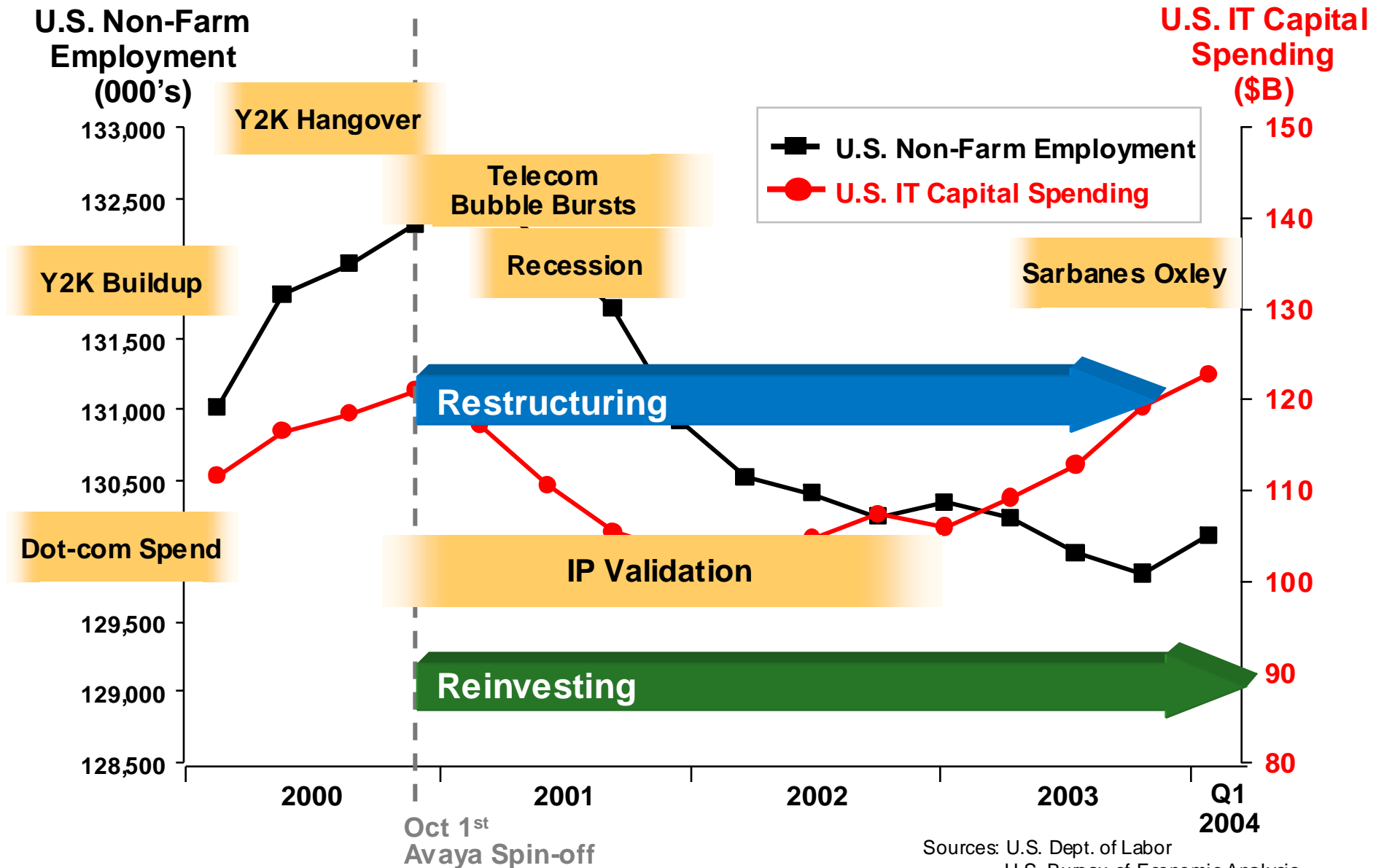
IP Telephony

Contact Centers

Unified Communication

Services

Short History, Varied Business Environment



What We Hear Every Day: Help Me Drive Business Value

CEO



COO



Increase Revenue

*"Our main priority is on winning business back and growing our top line."*¹

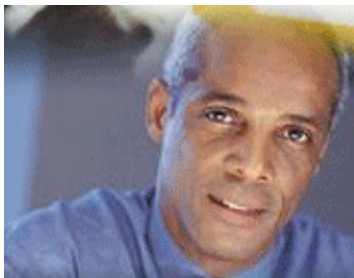
Reduce Costs

*"Even in growth markets, cost reduction is a top-of-mind issue. We have to reduce overhead while maximizing efficiency"*²

Lower Risk

*"Our top two business priorities are security & continuity, after that next priorities are numbers 5 and 6."*¹

CMO

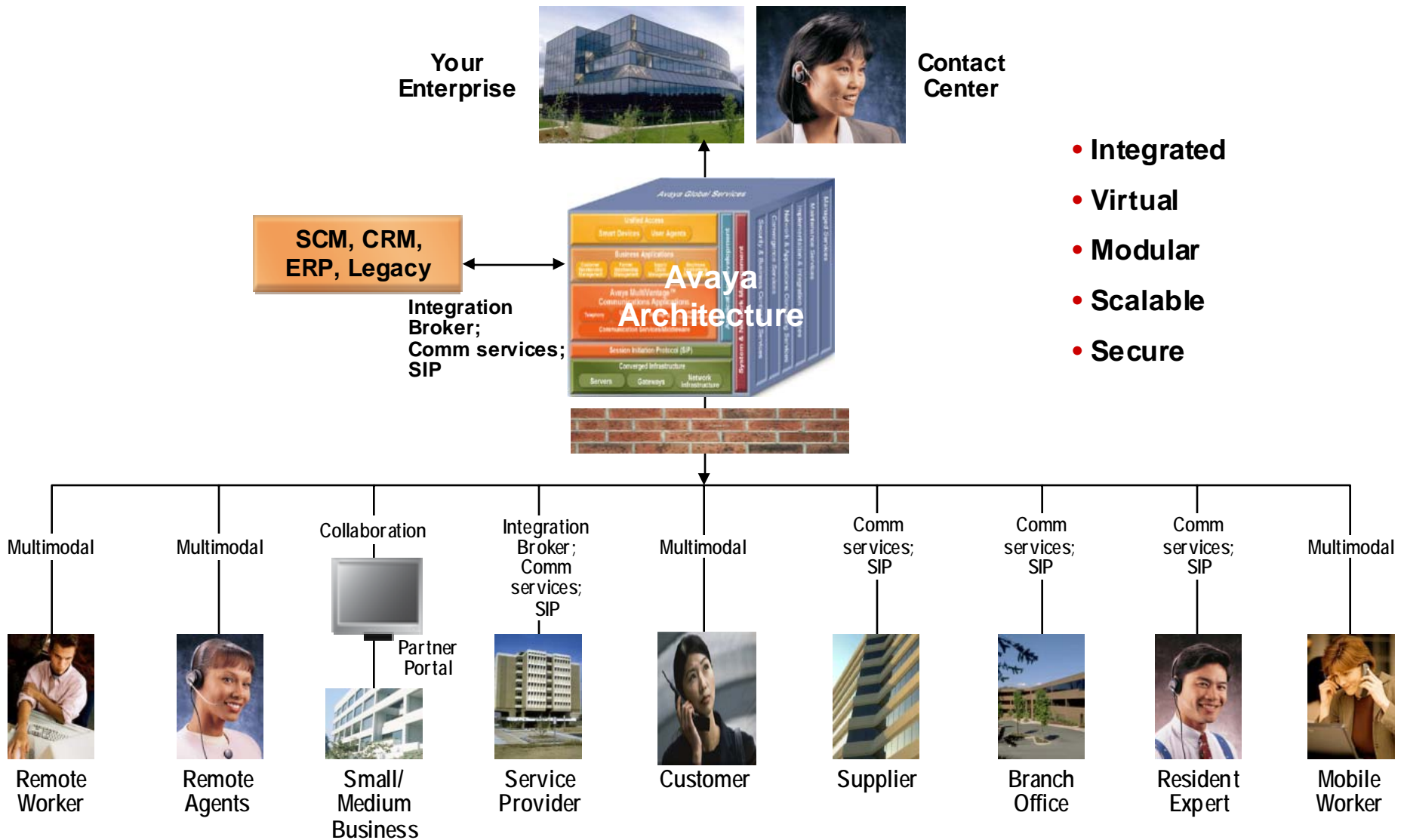


CIO



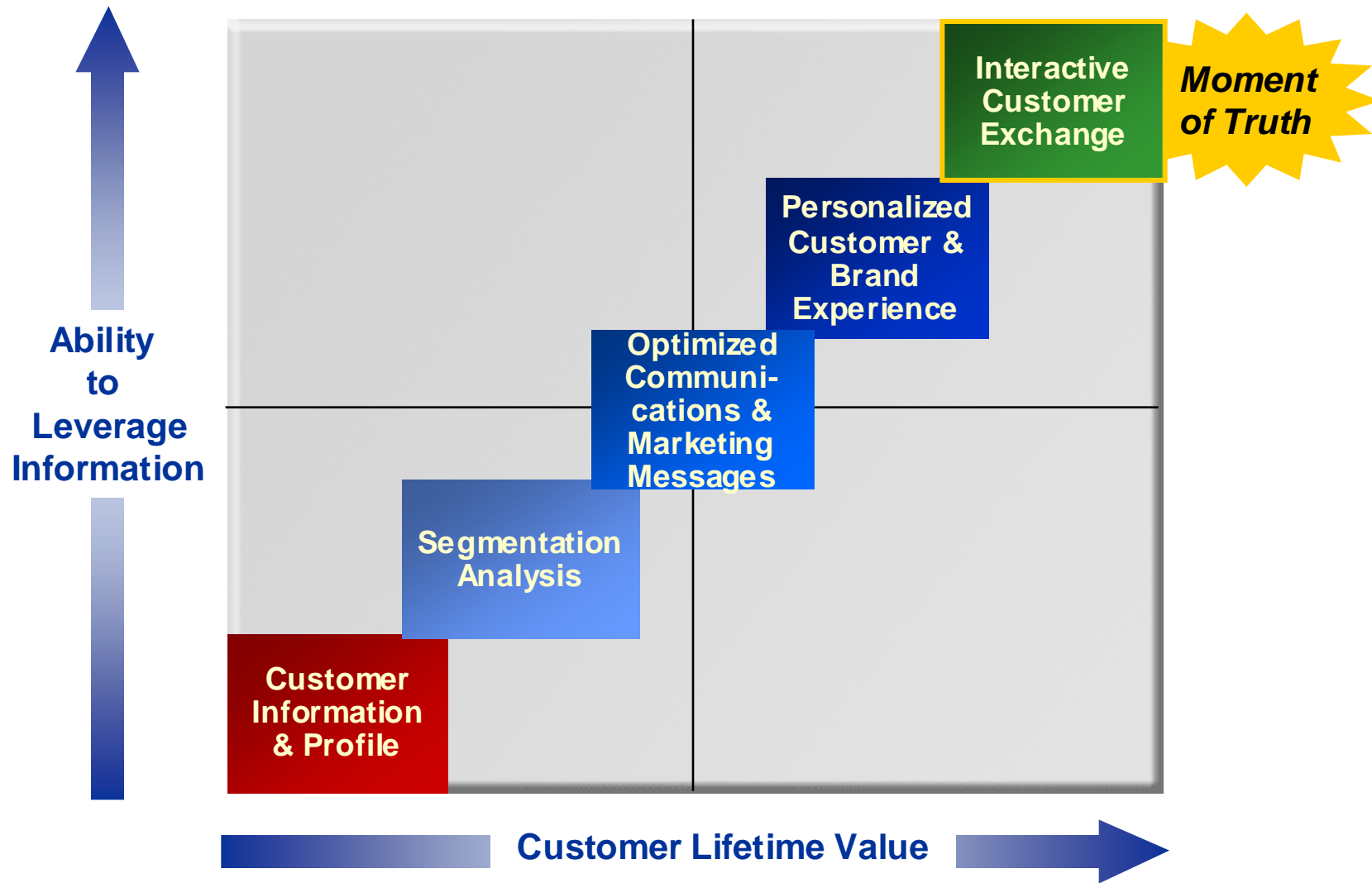
Footnote: 1. Mercer Management Consulting, interviews with 50 c-level executives, April 2004 2. Lane & Co., focus group discussions, March 2004.

Enterprise Communications Model



- Integrated
- Virtual
- Modular
- Scalable
- Secure

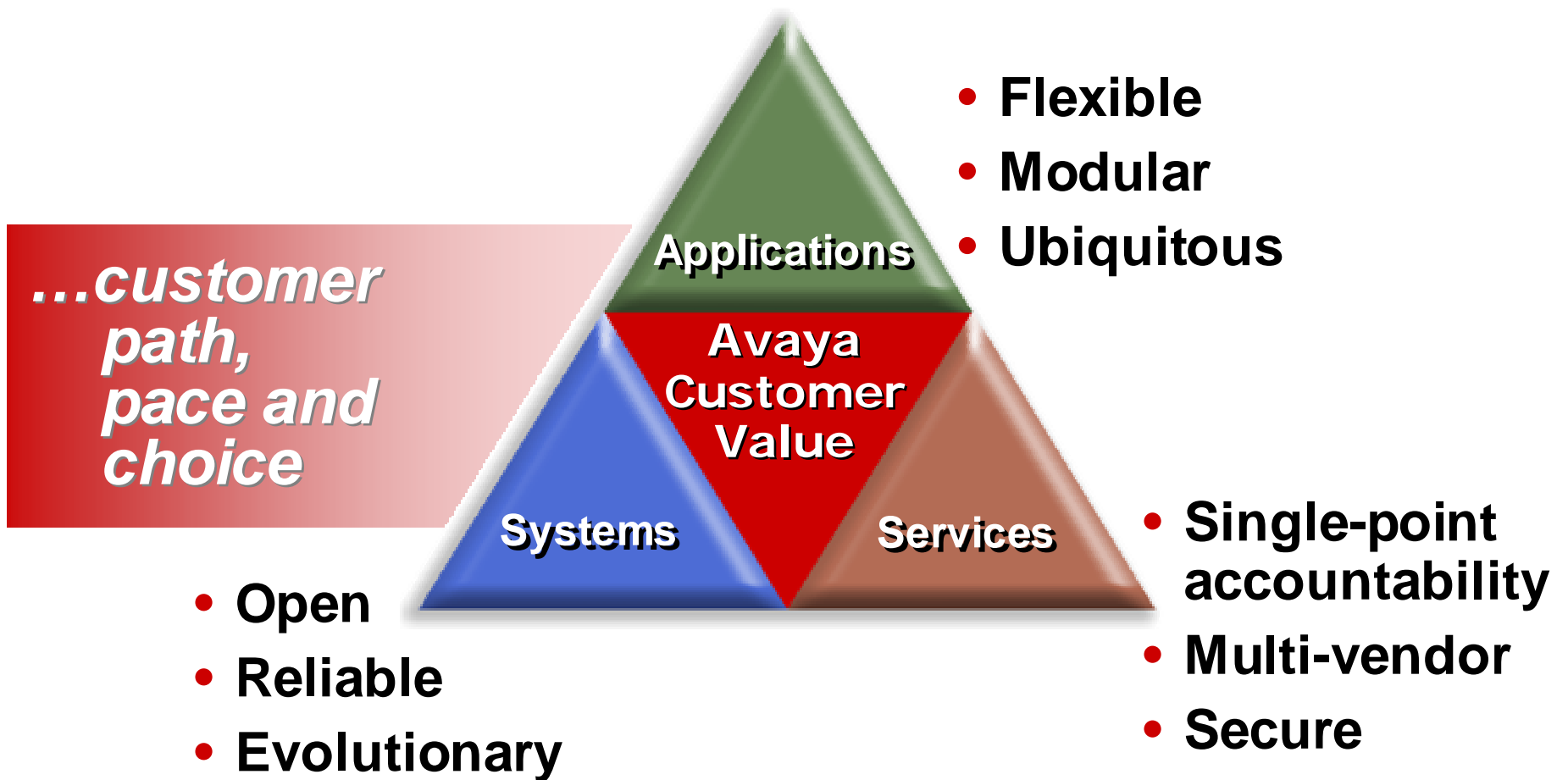
Maximizing Customer Interaction



Strategic Objectives Drive Initiatives

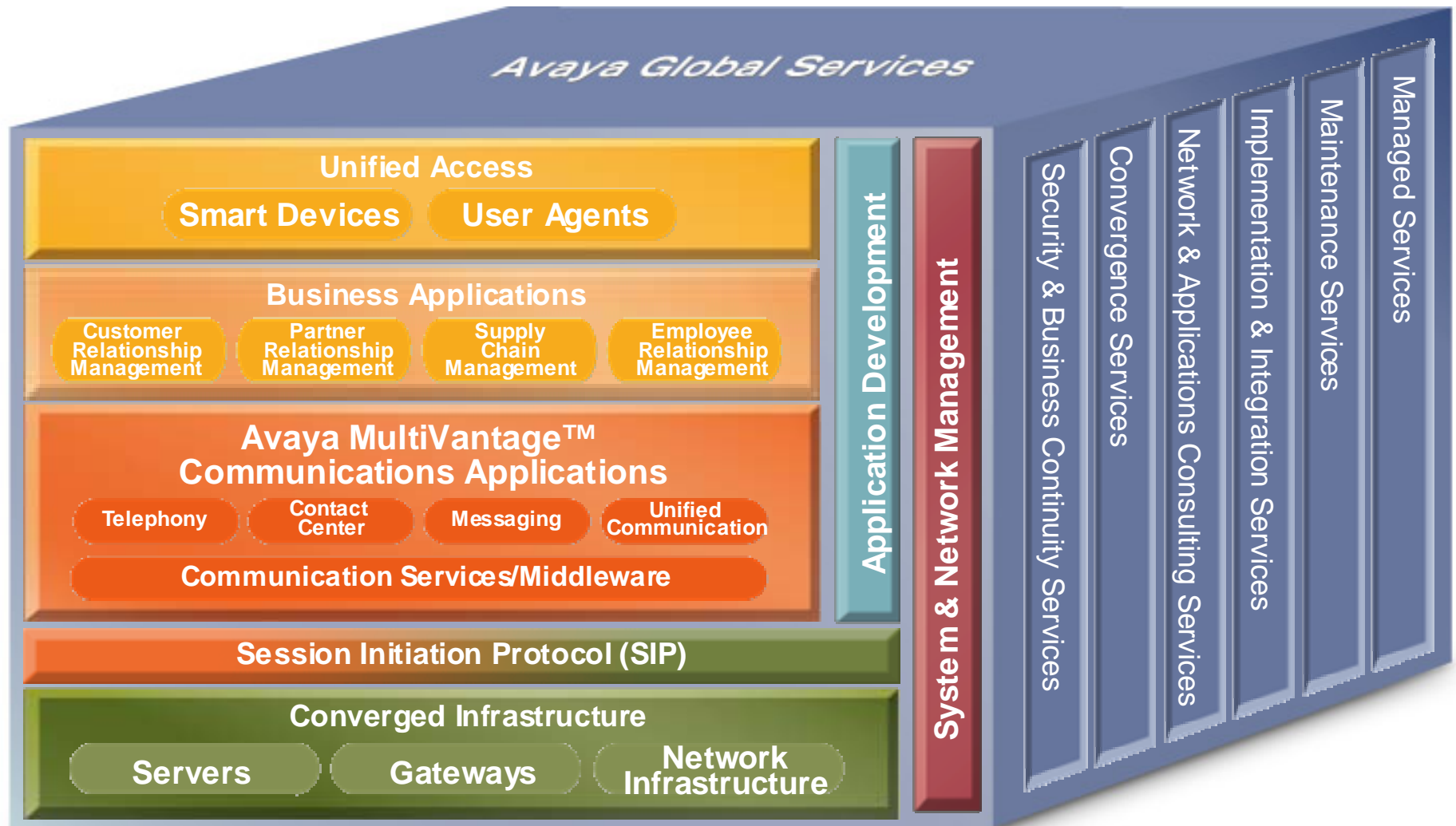


Unique Combination of Integrated Customer Value

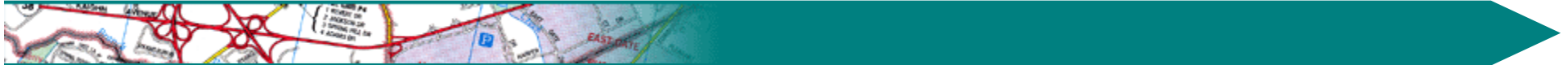


If Communications Ruled the World

Communications-Centered View of IT



Roadmap/Timeline



Personal Productivity/Mobility

- Deploy
 - Unified Communications
 - IP Softphone with IM
 - WiFi/Mobile integration
 - Converged PDA

Customer Service

- Deploy
 - Distributed IP Contact Center
 - Speech Enabled Self Serve
 - Proactive Contact

Distributive IP Communications Infrastructure

- Deploy
 - IP Servers & Gateways
- Begin SIP Trials

Personal Productivity/Mobility

- Personal Workspace
- Seamless Roaming WiFi GS, WiFi CDMA
- Video integration
- Vertical applications

Customer Service

- Distributed Enterprise Contact Center
- Distributed IVR
- Initial SIP and App Server
- Natural Language Call Routing
- Event Notification Applications (Email, SMS & Voice)

Communications Services

- Initial integration of communications into Web App Servers

Distributive IP Communications Infrastructure

- SIP Trials and medium scale deployment
- Increased resilience & scale

Personal Productivity/Mobility

- Personal Workspaces
- Expanded Multimedia Conferencing
- Increased User Device Support

Customer Service

- Expert Locator
- SIP & Web App Server Capabilities
- Event Notification & SIP Integration
- Enterprise Wide Reporting

Communications Services

- Enhanced Communications Web Services modules available for application integration

Distributive IP Communications Infrastructure

- SIP large scale deployment
- Increased resilience & scale

FY2004

FY2005

FY2006

Avaya's IT Business Transformation

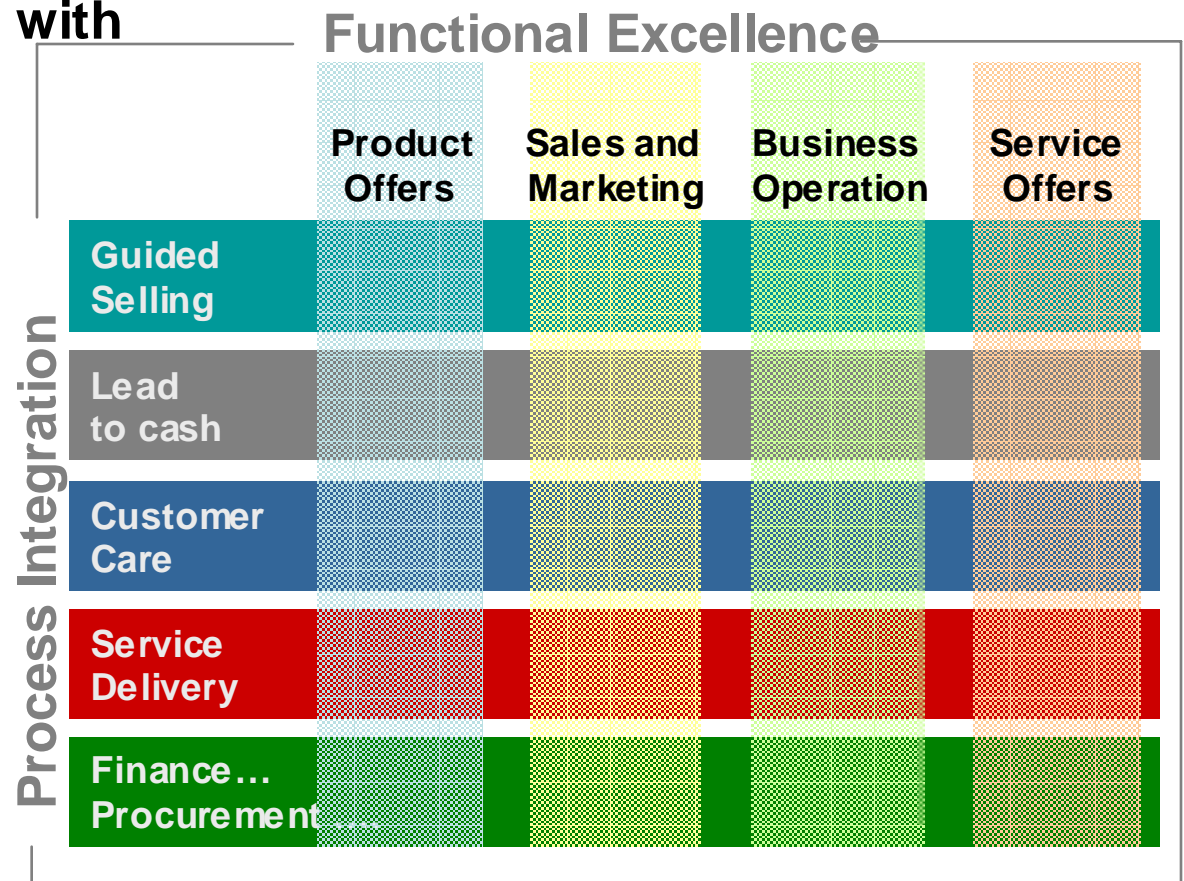
Supporting and Creating Competitiveness

- **Brand Experience and Value**

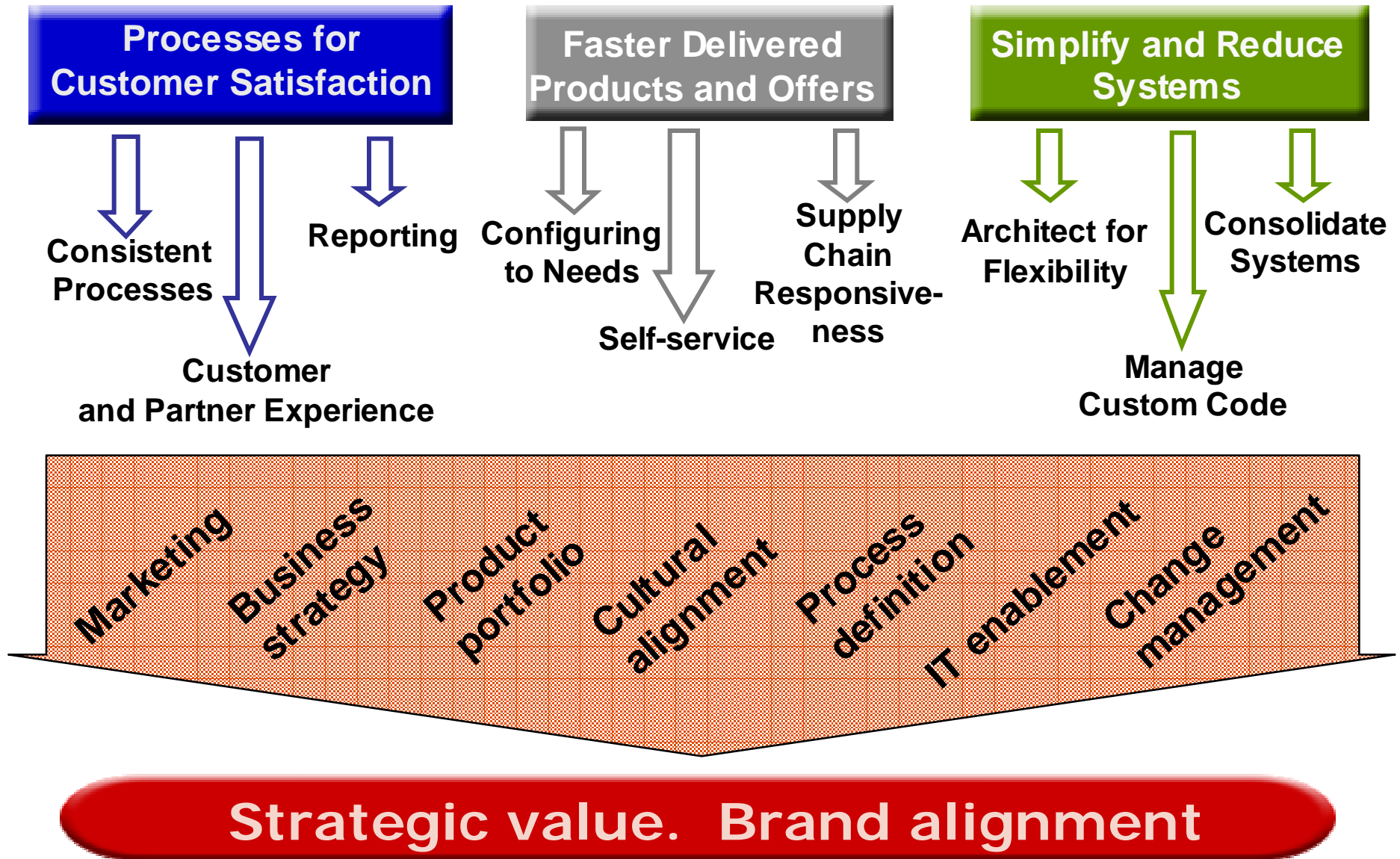
- Creating customer value
- Easy to do business with

- **Operating Efficiency**

- Transaction ease
- Supply chain and workforce productivity
- Asset utilization



Analyzing, Rationalizing our IT Assets



Value-Driven Strategic Transformation Priorities:

- **Integrated Virtual Enterprise**
 - Virtual contact center, speech access
 - Uniform applications over IP, Softphone
- **Workforce Collaboration, Productivity**
 - Teleconferencing without vendor
 - Tunnels provisioned fast, without private lines
 - 5,500 remote associates via VPN, Branches same as HQ
- **Security, Continuity and Asset Utilization**
 - VPN over multiple carriers, connectionless links
 - >\$12M savings / year from transformations in 2002-2003
- **Enabling the Value Chain**
 - Communications-enabled business processes and workflows
 - Autonomic real-time event management

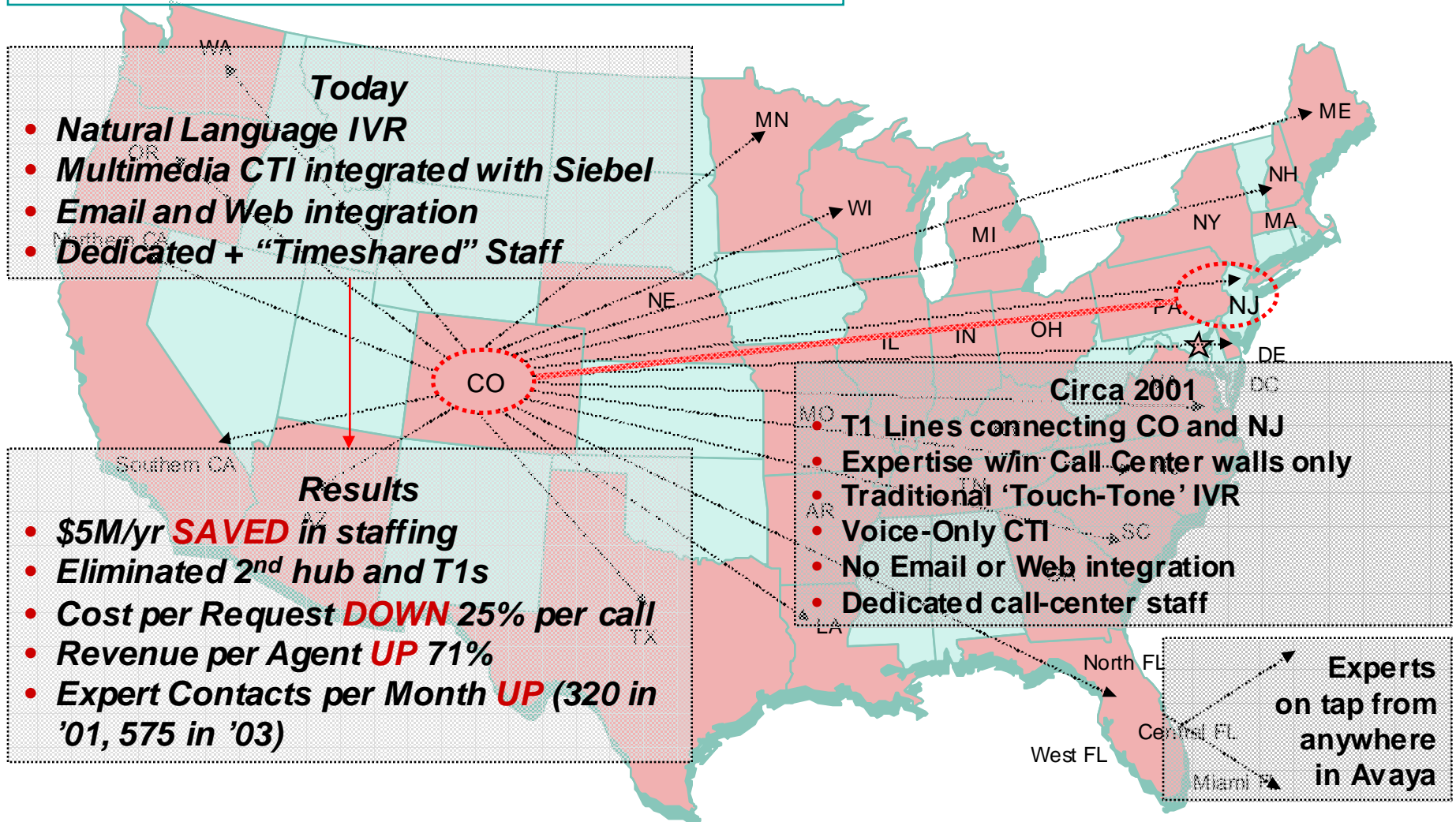


More ...

Contact Center in an IP Telephony Environment

Our customer contact needs are the same as yours

(The challenge: 500,000 customers; 24x7; 50 countries)



Millions Saved Through VPN

- **Challenge**

- Slash recurring cost of WAN connections and employee remote access costs

- Enhance business continuity and security

- **The Solution**

- Use VPNs to link 300 sites around the world

- Replace costly frame relay and ATM connections, using Avaya SG Security Gateways and Avaya VPNremote client software

- **The Benefit**

- Expected 5 year net savings of \$13.3M

- 3,000% ROI with 7.2 months payback

- Improved business continuity and security

- Virtually eliminated dial up costs for remote access

- IP softphone use, reduces mobile phone costs

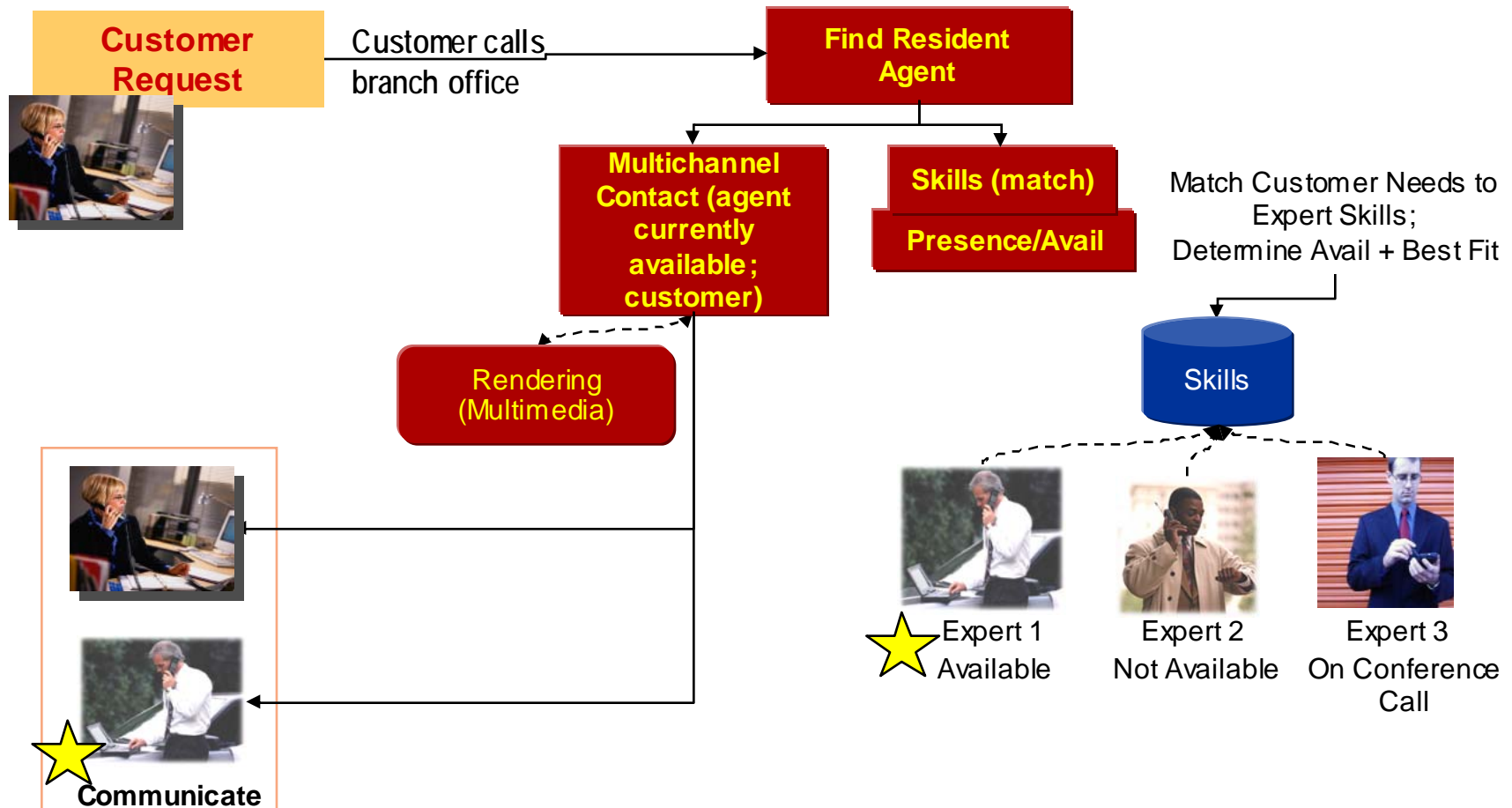
- Broadband connections in minutes rather than days



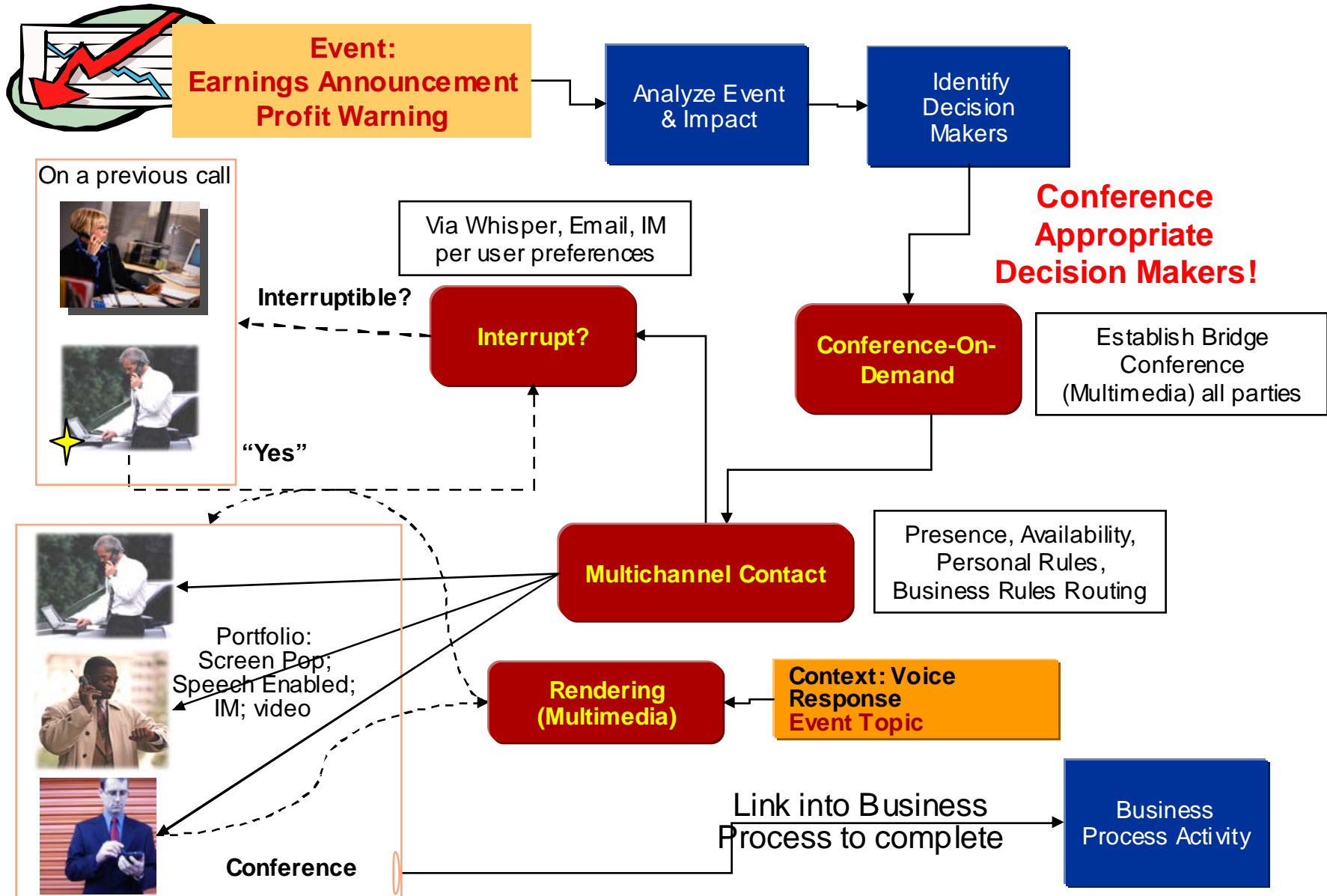
Find Resident Expert

Applies to Many Situations:

- Find “Resident Sales Agent”, “Resident Insurance Agent”, “Expert in a Field”, etc
- Automated manner of identifying and communicating with skilled expert, on any device, anywhere



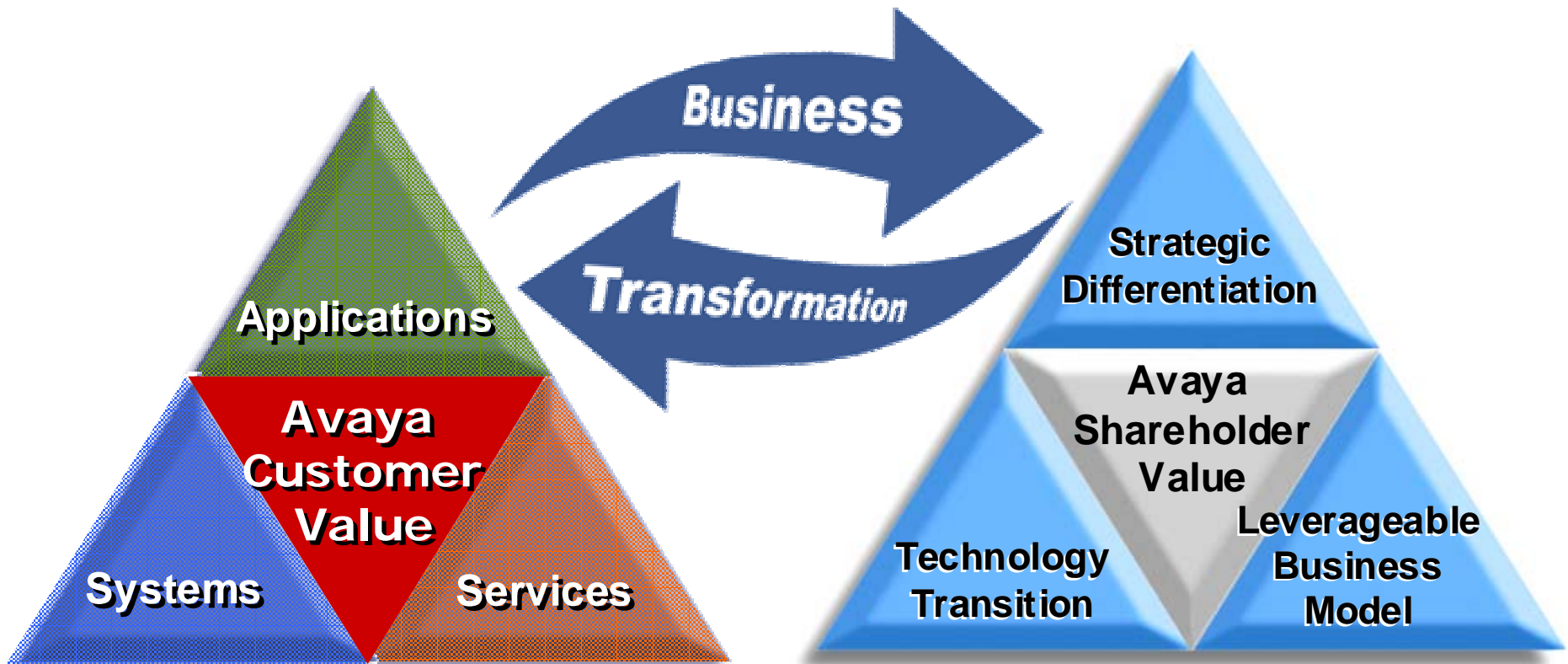
Event Driven Communication Enablement



Enabling the Virtual Enterprise



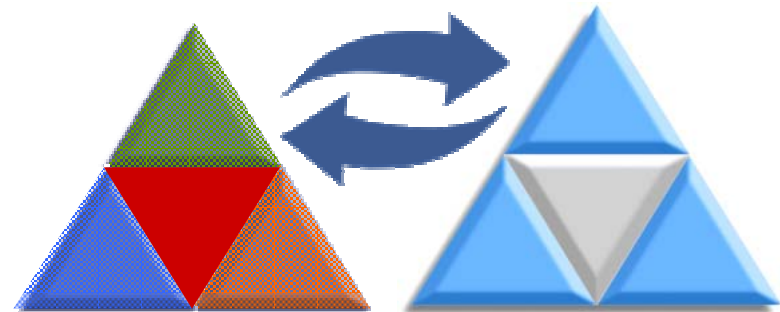
Elements of Avaya Customer Value Interact with Avaya Business Model



CIOs at the Strategy Table – Is IT Being Commoditized?

Since 1990s, an expanding
role, not a commodity role

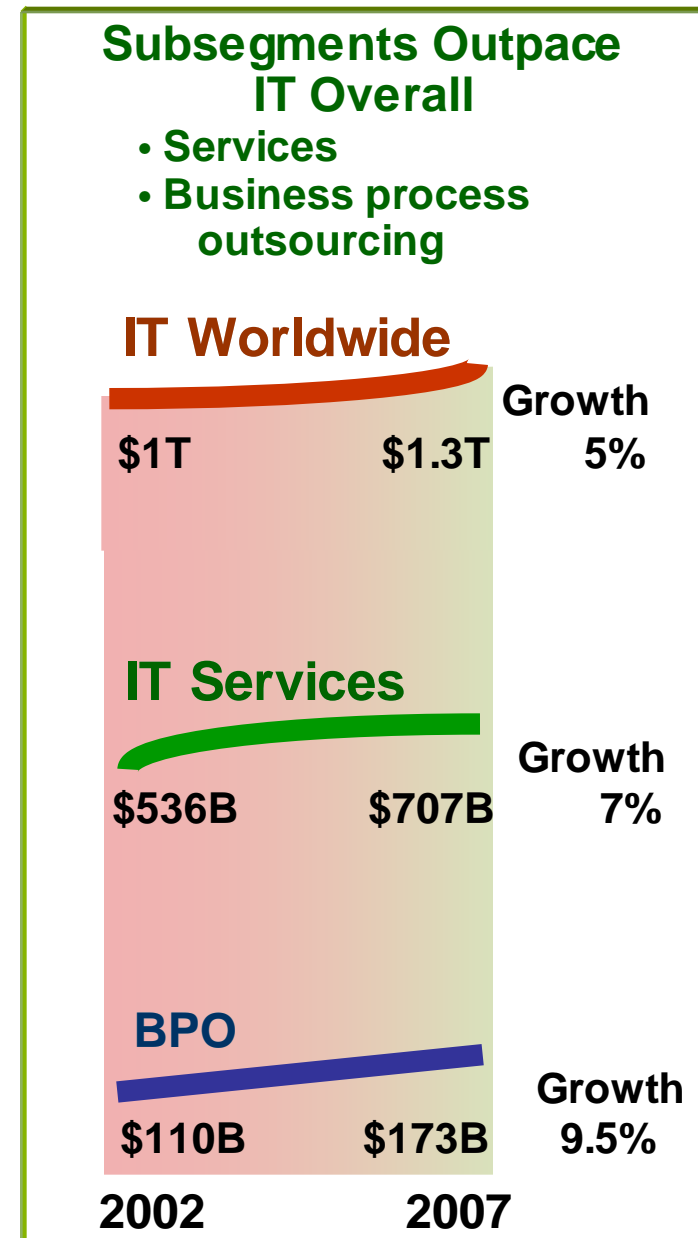
- ✓ Reports to CEO/COO
- ✓ Active at the board level
- ✓ Instrumental in strategic initiatives
- ✓ Takes roles outside IT, e.g., operations, transformation, GM
- ✓ Focused on value creation



CIOs at the Strategy Table

Since 1990s, an expanding role, not a commodity role

- ✓ Reports to CEO/COO
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- ✓ Takes roles outside IT, e.g., operations, transformation, GM
- ✓ Focused on value creation
- ✓ **Managing “commoditization”**



Discussion: What Role for the CIO?

- Determine what is 'commodity'
 - Desktops?
 - Help desk?
 - Web hosting?
- Selectively architect the balance
 - Build
 - Buy
 - Partner
 - Outsource
 - Offshore
- Create / expand strategic role
 - Impact the business agenda

The Great IT Debate: Differentiator or Commodity? Carr, Lundberg (Page 84), Tapscott (Page 36)

CIO

THE RESOURCE FOR INFORMATION EXECUTIVES

I.T. REVENUE
Doug Busch, Intel CIO, delivered \$184 million in value for his company last year.
Page 48

I.T. PRODUCTS
Steve Yates, USAA CIO, runs IT like a CEO, selling 200 products to 21,000 internal customers.
Page 74

I.T. MARKETING
Jim Burdiss, Smurfit-Stone CIO, boosts IT's credibility and transparency with annual reports and newsletters.
Page 62

[SPECIAL REPORT]

HOW TO RUN I.T. LIKE A BUSINESS

Governance. Customer service. Operations management. Financial controls. Applying rigorous business practices to IT is no longer a choice. For CIOs today, it's a matter of survival.
Page 48

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Including: Exclusive CIO Survey

ROI for 47 business practices rated by 100 top-tier organizations
Page 58

Thank You

