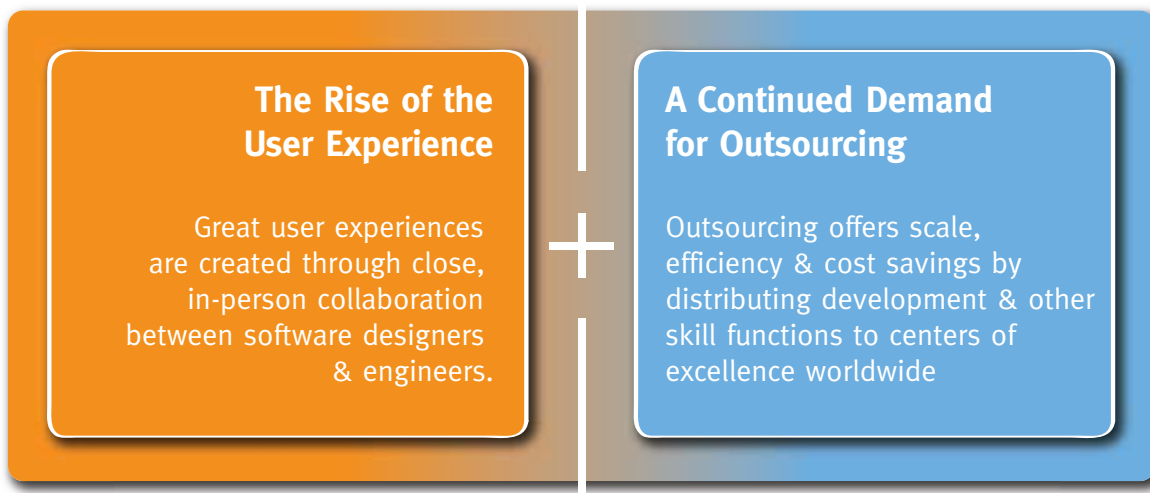


# The Co-Create Era in Communications

How the rise of the user experience and the evolution of outsourcing are converging to fundamentally change the strategic supplier landscape

## Overview

The communications industry is experiencing unprecedented change. Intense competition, consolidation, margin pressures and the need to invest in new technologies are driving the need for new ways to improve efficiency and scale, while achieving a fundamentally lower cost structure. At the same time, consumers have become far more discriminating about their services and devices, with the user experience now trumping technology and price as the key driver of purchase and adoption.



### ARICENT: UNIQUELY COMBINING INNOVATION AND IMPLEMENTATION

The traditional industry model of outsourced implementation and in-house innovation is ill-suited to meet the convergence of lowering costs and complexity while delivering the advances required to compete in the age of the User Experience. The lines between in-house and outsourced activities are blurring as companies now require strategic suppliers to deliver deep communications domain expertise with a breadth of services ranging from product / service innovation and design to integration, implementation, and support.

These new requirements are a poor fit with the “mile wide inch deep” multi-industry outsourcing approach offering silos of implementation-only activities such as technology or testing. Equipment manufacturers and service providers

need a new type of “DNA” in their strategic suppliers that offer deep domain expertise and can provide everything from innovation and technology to integration and support – and are exclusively focused on the communications industry. This new breed of strategic supplier can partner with their customers in co-creating innovative communications products and services.

Aricent is the first company constructed specifically to support the new demands of equipment manufacturers and service providers in the Co-Create Era.

**Gartner**® June 25, 2008

Gartner forecasts the worldwide outsourcing market to exceed one trillion dollars by 2012

## Outsourcing Evolution & The Bar Napkin

Historically, outsourcing engagements have been “implementation only” as companies hired outsourcing firms to handle aspects of the development process that required only limited skills and basic processes. But in today’s market, successful companies need much more from their strategic suppliers; they want innovation and implementation. Partners who can help with every phase of the product and service lifecycle, from the user experience and technology feasibility to development, testing and rollout.

So rather than turning to outsourcing companies simply to reduce costs or to speed up a specific phase of a product development cycle, equipment manufacturers and service providers can also get help at the “bar napkin” phase - when brainstorming and sketching new ideas. This powerful combination of deep domain expertise, innovation and outsourcing is becoming a best practice for equipment makers and service providers in a world where rapid innovation, complexity management, and cost containment are requirements for success.

As a result, the trillion dollar “one-size-fits-all” outsourcing market is segmenting into several, very large strategic supplier segments with much more industry-specific orientation. With the sheer size and magnitude of change happening in communications today, this industry represents one of the most dynamic segments for the next decade.

## Constructing Aricent

In 2006, the founders – and investors including KKR and Sequoia Capital – of Aricent recognized that the convergence of innovation and technology in communications would become a key segment of the outsourcing market. They saw the opportunity to redefine outsourcing as it evolved from cost arbitrage to skills and innovation arbitrage. In response, they combined the leading innovation capabilities of frog design with a broad set of well established communications engineering assets to create a single, new breed of strategic supplier to the communications industry: Aricent.

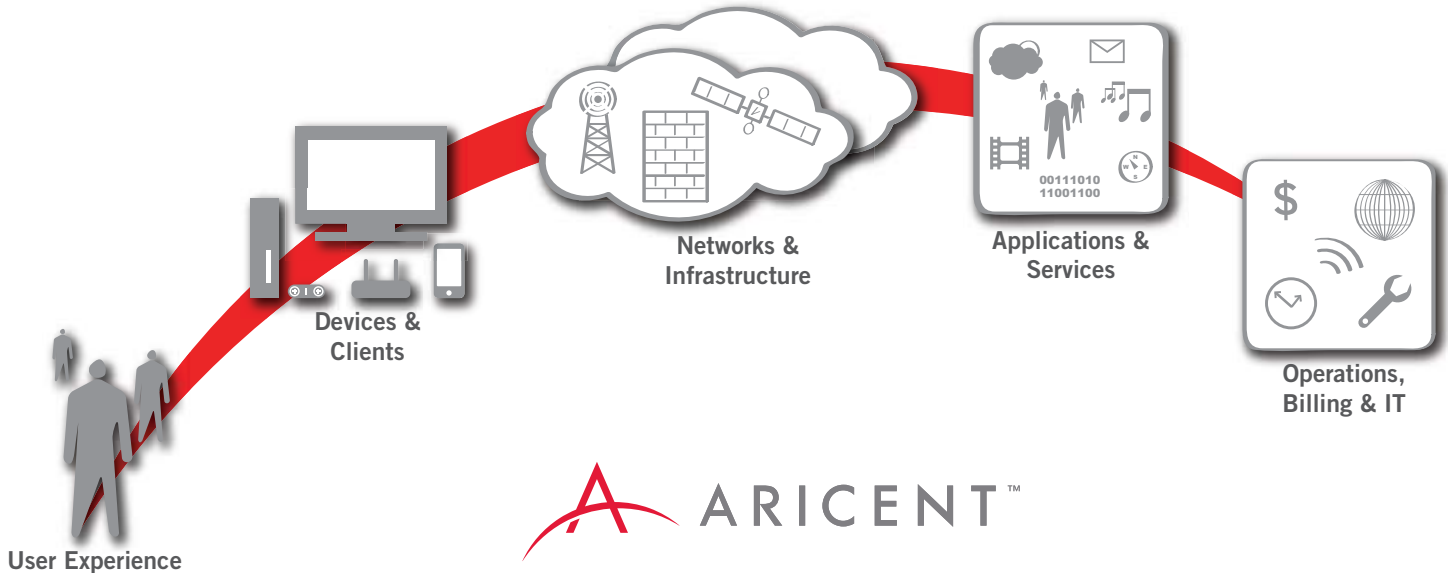


Today, Aricent does business with over 550 of the world’s foremost infrastructure, application and service providers. Aricent is one of the largest private companies based in Silicon Valley, with presence in 19 countries worldwide. Aricent’s growth over the recent past has significantly outpaced the industry, due to the company’s unique combination of global innovation, technology and outsourcing solutions tailored exclusively for the communications industry.



## The Aricent Difference

Aricent's mission is to co-create, with its customers, the industry's most innovative communications products and services.

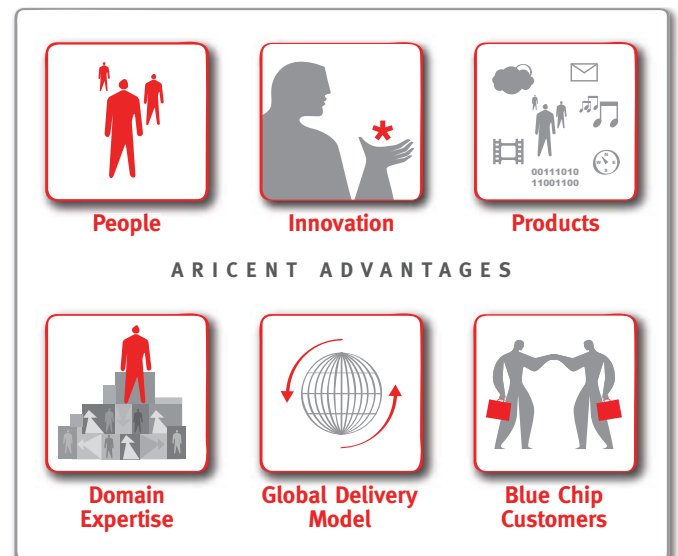


Aricent offers its customers a fundamentally unique combination of attributes. These include an exclusive focus on the communications industry, leading innovation capabilities, and a broad set of products, technology, and services resources available via a scalable global delivery model. Aricent believes these three ingredients are essential to co-creation with its customers, and that they are a key reason why Aricent has become a strategic supplier to virtually all of the world's leading communications equipment manufacturers and service providers.

**Communications Focus** — Unlike other major global outsourcing firms, Aricent's DNA is deeply rooted in the communications industry. Its workforce of more than 8,000 engineers and consultants has contributed to many of the industry's most innovative solutions. Aricent's products and services address the complete spectrum of the communications ecosystem—from the user interface to infrastructure to billing and OSS—and its experience supplying the world's leading equipment and service providers gives Aricent unmatched domain expertise. Aricent's engineers are not re-purposed across a range of other technologies and customer segments, offering a real advantage to customers.

**Leading Innovation** — Incorporating frog design, one of the largest and most successful global innovation organizations, Aricent contributes the new ideas and implementation considerations that are crucial for designing the ultimate product or service user experience. frog design has a long history and successful track record of bringing innovation to the communications industry.

**Products, Technology & Services** — Aricent offers the industry's broadest portfolio of communications technology and services, with more than 125 licensable products designed to accelerate the delivery of innovative communications solutions. Aricent provides interfaces, middleware, operating systems, security, and other critical functions in applications ranging from IP routing to media gateways to WiMAX and cellular communications.



## Aricent: Delivering Success In The Co-Create Era

The communications business has changed, and companies must now compete to provide the best user experience. This requires them to rapidly innovate and integrate new technologies, to develop products that are compelling and easy to use, and to control costs throughout the development cycle. Traditional outsourcing doesn't deliver the innovation and integrated product development required. Aricent is the first company that co-creates communications products and services with its customers for market success. Combining innovation, technology, integration and global delivery, Aricent is the premier strategic partner for communications equipment manufacturers and service providers worldwide.

### ARICENT CUSTOMERS

Infrastructure	Alcatel-Lucent	CISCO	ERICSSON
	Juniper	NOKIA	NORTEL NETWORKS
Applications & Devices	MOTOROLA	NEC	NOKIA
	SAMSUNG	Sony Ericsson	TEXAS INSTRUMENTS
Service Providers	Airtel	at&t	DIRECWAY
	inmarsat	Sprint	Virgin mobile

### MILESTONES AND INDUSTRY FIRSTS

- 9 of the top 10 telecommunications equipment suppliers
- 8 of the top 10 mobile phone manufacturers
- 1.5B mobile users connected to industry leading base station
- Media gateways hosting 70% of the world's IP traffic
- 400M handsets shipped with Aricent middleware
- World's 1st commercially available Femtocell solution
- ~70% of GSM/GPRS calls goes through Aricent Software
- ~85% of the DSLAM ports & routing solutions deployed worldwide
- 1st ever In-flight Broadband roll-out for American Airlines and Virgin America
- One of the industry's 1st WiMAX Base Station

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