

Bell Canada Drives New Revenues and Targets Cost Reductions of CDN\$1B–\$1.5B by the End of 2006

Executive Summary

CUSTOMER NAME

Bell Canada

INDUSTRY

Service Provider

BUSINESS CHALLENGES

- Reduce costs by CDN\$1B–1.5B by the end of 2006 and improve operational efficiency
- Deploy a scalable network that offers reliability, security, and abundant bandwidth
- Deliver the next-generation services customers want

SOLUTIONS

- Transform existing networks into a converged IP network and a new IP-based business model
- Cisco IP/MPLS core network infrastructure for integrated data, voice, and video applications, and delivery of advanced, next-generation services
- Change management from IBSG and the whole Cisco team, including architectural planning for the IP transition and rigorous testing prior to deployment

BUSINESS RESULTS

- Converged network enables quick delivery of advanced, next-generation services.
- Partnership enables Bell to create and commercialize new services in information, communications, and technology (ICT).

Bell Canada and Cisco Systems® formed a partnership in early 2004 to accelerate the creation, commercialization, and delivery of next-generation IP services. At the end of its second year, the initiative is well on its way to supporting Bell Canada's goals of cost reduction, internal business transformation, and business agility to deliver high-value services.

BUSINESS CHALLENGES

With 28 million customer connections, [Bell Canada](#) delivers integrated communications that include wire-line voice and data services, high-speed and Internet wireless, IP Broadband services, value-added solutions, and direct-to-home satellite and very-high-bit-rate digital subscriber line (VDSL) television services. Bell serves residential, business, and government customers across Canada.

Throughout its 125-year history, Bell Canada's focus on innovation and its ability to overcome challenges have kept the company at the forefront of technology. That pioneering spirit was never more evident than in late 2003 when Bell's executive team recognized that they needed to address dramatic cost reduction and operational improvement issues within the company. Acting quickly, the executive team, under the leadership of Michael Sabia, Bell Canada CEO, boldly committed to taking CDN\$1 billion–\$1.5 billion of annual operating expense out of the business by the end of 2006.



Prepared by Cisco Systems, Inc.
Internet Business Solutions Group

With competitors beginning to offer more voice-over-IP services, the team also knew that they needed a plan of action that would take them from their traditional infrastructure to an all-IP network. A long-time customer of Cisco®, Bell Canada had already been working with Cisco on a plan for network convergence to IP as an enabler of Bell's overall transformation plan, called Project Galileo.

“CISCO AND BELL HAVE THE SAME OBJECTIVE FOR CARRIER-GRADE IP INFRASTRUCTURE AND SERVICES. GETTING TOGETHER WITH THIS COMMON AGENDA IGNITED THE ENTIRE PROCESS, AND WE’VE MADE TERRIFIC PROGRESS OVER THE LAST COUPLE OF YEARS.”

Patrick Pichette, President of Operations, Bell Canada

SOLUTIONS

Two Industry Leaders Form Strategic Partnership

On January 19, 2004, Bell Canada and [Cisco](#) announced a three-year strategic partnership to accelerate the creation, commercialization, and delivery of a comprehensive suite of IP services that enable customers to reap the full benefits of an integrated data, voice, and video IP-based network. The real success of the partnership has been achieved from a joint commitment to disciplined execution of the transformation.

“THE CISCO RELATIONSHIP WORKS AT MANY LEVELS, AND THE EXECUTIVES AT CISCO AND AT BELL CANADA HAVE A LOT OF COMMUNICATION, A LOT OF OPENNESS. WE ARE SEEING THE CISCO LEADERS REALLY TAKE OWNERSHIP OF OUR ISSUES.”

Isabelle Courville, President, Enterprise Line of Business, Bell Canada

Converged Network, Advanced Services, Smooth Migration

Cisco [IP/MPLS](#) core network infrastructure serves as the foundation for Bell Canada's primary service delivery platform for IP-based applications. Cisco worked closely with Bell to develop the network architecture and define the migration path for Bell Canada's core, next-generation network that allows traditional and new IP-based services to be supported on a single, converged IP network.

In addition to world-class IP networking technology and expertise, the Cisco [Internet Business Solutions Group \(IBSG\)](#) together with the Cisco infrastructure team and the [Cisco Customer Advocacy](#) team drove IP next-generation network convergence and factory-based service operations at Bell. Cisco shared its expertise and provided guidance and support on change management, network architecture, and planning and execution of new software implementation.

When the migration is complete, Bell's multiple layers of core and access networks will be consolidated, and substantially all of Bell's traditional services will be converged to the IP platform. Once that has happened, the networks that supported those services will be decommissioned. Cisco worked with Bell to plan for a smooth transition with minimal customer disruption. Bell's new infrastructure, combined with its new IP-based business model, will provide the foundation for delivery of next-generation services.

New Markets, New Services, New Business Model

Bell Canada is a leading example of what IBSG calls a [Next-Generation Service Provider \(NGSP\)](#). One of the hallmarks of an NGSP is a customer and service orientation that bridges the functional disciplines within the company to drive innovation and scalability. Bell's leadership is embodied in its "IP Garage," the test environment that enables time-and-motion studies and embraces new process models.

Under the partnership, Bell Canada and Cisco will not only expand Bell's national footprint on a Cisco IP/MPLS core network, but also align engineering, sales, and marketing resources to help migrate existing and new customers to Bell's IP network infrastructure. In doing so, Cisco will help Bell drive revenues in the adjacent information, communications, and technology (ICT) market, building upon Bell's core business.

"IN THE LAST TWO YEARS, WE'VE SEEN QUITE AN INTERESTING CHANGE IN THE MARKETPLACE WITH RESPECT TO IP RECEPTIVENESS. I MUST SAY THAT I AM QUITE EXCITED ABOUT HOW FAST THIS TRANSITION IS GOING FOR US AND FOR OUR CUSTOMERS."

Isabelle Courville, President, Enterprise Line of Business, Bell Canada

BUSINESS RESULTS

Bell Canada is well on its way to achieving the reach-out vision with which Michael Sabia challenged the company two years ago. Results include the following:

- **Network convergence:** Less than two years into the initiative, over 75 percent of Bell Canada traffic is now carried over the IP/MPLS network. This is in line with its objective of having the majority of migrating traffic on its core, IP-based network.
- **Operational efficiency:** Organizational and business process redesign has resulted in shortened cycle times and higher throughput due to more effective teaming and greater flexibility. Bell Canada is now fulfilling complex orders by the committed due date in more than 90 percent of cases.
- **Speed to market:** The transformation has facilitated faster decision making and greater effectiveness of cross-functional teams, allowing Bell to develop new products more quickly and get them to market faster.
- **Market expansion:** Bell has closed a significant number of new deals, including Manulife Financial, BMO Financial Group, and Montreal's Pierre E. Trudeau International Airport. In the retail sector, Bell and Cisco have delivered store connectivity solutions that resulted in more efficient customer business processes and reduced costs.
- **Revenue growth:** Revenues from value-added ICT services increased 40 percent from Q3 2004 to Q3 2005.
- **Cost reduction:** In its first two years, Bell's overall transformation has already reduced costs by CDN\$353 million annually, on track with its target run-rate savings of CDN\$500 million–\$600 million for 2005 and CDN\$1 billion–\$1.5 billion by the end of 2006.

A dedicated cross-functional team from Cisco, including IBSG, has worked with Bell Canada to help transform its organization, create new capabilities and revenue streams, and drive industry-leading change. As the global leader among incumbent service providers, Bell Canada is blazing a trail in its transformation to an IP-based business model.

“OUR NETWORKING REQUIREMENTS ARE BECOMING INCREASINGLY COMPLEX AND MISSION CRITICAL. FROM OUR PERSPECTIVE, IT’S A VERY POSITIVE DEVELOPMENT TO SEE COMMUNICATIONS LEADERS COMBINE FORCES AND ALIGN STRATEGIES TO PROVIDE SIMPLIFIED COMMUNICATIONS SOLUTIONS.”

**Dan Fransen, Vice President, Technology Services
Canadian Tire Corporation (Bell Canada customer)**

NEXT STEPS

Having taken the decision in 2003 to move quickly to IP, far ahead of its peers in the global industry, the Bell Canada team is focused on execution of the strategy and on the next waves of innovation. IBSG and Bell Canada continue to collaborate on emerging market opportunities in keeping with Bell’s ambitions and industry leadership.

“FIVE YEARS FROM NOW, PEOPLE WILL SAY, ‘THEY REALLY HAD IT RIGHT BACK THEN WHEN THEY RESET THEIR ENGINE THE WAY THEY DID, AND NOW THEY’RE REAPING THE BENEFITS.’”

Patrick Pichette, President of Operations, Bell Canada

MORE INFORMATION

The Cisco Internet Business Solutions Group (IBSG) is a global consulting team that helps customers transform their organizations by strategically applying advanced technologies and business process innovation. A unique combination of industry experience and business and technical knowledge enables IBSG consultants to serve as trusted advisors to many of the world's top organizations.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



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