

SIP Trunking The Value of a Service Provider Demarcation Point

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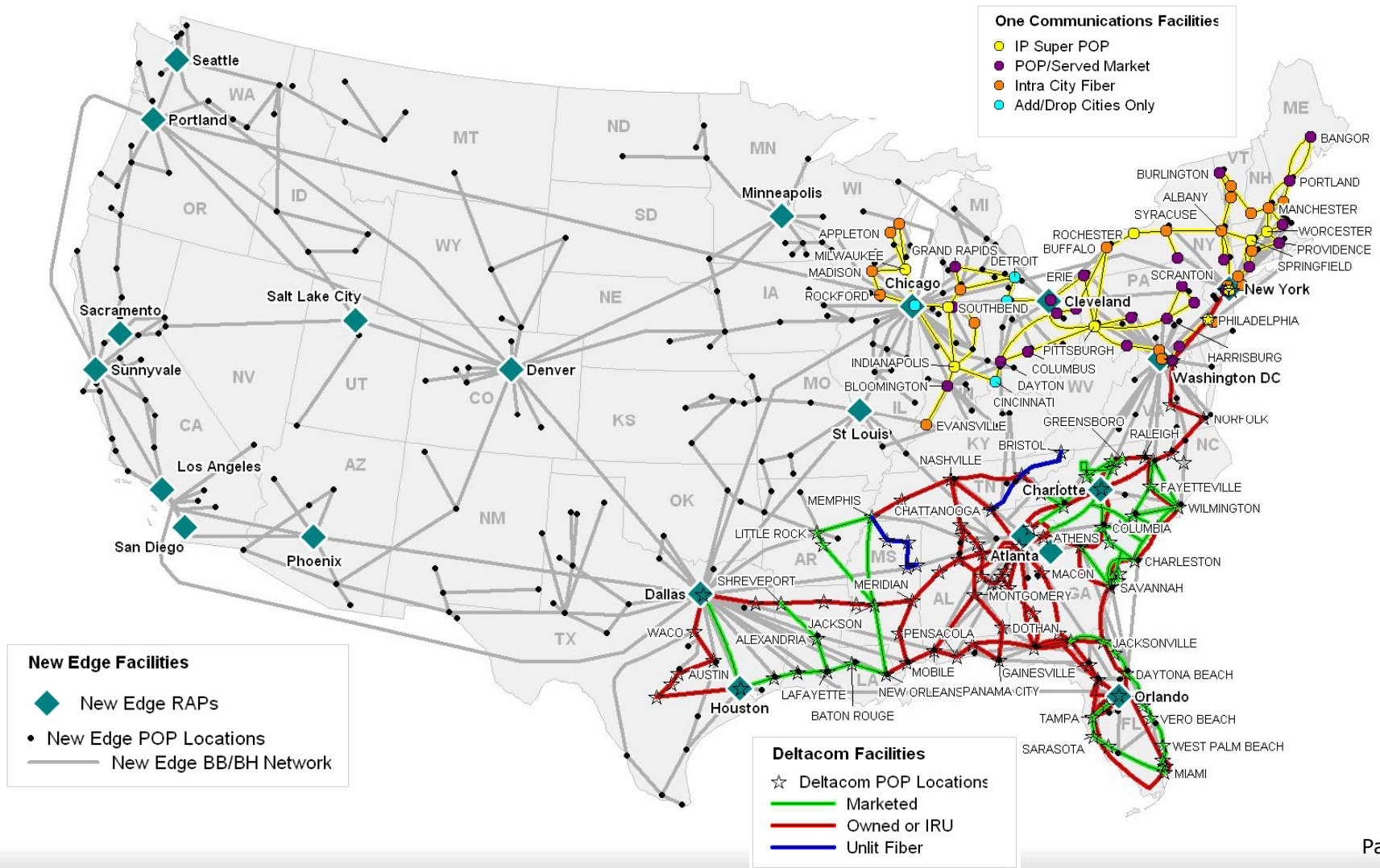


Three Transformative Transactions NEN/Deltacom/One Communications to form EarthLink Business

		Deltacom	OneCommunications
CONSIDERATION	Total Purchase Price	\$524 Million	\$370 million
	Debt	\$325 million due 2016	\$0
	Equity	\$0	Estimated \$0 - \$50 million
	Cash	\$199 Million	\$320 - 370 million
	Adj. EBITDA Multiple ¹	4.7x	3.7x
SYNERGIES	Expected Run Rate	\$20 Million	\$20 Million
TIMING	Closing	Closed 12/8/2010	Expected Closing Q2 2011
	Approvals	N/A	Customary regulatory approvals
MANAGEMENT	Chariman & CEO: Rolla Huff, President & COO: Joe Wetzel, CFO: Brad Ferguson Next layer management team (CIO, Operations, Sales and Marketing leaders, etc.) with decades of industry experience		
HEADQUARTERS	Atlanta, GA		
DIVIDEND	\$0.05 per share quarterly dividend 2-3% Yield based on last twelve months average share price		
BRANDING			

¹ LTM as of Q2'10 Deltacom and Q3'10 OneComm, including expected cost synergies and adjusted for one-time transaction costs

National Network with Southeast and Northeast Local Density





The Combined Company

Operational Strength:

- “ 28k total route miles across the East and Midwest
 - “ 22k miles owned or IRU
- “ 900+ co-locations; 55 IP and circuit based switches
- “ 68 metro fiber rings in key markets
- “ Full suite of voice, data, and managed services to business customers
- “ Fiber services to strategics and enterprises
- “ National footprint and award winning products such as MPLS over DSL
- “ Management team history of execution, decades of relevant industry experience.
- “ Core competencies of cost reduction and market development

Financial Strength:

- “ Ongoing free cash flow generation
- “ \$88 million most recent quarter pro-forma Adjusted EBITDA
- “ \$146 million outstanding share repurchase authorization
- “ \$0.05 / share ongoing quarterly dividend
- “ \$232 million gross cash (pro forma post-close) and
- “ Highly unlevered relative to peers

Combined company generates significant free cash flow, owns strategically valuable fiber network, has an experienced management team with industry expertise and is in a unique position to fund further organic or strategic growth.

IP- PBX Testing and Interoperability

- Avaya and NEC shop
- Lab environment and Personnel
- PBX mfg cert programs and protocol
- Switch provider cert programs and protocol
- Time to test
- Time to market
- Sales and Competitive pressure for more PBX's

Technical Differences

- Software revision
- Registration Static vs. Numeric username vs. alphanumeric username
- Revisions
- Each PBX = Unique configuration on switch
- Multiplier

Objective less time to test and install customer

Technical Considerations for Delivery

- Static NAT versus Dynamic IP
- Security with Network and Customer Security
 - SIP protocol and RTP do not work well with when passing through a NAT device
- Aggregation of Voice and data
- Carrier provided Router vs. Customer provided router
- Access types and devices at Prem (Ethernet vs. T-1)
- Collocation vs. premise based
- Private vs. Public Connection
 - Disaster Recovery and Business Continuity
- Number of voice paths and sizing of pipe at customer premise
 - Codec
- Fax and Modem support
- E911

Objective – Simplify design and standardize on ways to deliver a flexible solution

Testing and Trouble Shooting

- Test point at customer premise*
- Test points from network to customer premise*
- Ownership of issues*
- NAT traversal and visibility*
- SIP Messaging to and from the customers PBX visibility and from SBC/Switch to Demarc

Objective – Provide mechanism to test and resolve issues quickly

Case Study

Environment – Healthcare Provider

- Converting to a Cisco Call manager environment
- 13 locations with needs for Voicemail, intra-site dialing and data with priority QUE's
- DID's for doctors and employees at each branch
- Remote users
- Need for Business Continuity and Disaster Recovery
- Fax and Alarm lines at each site

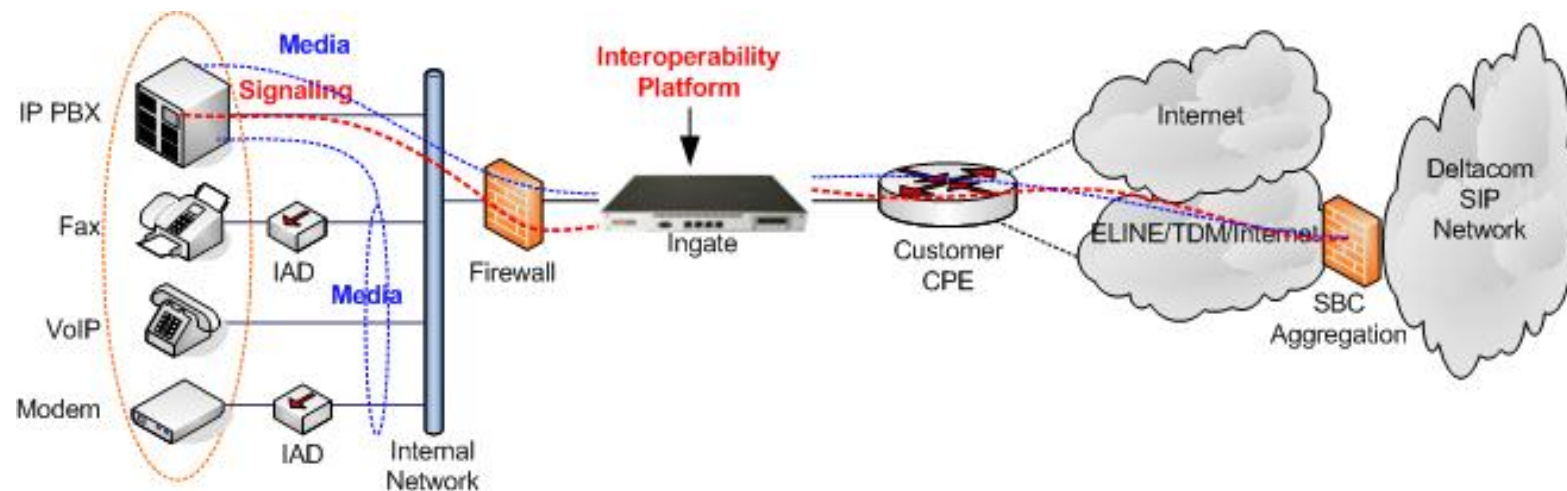
Solution

- SIP Trunking over 10Mbps Ethernet with MPLS at host
- T-1 or Bonded T-1 at remote sites with MPLS for voice and data IP traffic with prioritization
- Centralized Call Manager with DR site with fail over
- Remote access through VPN clients back to host
- 4 digit dialing plan between call manager and remote terminals
- Separate copper lines for fax and alarm

Initially we deployed service directly from switch to customer PBX then changed paths to providing SBC at customer premise.

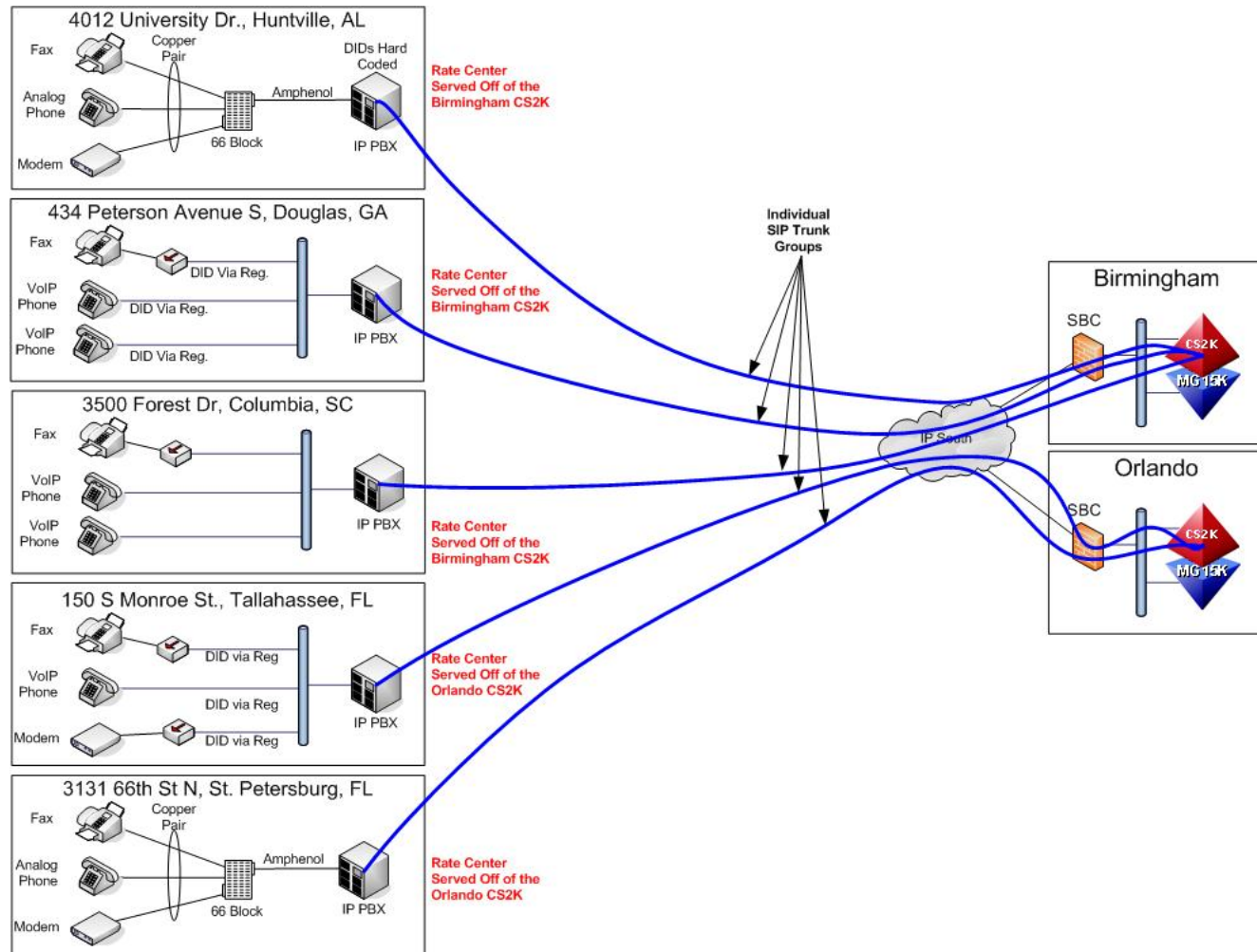
Interoperability

- Direct Certification Process
 - Extensive testing battery has produced customer configuration guidelines
- Proxy Server Based Interoperability
 - Provides interoperability between customer's IP PBX and Deltacom's VoIP infrastructure



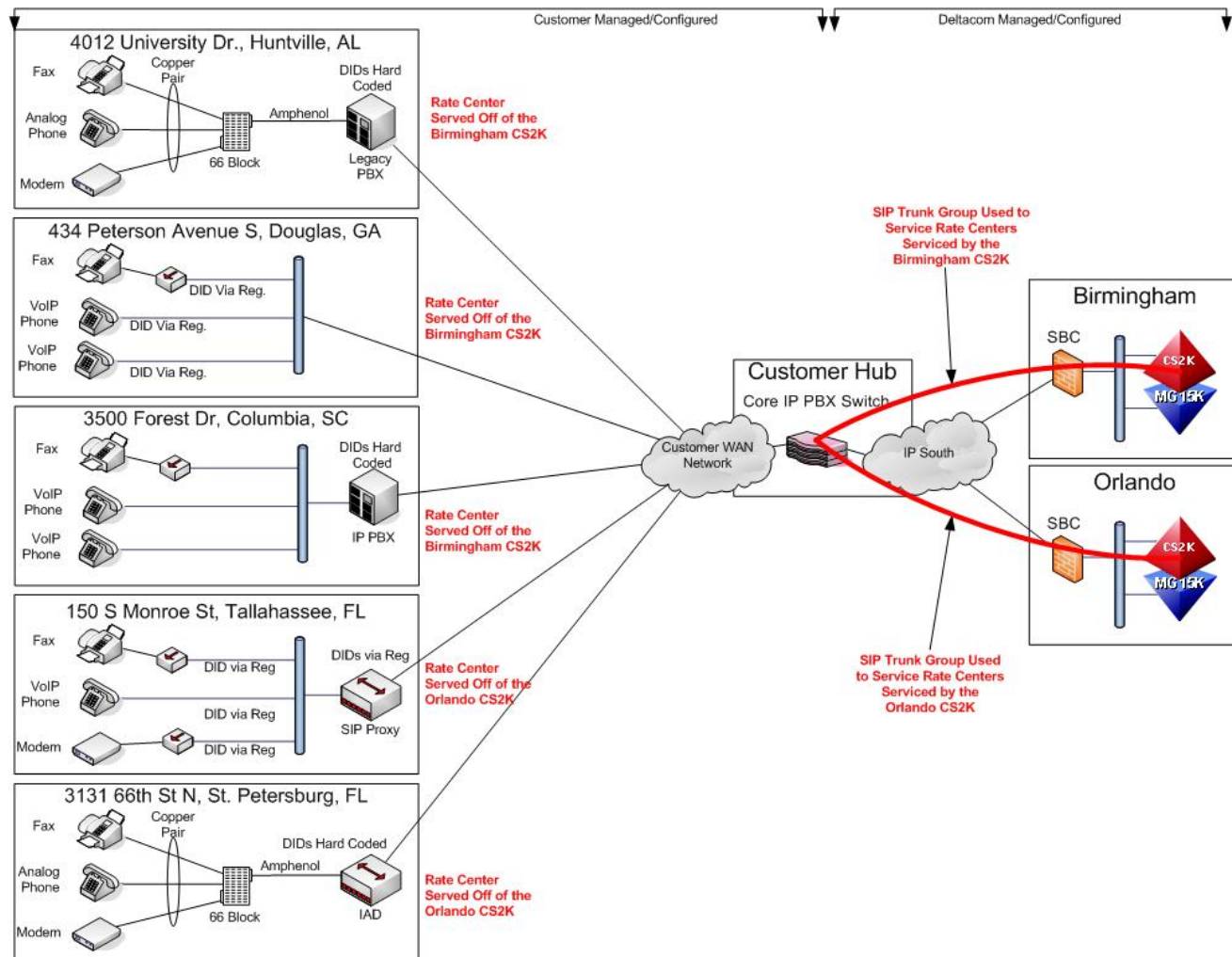
Dedicated Trunking Model

- Trunking built on a per location basis
- Local voice routing
- Still allows for centralized administration
- Intra-company traffic stays within the WAN network
- Maximizes diversity, but assumes all sites are on a single WAN network
- Some economies of scale



Aggregated Trunking

- All traffic filters through a centralized IP-PBX
 - Small local switch can make intra-site calls
 - e911 handled locally
 - Economies of scale
- Centralized administration
- WAN network provider and Voice provider don't have to be the same



Disaster Recovery

- Requires in depth discussions with customer
 - Design has to be decided on before solid quote can go out
- Path Protection
 - Allows for backup path through the Internet
 - Automatic/manual depending on configuration
- Customer Equipment Protection
 - Automatic fail-over if primary IP PBX fails (requires pre-configured secondary trunk groups)
- Site Protection
 - Allows for geographic diversity
 - Local service requires Remote Call Forwarding (manual process)
 - Local calling area would be LD based during failover event
 - Must be pre-configured and tested prior to production

Customer Responsibilities

- Infrastructure
 - If fiber required – conduit, power, rack or wall space
- Interoperability
 - Not all IP-PBX's are alike
- Network Design
 - Firewall, WAN, LAN, POE
- Data and Phone Vendor
 - Testing with carrier and configuration for cutover
- e911
 - Registration info – keeping current
 - Nomadic support poses additional challenges
- Communications of Requirements
 - Site info and contacts
 - Location of demarc and bldg access
 - Design of network



Information Requirements for Ordering

SIP Trunking Details				
SIP Trunking Product	Select One			
Access Transport Type	Select One			
Transport Speed	Select One			
Deltacom Circuit Identifier (if existing)				
Term	Select One			
Hardware Details				
Deltacom Provided CPE	Yes		In Line Firewall	Select One
3rd Party CPE Router Vendor			3rd Party Firewall Vendor	
CPE Manufacturer			Firewall Manufacturer	
CPE Router Model			Firewall Model	
NAT Enabled Router			Firewall Rev	
			Is FW SIP Enabled?	Select One
			Will SIParator sit in the DMZ	Select One

Telephony Details			
Number of Concurrent Sessions	0	Preferred Codec 1	Select One
Recommended Ingate	Ingate SIParator 19	Preferred Codec 2	Select One
Number of Ingate License Bundles	0	Other Codecs	
3rd Party IP PBX Vendor		DTMF	
IP PBX Manufacturer	Select One		Select One
IP PBX Type	Select One	Local:	
IP PBX SW Rev	0	DOD	Yes
Does PBX support SIP Registration	Select One	DIDs	Select One
Is the sampling rate set to 20ms	Select One	Number of DIDs	0
Fax Support Required		Number of Digits	0
	Select One	Inbound CNAM	Yes
Modem Support Required		Inbound CID	Yes
	Select One	Customer setting their ANI per Station/DID?	Select One
Credit Card Machine Support Required		Single Outbound CNAM/CID	Select One
	Select One	Per DID Outbound CNAM	Select One
Security Line Support Required		Per DID Outbound CID	Select One
	Select One	LD Options:	
TDD/TTY Support Required		Usage	Select One
	Select One	Existing LD Rates	
Postage Machines		T2500	Select One
	Select One	e911 Support	Yes
Time Clocks		411 Support	Select One
	Select One		
Analog Lines Required			
Simply Analog Available (From SAD)	Select One		
Simpli Analog Schedule (From SAD)	Select One		
Simpli Analog Max VL (From SAD)			
Redundancy Required			
	Select One		
Equipment Redundancy	Select One		
Path Diversity	Select One		
Geographic Diversity	Select One		