

NETWORK!

FOR PEOPLE IN THE NETWORK SYSTEMS BUSINESS OF LUCENT TECHNOLOGIES

In the News

Bell Labs Researcher Discovers Bug

The Computer Emergency Response Team (CERT) issued a warning that users of the most popular browsers could be vulnerable to serious security breaches in

JavaScript. The latest bug, which can be added to any applet developed in

JavaScript, can execute a program that transmits private data from end users' browsers—Netscape Navigator 2.0 and above and Microsoft's Internet Explorer 3.0 and higher. According to Bell Labs, which discovered the bug, applets can be written to let attackers view URLs of visited sites, access data entered into HTML forms, including passwords, and retrieve cookies, including those encrypted or protected by firewalls. There are no reported incidents where a user has been subjected to such attacks, according to **Vinod Anupam**, the Bell Labs researcher who discovered the bug. Bell Labs and CERT are advising users to disable JavaScript from their browser until they download a patch from their vendor. Netscape has already released a patch and Microsoft will do so soon, Anupam said. (*CommunicationsWeek*, July 14)



Continued on next page

Lucent Announces

Lucent's Third Quarter Results Triple Earnings Per Share

For the third fiscal quarter of 1997, Lucent reported net income of \$213 million or 33 cents a share for the quarter ending June 30—tripling earnings per share over the same period last year. Lucent's revenues for the quarter increased 18.2 percent to \$6.340 billion, with a 22.6 percent increase in revenues from the company's three core businesses: Network Systems, Microelectronics Products and Business Communications Systems. During the third quarter last year, Lucent

revenues for Business Communications Systems increased 16.3 percent to \$1.559 billion. Revenues for Consumer Products, which will become part of a new business to be jointly owned by Lucent and Philips Electronics N.V., decreased 29.6 percent to \$193 million.

"These great results reflect accelerating growth in our core markets and show we're making the right moves to solidify our position as a high-growth, high-performance company," said Lucent Chairman

and CEO Henry Schacht. "We've again generated strong revenues and improved our cost structure to significantly improve our bottom line."

"These great results... show we're making the right moves..."

— *Henry Schacht, Lucent chairman and CEO*

reported net income of \$72 million or 11 cents a share, on revenues of \$5.364 billion.

Revenues for Network Systems increased 27.3 percent to \$3.779 billion, revenues for Microelectronic Products increased 13.6 percent to \$687 million and rev-

Network Systems' Results in Detail

Revenues increased by 27.3 percent over last year to \$3.779 billion, driven primarily by sales of both switching and wireless systems with

Continued on next page

July 17, 1997 Vol. 6 / Issue 31

What's Inside -

- | | |
|--------------------------------|------------------------|
| 2.... Bosco Takes New Position | 3.... Walter Resigns |
| 3.... Lucent WaveLAN® | 4.... Cheetah Training |
| 3.... SNET Picks Lucent | |

In the News

Continued from page 1



ATM Market

General DataComm Enters Japanese

ATM Market—General DataComm is entering the Japanese asynchronous transfer mode (ATM) market. Lucent, Ericsson and Siemens are General DataComm's business partners. (*Nikkan Kogyo Shimbun [Japan], July 10*)

Study Examines ATM Network—The overwhelming majority of the world's installed base of public network ATM switches are manufactured by nontraditional central office equipment suppliers, according to a study by Dittberner Associates Inc., a telecommunications management consulting firm. Cisco/Stratacom heads the list, with 32% of the total installed ATM switching systems in public carrier networks. In second place, with 18% of the installed base, is Nortel, which is the only traditional central office manufacturer in the top five. Rounding out the top six suppliers are Newbridge at 19%, Fore Systems and General Datacom at 7% each, and Lucent Technologies at 5%. These six companies have captured 88% market share. (*Lightwave, July*) □

Lucent Triples Earnings Per Share

Continued from page 1

associated software, as well as by sales of fiber optic cable and professional services. Growing use of the Internet, data traffic and fax usage generated continued demand for



second telephone lines in businesses and residences during the quarter, which contributed to the Network Systems' revenue performance.

Domestic revenues increased about 41 percent in the third quarter, with higher sales among all major customer groups, including traditional customers such as the RBOCs (Regional Bell Operating Companies) and non-traditional customers such as PCS (personal communications services) wireless providers, competitive access providers and cable television companies. Sprint PCS started commercial service on a number of Lucent-supplied CDMA (code division multiple access) wireless systems during the quarter, including service in major metropolitan areas such as New York; Philadelphia; Phoenix; Orange County,

California; Toledo, Ohio; and Tuscon, Arizona.

International revenues decreased by about 8 percent from the year-ago quarter, due in part to varying customer buying patterns and Lucent's sharpening its focus in international markets. International sales represented approximately 21 percent of the Network Systems' revenues for the quarter.

Recent Network Systems Announcements

- ✕ A \$500 million contract with U S West Communications Group for a next-generation CDMA wireless network. U S West said the contract could grow to more than \$1 billion as the network is widened.
- ✕ A series of agreements with AT&T Submarine Systems (SSI) valued at \$350 million, under which Lucent will supply SSI with communications equipment, technology and professional services.
- ✕ Contracts totaling \$208 million for CDMA and GSM (Global System for Mobile Communications) wireless networks and network expansions by Hansol PCS of Korea, Frontier Cellular in the United States, and T-Mobil in Germany. □

Executive Changes

Bosco to Lead Broadband Networking Unit

Harry Bosco, Consumer Products chief technical officer and Wired Technology and Initial Production Center vice president, has accepted the position as President of Network Systems Broadband Network-

ing Unit. Bosco will be responsible for bringing together product development, product management and marketing for Network Systems' existing and future broadband networking products and offers. Bosco

has held a variety of leadership positions within Bell Labs and Network Systems and brings many years of experience in switching, software and data networking to his new position. □



Lucent WaveLAN®

System to China

New Tech Shipbuilding and Management Limited, the first Chinese ship builder producing high-speed passenger vessels for commuting between Hong Kong and southern China, chose Network Systems WaveLAN® wireless local area network technology for wireless data transmission in their 300-acre office and shipyard complex in Nansha, Panyu, Guangdong province in southern China. The WaveLAN system is a complete, integrated hardware and software system that can extend wireless connectivity to an existing LAN. The system was installed within one week during April.

The WaveLAN wireless solution for New Tech consists of the WavePOINT™ Bridge. The technology used is called Direct Sequence Spread Spectrum, which produces the fastest data throughput speed in the market.

"We are proud to bring Lucent's advanced technologies to customers like New Tech," says David Poon, managing director of Lucent Technologies' Global Private Systems group for China/Hong Kong.

Warranty Offer

Lucent Technologies, the market leader in wireless local area networks



(LANs) with installations in over 50 countries, announced a new three-year (36 month) limited warranty on parts and labor for its internal WaveLAN® radio cards and External Antenna Modules used in wireless LAN applications. The WaveLAN cards allow desktop and portable computers to communicate with each other or with a central access point that acts as a wireless base station. The External Antenna Module enables WaveLAN wireless

bridges to be outfitted with a variety of different third-party antenna options.

SNET Picks Lucent to Modernize Connecticut's Telecomm Infrastructure

Lucent Technologies was awarded a multimillion dollar contract by Southern New England Telephone (SNET)—the leading information, communications and entertainment company in Connecticut—to help complete the implementation of an all-digital network switching infrastructure. Network Systems will provide and install new digital switches and related software covering a major portion of SNET's planned switching requirements for the next several years. The contract also includes a commitment to help SNET convert all of its digital switches to advanced broadband capabilities.

Network Systems will be replacing 12 analog 1AESS® switches with next-generation 5ESS® digital switches. The equipment will be used in support of I-SNET, SNET's state-wide broadband information super-highway and network support services for national and international customers.

Connecticut's more than 1.5 million business and consumer market is one of the most competitive in the nation.

New Lucent Software Protects Service Against Floods, Fire and Cable Cuts

Network Systems Europe, Middle East and Africa region has enhanced its position as an application software provider by developing a new software to keep sophisticated telephone networks operational in the event of disasters—such as cable cuts, floods and fire damage. The software, developed

at the Malmesbury, U.K., facility, is designed to work with the new digital fiber-optic networks operating on the Synchronous Digital Hierarchy (SDH) standard widely used in the U.K. and most of the industrialized world.

The new software, called Integrated Transport Management-Subnetwork Controller (ITM-SC) Purple+, enables network managers to provision, configure and monitor all the network elements under their control via a screen using point-and-click procedures. □

Industry Watch

AT&T President Resigns

The AT&T Board of Directors today announced the resignation of John R. Walter as the company's President and Chief Operating Officer. Walter, 50, joined AT&T in November of 1996 and was expected to succeed Robert E. Allen as the company's Chief Executive Officer in January of 1998. His resignation followed discussions in which it became clear that the Board was not ready to elect him to that office on the schedule originally discussed with him. (*Dow Jones Wire, July 16*)

BT/MCI Merger Hits Bumps

The contract British Telecommunications (BT) signed to purchase MCI Communications Corp. (MCI) contains a crucial exemption that would seem to neutralize concerns that BT might seek to renegotiate its deal. The accord for the \$21 billion acquisition specifically exempts the financial performance of MCI's local-phone business from being used as a "materially adverse" event that could trigger a renegotiation, according to execu-

Continued on next page

Industry Watch

Continued from previous page

tives close to both companies. Rumors of a rift have dogged the would-be merger partners since late last week, when BT said it was caught unaware by an MCI forecast that its losses from entering the U.S. local-phone business might hit \$800 million this year, or roughly twice what it had budgeted. (*Wall Street Journal*, July 16)

FCC Steps In

Federal regulators are preparing to help struggling companies pay billions of dollars for wireless telephone licenses won at auction. The U.S. FCC is expected to let bidders pay for their licenses in annual installments instead of quarterly ones. (*Wall Street Journal*, July 11)

Nortel Win in Brazil

Nortel won an equipment and services contract in Brazil worth \$300 million from a consortium led by BellSouth. The consortium received a \$2.45 billion contract last week to provide Sao Paulo with a cellular phone network. (*New York Times*, July 11)

Motorola Opens New Data Division

While Motorola has long provided mobile, portable and fixed data systems, the company said it plans to capitalize on the potential for data communications and anticipate the demands of a growing market. To do so, the company's Land Mobile Products Sector created the new Worldwide Data Solutions Division, an organizational structure to provide customized wireless data solutions. (*RCR*, July 7) □



Of Interest



One More Cheetah Training Session Scheduled

In response to the high demand remaining after two Cheetah training sessions in North America this summer, one more session has been scheduled for August 1997. As in the previous sessions, the training is focused on Network Systems field people in customer teams, customer operations, CFO, and Product Marketing & Management (PM&M). Participants in the training sessions will receive a detailed view of how the Cheetah process works, what new roles and responsibilities will be, what the new simplified product applications and their associated market strategies are, and how progress will be measured. The August session will take place August 13-14, 1997 at the Brunswick Hilton and Towers, East Brunswick, N.J. The registration deadline is July 25. For more information or to register for this training session, call **Karen Koy on 908-559-6448**.

MS Exchange Training

Lucent's Chief Information Officer (CIO) organization is offering a free 3 1/2-hour training seminar to all employees migrating to Microsoft Exchange e-mail service. Classes offer Schedule+ (for individual and shared calendars) instruction and some Windows 95 training necessary to run Exchange. Employees migrating to Exchange will be notified of class schedules by their work group coordinator one to two weeks before training begins at or near their location. Remote training is also available. A work group coordinator list is available at <http://eus.lucent.com>.

Building Access Restrictions

Effective July 31, Lucent employees will no longer be able to gain access to AT&T locations with a Lucent badge. Lucent employees who occupy space in AT&T locations must obtain an AT&T resident badge or be signed in by authorized personnel. For additional information on how and where to obtain the authorized AT&T badge, call 1-888-428-8437. □

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