

NETWORK

NEWS ABOUT NETWORK SYSTEMS, ITS PEOPLE, CUSTOMERS AND COMPETITORS

NS in the News

BellSouth Trials Lucent's AutoSPID Software

BellSouth is trialing new AutoSPID [automatic service profile identifier] software from

Lucent Technologies on 32 SESS® switches the carrier has deployed throughout the Atlanta metro area.

If BellSouth decides to add the software across its entire network, ISDN will be as simple for customers to use as analog modems. Lucent's new AutoSPID capabilities are truly plug and play. If the ISDN switch and the user's customer premise equipment support AutoSPID, all the customer has to do is plug in the CPE, explains Garrett Jenkins, ISDN Industry Liaison for BellSouth. The carrier also has roughly 25 Nortel [NT] ISDN switches deployed in the Atlanta metro area, but Jenkins reports that Nortel says it won't have AutoSPID available until June or July of 1998. Jenkins adds that Siemens says it won't have the feature ready until 1999.

(ISDN News, November 4) □



Feature

Merrimack Valley Grassroots Quality Improvement Effort Spreads throughout Lucent

Quality can be taken very personally. Ask Kevin O'Brien, Distinguished Member of Technical Staff (DMTS) in Merrimack Valley. Acting on what he saw as a growing risk to the Lucent brand, O'Brien spearheaded a campaign that has grown from grassroots interest in the Network Systems unit to a Lucent-wide initiative getting the attention of company leaders. The issue is the quality, reliability, and safety of products being shipped or sold directly to Lucent customers by our Original Equipment Manufacturer (OEM) partners.

In 1996, Lucent spent nearly \$1 billion on OEM suppliers, whose products and services are often critical elements of the total solutions provided to Lucent customers. Much of that expenditure went to OEM suppliers providing components for Lucent's network infrastructure equipment. In many cases, the Lucent logo goes directly on suppliers' products, and in all cases, Lucent's reputation rides on the products' performance. Yet, the effectiveness of processes for managing and monitoring OEM supplier relationships varies greatly across the business.

Continued on next page

NS Announces

Lucent Closing Factory in Huizen

Lucent announced its intention to cease its manufacturing operations in Huizen, The Netherlands, effective January, 1999. While the factory will remain open until then, production will begin phasing out in 1998.

Employees and Works Councils were notified that the closing will result in the loss of jobs for 575 people in the production of digital switches and transmission systems at the Huizen factory, as well as 127 support jobs at corporate centers in Huizen and nearby Hilversum.

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Merrimack Valley Quality Improvement Effort

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When O'Brien called the company's attention to the opportunity to proactively reduce the risk inherent in our current approach to OEM management, he was picking up the torch handed him by his mentor, Len Winn, Merrimack Valley's quality leader until his death from cancer late last year. "Lenny took our commitment to customers personally," O'Brien explains. "And he was passionate about holding suppliers and all of us accountable for living up to the quality and reliability he believed were synonymous with our brand."

It's proven a powerful legacy. O'Brien, working with Mike Saylor

and others at Merrimack Valley, organized an OEM sharing rally that brought product, quality, and purchasing managers together last November from across the company. (A second OEM rally was held a few weeks ago in October at Lucent's Columbus Works.) The OEM Network that formed from the rally highlighted the issue of OEM risk to John Pittman, Lucent's Chief Quality, Environmental, Health and Safety Officer. Pittman worked with the operating unit heads to form the Lucent OEM Leadership Council. With support from the OEM Network, the Council is benchmarking best practices, developing key

metrics and process guidelines, clarifying roles and responsibilities, and addressing contract language.

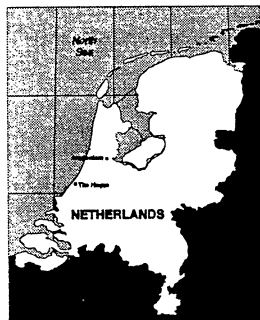
"What has happened is evidence that a person with vision and commitment can make a difference," Pittman recognized. "Lenny started it, Kevin and Mike carried it on, and now people from across the company are giving their time and talent to this issue, motivated by their personal commitment to serving our customers and protecting the Lucent brand." □

—Peggy Dellinger

NS Announces

Continued from previous page

The Netherlands management team came to this decision as a result of a recent study of Lucent's global manufacturing capacity. The study identified an excess switching and transmission manufacturing capacity. We have more manufacturing resources than we need to support today's—and tomorrow's—customer needs. The excess capacity is due to advances in technology—both in our manufacturing processes and in new product design—which result in higher volumes produced with fewer resources.



uct related and cost reasons, Huizen represents the greatest opportunity to reduce excess capacity with the smallest overall people and cost impact. We sincerely regret the effect this will have on our Huizen colleagues."

The equipment produced in Huizen will be assumed by other Lucent manufacturing operations without an increase in staff or capacity at those locations.

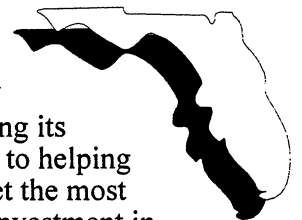
Lucent is working closely with the Netherlands Works Council and trade unions to develop outplacement, retraining and alternative employment support programs. All affected Lucent employees will have access to internal and external support to help them find new employment.

"Lucent does have a good track record of being able to help our people, and we will make every effort to help our Huizen colleagues and their families," said van Leusden.

With the closure of the Huizen factory, Lucent will continue to em-

ploy over 1000 R&D employees in the Netherlands, as well as some 1500 employees in the sales, Business Communications Systems, Global Service Provider, Wireless Networks and Corporate Center Groups in the Netherlands.

Major Technical Training Center Opening in Florida



Highlighting its commitment to helping customers get the most out of their investment in Lucent's products, the company will open a state-of-the-art technical training center near Orlando, Fla., that will operate as a working telecommunications network. The center will train some 20,000 network managers a year from around the world on Lucent's wireline and wireless network infrastructure products and services. The facility also will teach service providers about managing a network—from initiating and provisioning to main-

Continued on next page

taining and improving service. Lucent plans to open the training center next spring.

Lucent to Supply Korea's First High-Capacity DWDM Transmission System

Lucent has won a contract with Dacom in Korea to supply and install a high-speed, high-capacity Optical Line System (OLS) that uses dense wavelength division multiplexing (DWDM) in Dacom's fiber optic backbone telecommunications network. This is the first use of DWDM in Korea. Dacom is Korea's second international and long distance carrier. Service is expected to begin in the first quarter of 1998. Lucent has the largest deployment of DWDM systems worldwide and this contract furthers the company's reputation as a leader in optical line systems.

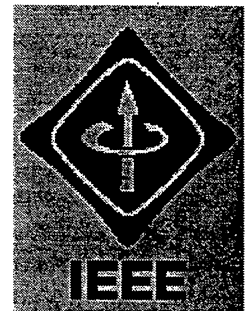


around 150,000 wireless telephone connections which will increase the level of service by 100 percent in some rural areas. The agreement, which calls for Lucent's SWING DECT-based system and IRT TDMA-based systems, is expected to lead to a total contract value of US\$200 million. In support of the South African government's objectives for Economic Empowerment, Lucent has proposed an industrial participation program, which will include training and the sharing of Lucent's expertise with local partners. The installation of both subscriber premises and infrastructure equipment will be carried out by Plessey SA. Lucent was selected in July 1997 by the national operator as one of their wireless access network providers.

extensive network of service centers throughout the US, in addition to augmenting Sony's existing infrastructure, will offer our client base a tremendous resource in telecommunications expertise."

New WaveLAN® Product First of Its Kind to Fully Meet Interoperability Standard

At the Scantech trade show in Chicago this week, Lucent announced the availability of its WaveLAN® OEM PC card radio modules for Original Equipment Manufacturers (OEM) of Wireless Local Area Network (LAN) products. The card



is the first of its kind to be fully compliant with the IEEE802.11 standard. IEEE802.11, championed by Lucent, is a new wireless local area network interoperability standard which establishes compatibility between handheld devices and wireless base stations. Also at the show, Lucent and six major wireless LAN vendors announced they will participate in a comprehensive testing program to make sure their IEEE802.11-compliant wireless LAN product lines are interoperable. The companies involved in the program are Lucent, Aironet, AMD, Digital Equipment Corporation, Harris Semiconductor and Intermec Technologies Corporation. By making their equipment interoperable, the companies are enabling users to intermix a variety of systems and run applications on the systems without compatibility problems. □

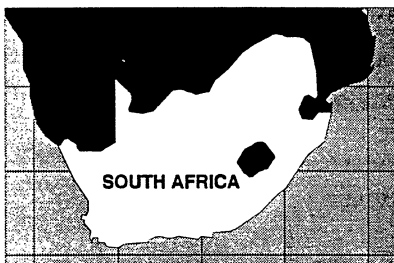
Lucent Providing Service Support for Sony

Lucent Technologies and Sony Electronics have forged an agreement. Beginning immediately, Lucent will augment Sony's existing service infrastructure by providing end-to-end nationwide support for Sony's videoconferencing systems. Specifically, Lucent will perform installation, maintenance and warranty services for Sony's TriniCom™ line of videoconferencing systems. Service will be handled from Lucent's 60 Service Support Centers located across the U.S. According to Anthony R. Gargano, senior vice president of application systems for the Business and Professional Group at Sony Electronics, "Lucent's



Lucent Helps Build Wireless Access Infrastructure in South Africa

Lucent will supply the wireless access infrastructure in the Central, Gauteng and Northern regions of South Africa as part of a contract signed this week with Telkom South Africa. The systems, based on the new Digital European Cordless Telephony (DECT) technology and on Time Division Multiple Access (TDMA), will provide



Industry Briefing

About Our Competition...

Motorola

Motorola Supplying CDMA

Wireless in Indonesia—Motorola, Inc.'s Cellular Infrastructure Group (CIG) has signed a major contract to provide PT Telekomunikasi (Telkom) Indonesia with the first commercial Code Division Multiple Access (CDMA) wireless local loop network in that country. Under a long-term purchase agreement, Motorola CIG will provide a 1.9 GHz WiLL(R) system for a potential of 50,000 to 100,000 subscribers throughout Indonesia. (*Business Wire, October 30*)

Nortel

Nortel Gets \$30m Switching Contract in Florida

Northern Telecom said it has received a three-year, \$30 million contract from the Telephone Co. of Central Florida Inc. for the purchase of Northern Telecom's international/tandem switching systems equipped with enhanced services functionality. (*Dow Jones, November 4*)

Nortel Makes Offer to Buy

Broadband Networks—Northern Telecom Ltd. is offering \$586 million in cash and stock to buy Broadband Networks Inc., a privately held wireless network supplier based in Manitoba. Broadband Networks, based in Winnipeg, employs about 240 people in the Manitoba city and in Dallas, Tex., making fixed wireless communications networks. (*CP, November 4*)

About Our Customers...

AT&T

AT&T in Pact with

McLeodUSA—AT&T Corp said it forged an agreement with McLeodUSA Inc that allows businesses in 30 midwestern cities to connect directly with AT&T's long-distance network using McLeodUSA facilities as an alternative to access provided by incumbent local phone companies. AT&T said the agreement will help it reduce access fees it pays to incumbent local phone companies for customers to connect to the AT&T long-distance network. The plan targets cities in five states, including Illinois, Iowa, Minnesota, North Dakota and South Dakota. About two-

thirds of the 30 cities are scheduled for installation by the end of 1998, with the remaining cities following in 1999, McLeod said. (*Reuters, October 30*)

MCI

MCI Trials Optical

Crossconnect System—After years of research, MCI recently moved an optical crossconnect system from Hitachi Telecom, Inc. out of the laboratory and into one of its Dallas, TX-based Synchronous Optical Network (Sonet) fiber rings. MCI, Hitachi, and market analysts say the field trial could lead to development of a completely optical, high-bandwidth system within the next few years. The trial appears to be the first use of such equipment in a commercial network by a U.S. telecommunications provider. MCI is not the first carrier or company to experiment with all-optical crossconnect technology. For instance, the Multi-wavelength Optical Networking (MONET) consortium is working on three all-optical test beds in New Jersey and Lucent Technologies of Warren, N.J., displayed a new all-optical crossconnect system at June's SUPERCOMM '97 show. (*Lightwave, October '97*) □

Letters to the editor



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