

# NETWORK

NEWS ABOUT NETWORK SYSTEMS, ITS PEOPLE, CUSTOMERS AND COMPETITORS

## Employees Aid Colleagues Affected by Southeast Asia Fires

Lucent Technologies employees in Asia/Pacific are rallying behind their associates in Malaysia who are affected by the forest fires that have been raging in neighboring Kalimantan, the largest island in the 13,000 chain of islands that make up Indonesia.

When the fires in the Kalimantan rain forests started affecting the neighboring countries of Singapore and Malaysia, Lucent employees in Malaysia lost no time in finding ways to protect employees from serious air pollution. Heading the team effort is Don Brown, assistant vice president, GSM customer development. "I knew what we had was amounting to a serious health crisis due to the critically poor air quality. At the very least, our effort was to get help for our employees and their families with the distribution of respiratory masks." Brown contacted Bob Hammen, a Human Resources consultant working with GSM, sparking a chain reaction of help from across the Pacific and the United States.

"We immediately contacted Lucent Corporate Health Services in New Jersey," said Pat Wuthrich, regional Human Resources director, "That's where we connected with Marianna Perry, who became our angel of mercy in getting help." Perry gathered information from various internal and external organizations, including Lucent Environmental Health & Safety group, embassies and other associations, to find the best health masks for Lucent's 200 employees in Malaysia and their families."



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## Feature

### Another Record Year: Lucent Week Message to Analysts

Another record year. That was the easy-to-deliver message Network Systems President Dan Stanzione gave last week to 250 financial analysts. They heard the good news in Murray Hill, N.J., during "Lucent Week," where they came to attend our second financial analyst conference. Stanzione was one of several senior Lucent executives—many of whom were from Network Systems—to speak at the event. The rest of Lucent week was set aside for 110 industry analysts who heard the same good news story.

During the conference, at a pavillion set up for Lucent Week

on the Murray Hill campus, the analysts were able to do what they thrive on—talk informally with Lucent executives, share meals with them and experience, first-hand, 31 of our products. Demos included the industry's most reliable and most flexible switch, the Lucent Technologies 5ESS®-2000 Switch, optical networking and the new data networking products introduced at the conference.

*Following are key messages from Network Systems:*

Stanzione told the investment community about Network Sys-

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## NS Announces

*A new customer in Mexico, Internet software and a fiber optic conference are the focus of this week's news from Network Systems:*

### Lucent Announces New Business in Mexico

Lucent has been chosen by Mexico-based Amaritel, a new service provider, to build their network. Under the contract, initially worth \$35 million, Lucent will install the network's infrastructure, providing 5ESS® switches, transmission equipment and fiber optic cable.



The contract signals an expansion of Lucent's customer base in Mexico from the traditional PTT to new emerging carriers.

### Connecting People on the Internet

Four11 Corporation announced that it will use Lucent's Internet Directory Server (IDS) software as a key component of their Net Phone Directory service. With the IDS, net phone users



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can instantly talk, videoconference, share documents and conduct other multimedia communications in real-time.

## Making News at Fiber Optic Conference

Network Systems made two announcements at the National Fiber Optic Engineering Conference (NFOEC) held in San Diego, Calif., this week:



➤ Enhancements to Lucent's high-capacity dense wavelength division multiplexing (DWDM) product line for metropolitan areas were demonstrated. Lucent's new Metro Optical Line Solution supports a wide range of SONET and high-speed data rates allowing service providers to economically transport voice, video and data with the same circuit pack over the same fiber.

➤ Lucent Technologies AnyMedia(TM) Access System—a global platform designed to use fiber, copper or wireless—upgrades the capabilities of a communications service provider's wireless, high-speed data, future broadband or telephone service while reducing the physical size of the digital loop carrier, with related decreases in power and maintenance costs, and simplified operations.

Additionally, Lucent's SONET equipment was part of an internetworking demonstration given by Tellabs at NFOEC. The demonstration was part of an on-going agreement between Lucent and Tellabs to facilitate standards-based internetworking between their SONET equipment and is an example of Lucent's efforts to meet customers' demands for flexible solutions that improve the efficiency of networks. □

## Lucent Week Message to Analysts Continued from page 1

tems' strong top-line growth with overall revenues up 19 percent for the year, 15 percent of which comes from traditional customers, like AT&T and the regional operating companies, and 24 percent from non-traditional customers, such as competitive local exchange carriers. Growth across the business was spurred by great gains in wireless

data, video, and Internet communications; our optical and data networking products and our Network Reliability Center in Denver, the industry's first network center to provide network monitoring and professional services staff for wired and wireless networks.

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*"We are learning...to grow this business in a way that is consistent with what customers want and what informed investors want."*

— Rich McGinn, president and chief operating officer

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(up 80 percent) and fiber (up 35 percent). Professional Services increased 19 percent, software 15 percent and switching 14 percent. Stanzone attributed Network Systems' success to its strategic focus on four areas:

★ Continued leadership in core businesses, driven by switching, transmission, software, wireless and fiber;

★ Leading in transforming the networks for customers through optical and data networking;

★ Managing complexity of networks for traditional and new customers with new services and software to manage their operations or for intelligent networks.

★ Executional and operational excellence.

Gerry Butters, president, North America region, expounded on the successful year, telling industry analysts about hot industry trends and how we expect to lead our customers to solutions while increasing double-digit growth. He pointed to our AnyMedia™ Switch, the world's first network transformation solution for customers that supports voice,

### New Growth Markets

Nina Aversano, Global Commercial Markets (GCM) president, told analysts about Network Systems' new growth markets which are responsible for 30 percent year-over-year growth. She detailed how her group is going after that market: By penetrating top-tier carriers, such as MCI/BT-Concert; solidifying relationships with smaller second-tier carriers, like Qwest and Frontier, and continuing to offer customers robust offerings, such as SYSTIMAX® and customized network management. Aversano attributed the group's success to its obsession with customers and offers that help the newest companies get in business quickly.

### Wireless

Jim Brewington, Product Realization vice president, told the analysts about the tremendous momentum in wireless and our investments in all three of its major standards (TDMA, CDMA and GSM). He cited wireless as a great growth market for every part of our business. For Network

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## Employees Aid Colleagues

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Perry secured 1,000 masks and had them shipped by priority air courier. Twelve air purifying units also are being delivered to Lucent offices in Kuala Lumpur and Kuching, where Lucent installers on the GSM Celcom project team work outdoors. Lucent teams in the region are looking into other ways to assist their colleagues, including obtaining air purifiers for the home.

According to Tony Dueno, regional director, Corporate Security, the security and Human Resources organizations have formed an alliance to investigate how best to establish policies to help respond to natural disasters that could occur throughout the region.

With the worsening of the haze from the fires and the air quality index increasing each day, employees, their families and travelers to the region are being asked to take preventive measures to stay healthy, including: wearing air purifying masks; drinking lots of water and using eye wash.

Employees planning to travel to Malaysia, Singapore, Brunei or other Southeast Asia countries should call the Corporate Security Travel Desk, +1-973-606-2323 to get up-to-the minute information about the current status of conditions in the region.

If you have respiratory problems and are planning to travel to the region, please consult your personal physician or Lucent Global Health Support Services first, which can be reached during normal business hours, eastern time, at +1-732-949-9210 or +1-508-960-2074. For urgent medical problems at anytime during international business travel you may call collect +1-301-214-8269. □

—Jonnie Oden

## NS in the News

### Amaritel Contract

Lucent Technologies announced the signing of a contract for \$35 million for the construction of a fiber optic network for Amaritel, a consortium that includes the Aguirre family, Grupo Radio Centro, U.S. Global Telecommunications and Concord Telephone. The project could reach \$100 million as Amaritel builds its network. "Our association with Lucent assures us of the most advanced and innovative products, which will enable Amaritel to provide world-class service and technology to its customers," said Luis de la Fuente, Amaritel's president and CEO. (*El Universal and other print coverage, September 24*)



### Data Networking

Lucent Technologies is taking big steps toward becoming equally well-known in the data networking world. The [company] is rolling out a rash of new communications gear designed to carry data. The expanded portfolio is to include corporate modem banks, Internet applications servers and AnyMedia access switches equally friendly to cell, circuit, frame and Internet Protocol traffic. The global leader in optical networking equipment also intends to deliver equipment capable of placing IP traffic directly onto photonic networks. Lucent said it will integrate many data functions into its enormous installed base of phone company central office switches. "We're treating service providers and enterprises as one business," said Harry Bosco, president of Lucent's Broadband Networking Business unit. Ultimately, Lucent intends to integrate the data networking products, most of which are distinguished by software, into its 5E switches, the heart of many U.S. telephone company central offices. (*Inter@ctive Week, September 22*)

### Lucent and Photo Optics

The new law of the photon says that bandwidth triples every year. Experimenters at Lucent Technologies' Bell Labs have pushed the speed limits in the laboratory up by a factor of nearly ten in the past two years, to 3 trillion bits—3 terabitS—per second. At the 28.8-kilobit transmission speed of garden-variety modems, that's enough for 100 million simultaneous Internet connections. Making all this possible is photonics, the science of sending data bits down pulses of light carried on hair-thin glass fibers. Wave-division multiplexing [a technology that expands the capacity of optical fibers] is a method for simultaneously dispatching laser pulses of different hues down the same tiny fiber. Credit goes to hundreds of scientists at half a dozen firms, including Lucent, the Italian tire- and cable maker Pirelli, Corning Glass and Ciena. "For businesses and consumers, applications will emerge that today we don't even dream about. High-speed Internet access and video interconnecting all homes will be a reality, there's no question of that," [said William Gartner, Lucent's vice president for optical networking products] "Progress [in opto-electronics] is faster even than microchips were at the equivalent point in their development," says Gerry Butters, president of Lucent Technologies for the North American region. Butters reckons that all-optical devices allowing signals to be cross-connected should be commercially available by 1999. (*Forbes, October 6, 1997 cover date*)

### Lucent in Taiwan

Lucent Technologies Taiwan Inc. hopes to see an annual growth of 20%-30% in the years ahead, the company's country president, Jason Chi said. For fiscal year ending September 1997, he expects the Taiwan unit to book revenue between US\$200 million and US\$250 million. (*AP-Dow Jones, September 22*) □

## Lucent Week Message

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Systems, the wireless business grew, year-over-year, at 80 percent, and there are as yet untapped opportunities in the Americas, Europe, and particularly Asia.

Scott Erickson, vice president, AMPS/PCS Business Management and Marketing, told analysts about wireless industry trends, our investments next generation applications, and an evolutionary path for those applications. He said Lucent dominates the market share in the United States and plans to expand its knowledge and expertise globally. Neil Whittington, GSM business unit president, talked about our GSM strategy: growing market share in GSM wireless, getting in-country networks up and running quickly, scaling up sales and marketing in top GSM countries, targeting selected global operators and aligning behind Lucent's value proposition. The value proposition provides customers value through low-cost, best-in-class network elements, superior customer service and support—including rapid deployment—and high reliability and field performance.

### Data Networking

Harry Bosco, president of the new Broadband Networking unit, presented our data networking strategy, one focused on growth areas in intelligent switching, transport and optical switching, network management and professional services. Bosco told analysts that Lucent will 1) *Bring voice reliability to data*, 2) *Reduce the complexity of managing the network*, 3) *Provide the most comprehensive customer support services* and 4) *Deliver a broad range of network services*.

Analysts heard more about Lucent's overall success from Henry Schacht, chairman and CEO, and Rich McGinn, president and chief operating officer. In closing the financial analyst's session, McGinn echoed what some of us already feel: "We are very enthusiastic about the business, the opportunities and about what we can do to accomplish these opportunities. We are learning to be a very good company, to grow this business in a way that is consistent with what customers want and what informed investors want." □

—Marie Panzera

# NS People Lend a Hand During 2nd Annual Global Day of Caring

On September 20, Lucent Technologies celebrated its Second Annual Global Day of Caring in 25 states in the United States and 17 countries. Worldwide, thousands of Lucent employees—many of whom were from Network Systems—participated in projects ranging from environmental maintenance to clothing and food drives to building homes. Here's a sampling of the various projects by Network Systems people around the world:

In Columbia, volunteers spent the day with handicapped children and Costa Rican employees sponsored an activity to help raise money for a rural school run by only one teacher. At the Hong Kong Ronald McDonald House, Lucent employees established a library for young children, while at St. Christopher's Home for Orphaned Children in Shatin, China, volunteers provided gifts and entertainment. In the United Kingdom, Lucent collected donations for the Diana Princess of Wales Memorial Fund.

In the United States, Day of Caring activities involved projects such as The Mansion Project in Merrimack Valley, Mass., where Network Systems employees and their families renovated a former private home to accommodate homeless veterans. "The Mansion Project is what community is all about. It's about people helping people, about giving and caring," said Network Systems employee

Mary DiMauro. Teams of volunteers decorated 21 bedrooms with curtains, bedspreads, pictures and other furnishings. The children volunteers painted a pumpkin for each room to add a personal touch. Judy Hoelen, manager for the Pioneer's New England chapter, said, "I felt like I was helping a relative move into their new home. We were like one big family."

Another project was "Naturezania" in St. Louis, Mo., where Lucent volunteers, over half of whom were from Network Systems, joined more than 1,000 other volunteers to create a one-mile nature trail with ecosystems, a butterfly garden, a prairie, an amphitheater, and other areas.

Network Systems Senior Technical Associate Nathan Pate made an elaborate wood bat house for the project. Laurence Levett of Network Systems in Naperville, Ill., traveled with his family to St. Louis to work on Naturezania, because he found the project particularly interesting. "We made an impression on the folks in our community. We have defined Lucent," said Network Systems project coordinator, Tony Gray.

Lucent and AT&T employees in Atlanta began work on a Habitat for Humanity project in early Sep-



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# Industry Briefing

## About Our Competition...

### **Cisco and Alcatel**

**Cisco and Alcatel Partner**—The Cisco strategy is to dominate the data networking market. Alcatel is already buying some \$200 million worth of Cisco equipment per year. The strategy driving the [Cisco/Alcatel] partnership gets a strong endorsement from Randall A. Yuen, and Oppenheimer & Co. analyst: "The network of the future is going to look less like the telephone network of the past and more like the computer network we see at a large company. This means it's getting closer to Cisco's strengths." The companies project that this alliance will generate an additional \$500 million a year in revenues for each by 2000. Cisco and Alcatel will also team up to develop new products. (*Telecommunications*, September)

### **Nortel**

**Nortel in South Africa**—Northern Telecom Ltd. hopes to make inroads in South Africa using its Proximity family of fixed wireless access products. Nortel's entry comes in the aftermath of two fixed wireless contract awards announced by Telkom South Africa earlier this year: a deal valued at about \$438 million, split between Lucent Technologies Inc. and Alcatel Telecom, to provide more than 400,000 lines using DECT-based technology to be deployed in high-density areas and TDMA-based systems incorporating DECT in more rural areas; and a smaller DECT order placed with Siemens AG. (*Wireless Today*, Sept. 19)

### **Motorola, Nortel**

**Contract with Sprint**—Sprint Corp. is expected to award about \$700 million in contracts for digital wireless telephone equipment to

Motorola Inc. and Northern Telecom Ltd., people familiar with the matter said. The hardware will be used by Sprint PCS to fill out its national communications network. Lucent Technologies Inc. had bid for the contract but apparently lost out to Motorola and Nortel over pricing terms, people close to the talks said. (*Wall Street Journal*, Sept. 25)

### **Siemens/Newbridge**

**MCI Order**—Newbridge said MCI has selected a Newbridge-Siemens switch to serve as the backbone switch for its nationwide asynchronous transfer node network. (*Dow Jones News Service*, September 22)

## About Our Customers...

### **Bell Atlantic**

**Local Services**—Competitive local services in several Eastern states may not be far off now that Nynex and Bell Atlantic have agreed to let competitors connect to their networks. What are the RBOCs likely to get in return? The FCC's stamp of approval on their \$3 billion merger. (*Data Communications*, September)

### **AT&T**

**Share Swapping**—AT&T Corp. and Italian state-controlled Telecom Italia SpA will swap shares to help cement a broad-ranging alliance they announced in July, the companies said. Under that accord, the companies plan to cooperate in delivering phone and data services to multinational businesses in Latin America and Europe and align their strategies in some of Europe's biggest markets, which are to be fully deregulated on Jan. 1. (*Wall Street Journal*, Sept. 25)

## About the Industry...

**CDMA vs. GSM**—Subscribers to CDMA-based cellular and PCS services total approximately 900,000, according to the 80-member CDMA Development Group. Service is available in more than 100 cities. GSM North America, meanwhile, announced that GSM-1900 operators have signed up more than 800,000 customers, putting them on track to break the 1 million mark by year's end. The 10 GSM-1900 operators have activated service in 625 cities in 31 states and three Canadian provinces to date. Worldwide, GSM still leads CDMA by a wide margin. (*PCS WEEK*, September 17)

**Switching vs. Routers**—Vendors and their service provider customers [continue] to puzzle over where to switch, where to route and where to combine both—a challenge more puzzling with emerging next-generation, high-performance routers from Avici Systems Inc., Cisco Systems Inc., Juniper and others. In the end, it's not switching vs. routing, said Tony Rybczynski, director of strategic marketing and technology at Nortel. "We're all in search of the best combinations of routing and switching, connection and connectionless environments to solve customer needs," he said. (*Inter@active Week*, September 15)

**Internet Telephony**—Forrester Research predicts that by 2004, \$3 billion in U. S. telco revenue will migrate to the Internet. That's more than four percent of telcos' revenue in the United States. Service providers hoping for a slice of the Internet telephony pie will need new equipment on the level of today's telco switches in order to compete. (*Telecommunications*, September 1997) □

tember. They have committed to volunteering seven consecutive Saturdays to build a home for a needy family. Four Network Systems teams from Lisle/Naperville, Ill., were sent to Chicago to work with ATEN (a group that refurbishes computer equipment), the Chinese American Service League, the Make-A-Wish Foundation and the Southwest Women Working Together group.

In New Jersey, Network Systems employees joined other Lucent associates at Morristown's American Red Cross where they painted and



landscaped. Nearly 120 Lucent employees, family and friends gathered at the Community Foodbank in Hillside, N.J., the largest food bank in the world. Volunteers helped repack-age and sort food for distribution to regional food banks and families in

need. At several Day of Caring locations, Lucent executives were on hand to present Lucent CARES grants to the organizations and to thank the Lucent volunteers. Jay Carter, president of Network Systems' AT&T Customer Business Unit, visited the Hillside food bank. "Lucent Day of Caring is about giving back to our community," said Carter. "It's also a day to honor the Lucent heroes who offer their time and support to community service projects all through the year. Your work is not unnoticed and is truly appreciated." □

—Erica Franco

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### Letters to the editor



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