

NETWORKS

NEWS ABOUT NETWORK SYSTEMS, ITS PEOPLE, CUSTOMERS AND COMPETITORS

Lucent Announces

Rich McGinn Named CEO

Lucent has announced that Richard McGinn, currently president and chief operating officer, has been named chief executive officer (CEO) of Lucent Technologies effective immediately. Henry Schacht will continue as chairman and has committed to remain in that role well into 1998. McGinn and Schacht's partnership over the last two years was unique and productive; this succession was well planned and envisioned from the beginning.

The entire leadership team will report to McGinn effective immediately. McGinn will make all day-to-day decisions in his role as CEO, assisted by Schacht. □

NS Announces

Network Operations Center Unveiled

Lucent has launched the Lucent Technologies Network Reliability Center (NRC) in Colorado—the industry's first state-of-the-art operations center to provide a wide range of network management services to telecommunications companies in the local, long-distance and wireless services markets. The NRC has the capacity to manage from 200 to 600 digital switches—equivalent to one of the largest telephone companies in the United States—and allows service providers to efficiently monitor their networks from one centralized location. Already using the NRC are ICG Communications, based in Denver, Colo., and New York City's WinStar Telecommunications.

NS Announces continued on next page

New Wireless Unit Formed under Jim Brewington's Leadership

In order to provide increased focus on wireless, one of Lucent's fastest growing businesses, Lucent has established, effective Oct. 1, a separate wireless business unit to be led by Jim Brewington. Prior to his current assignment as head of Product Realization, Brewington spent five years at the helm of Network Systems' Wireless Systems. Under his leadership, Lucent became a world-wide leader in wireless and the undisputed leader in the North American Personal Communications Services (PCS) arena.

Brewington and his team will build on our already strong global market presence by continuing to invest in the next generation of major wireless standards. In his new role, he will be responsible for bringing together all wireless infrastructure initiatives into a single unit, including AMPS/PCS, GSM, Wireless Access Solutions and WaveLAN. He will have end-to-end global responsibility for development and product architecture, manufacturing, project management, business and product management, marketing and customer technical support. In addition, Network Systems will be establishing in each of its customer business units a dedicated sales force of wireless specialists. These teams will report to both the existing customer units and

the new wireless business unit.

Concurrent with his new role, Brewington will continue to oversee the Network Systems Cheetah initiative. Additionally, he will continue to have overall responsibility for Network Systems operations in Saudi Arabia. He will report to Network Systems president Dan Stanzione. The following teams will report to Brewington:

- TEP-6
- GSM (Global Systems Mobile)
- AMPS-PCS (Advanced Mobile Phone Systems-Personal Communications Systems)
- WAS (Wireless Access Solutions)
- WaveLAN
- GPC (Global Provisioning Center)
- Cross Business Unit Projects

Until a replacement is named, the Network Systems Product Realization organization that currently reports to Brewington will temporarily report Bob Holder, vice president, Product Marketing and Management, and Dan Stanzione. □

October 3, 1997 Vol. 6 /Issue 42

- 2.... GSM in Germany, U.K.
- 2.... NRC Opened
- 3.... Skills Initiatives
- 3.... College Scholarships
- 4.... Industry Briefing
- 5.... Help Desks Consolidated

What's Inside...

NS Announces

Continued from page 1

Enhanced Switching for Better Data Network Access

Lucent announces enhanced switching capabilities that enable service providers to offer a host of

high-speed data access services, including Asymmetric Digital Subscriber Line



(ADSL), directly from their 5ESS®-2000 Switch. This capability makes access to data networks, including the Internet, faster and more reliable. The announcement is the next element in Lucent's strategy to bring voice-network reliability to data services. Coupled with Lucent's AnyMedia™ Access System, Lucent becomes the first to offer the same ADSL architecture from either central offices, remote environments or digital loop carriers.

Wireless LAN Price Reduced

Lucent announced a \$200 price reduction for key components of its WaveLAN® family of wireless Local Area Network (LAN) products. Network Systems is passing the savings on to its customers as a result of manufacturing efficiencies and lower unit costs. The new pricing makes the devices the most affordable network interface cards in their performance class. □

NS in the News

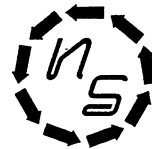
Network Reliability Center Opened

Lucent Technologies, expanding aggressively beyond its core equipment business, has begun operating a network management center in Denver for its phone-company clients. The telecom-equipment giant hopes to build a network-

Continued on page 6

Around NS

GSM Operations Expand with New Factory in Germany; R&D Center in U.K.



Growth in the Global System for Mobile Communications (GSM) market has prompted Lucent to expand its research facilities in the United Kingdom and open a new Global Provisioning Center in Germany. The company is also launching a global recruitment drive to increase the number of staff dedicated to its GSM business.

The opening of a new fully-automated factory in Nuremberg, Germany on September 26 and the

include the expansion of the Wireless Center of Excellence into a second building in Swindon, U.K. This will allow the company to increase the size of its research, development, sales and customer support units. The new building, adjacent to the current Global Headquarters building, will house the Bell Labs research center and the GSM Standards group.

Increased demand for GSM solutions means additional research,

Increased demand for GSM solutions means additional research, development, production, and sales staff are needed...in Swindon and in Nuremberg.

certification of the facility's research and development department by Bell Laboratories further enhances Lucent's commitment to the German market. "We see Germany as one of the world's key markets and it is our objective to be a key player here," said Jim Brewington, president, Network Systems Product Realization.

The new factory in Nuremberg contains production and logistics departments for GSM base station systems as well as for wireline synchronous digital hierarchy (SDH) products. The new plant employs 600 people and has increased production capacity threefold via an automated production process that cuts product assembly and test time significantly.

As part of the increased commitment to the wireless market, further investments into the GSM business

development, production and sales staff are needed for the Global GSM Headquarters in Swindon and in Nuremberg. Both of these sites are key locations for the development of next generation mobile systems and customer support for the global GSM business. The company also plans to expand its sales and marketing operations in the Asia-Pacific region, one of the world's fastest growing GSM markets.

Over the last 18 months Network Systems has won several major contracts to supply GSM infrastructure equipment to service providers around the world. They include KG Telecom and Tuntex Telecom, two of Taiwan's six licensed operators, and T-Mobil, one of Germany's largest cellular operators. Network Systems is currently preparing to launch a network trial of its GSM 1800 system in the Philippines. □

Feature

Skills/Knowledge Initiative Increases Focus on Business Imperatives

It has been nearly one year since the Network Systems Policy Deployment Skills & Knowledge Initiative was launched. The long-term goal is for Network Systems people to have skills, job satisfaction and performance greater than other high performance companies. According to George White, Network Systems Human Resources vice president, "The initial results of the initiative are beginning to surface and although excellent progress has been made in such a short period of time, a lot of work remains to be done."

A survey distributed to 6,500 employees worldwide, along with development plan audits and benchmarking data, provide snapshots of the progress made to date. The data indicates execution against plans are on target. The objective was for 95 percent of Network Systems people to formulate skills development plans by January; the survey found the actual number to date is 96 percent. Twenty-one percent of Network Systems people completed their plans by June, three percent more than the objective.

That is good news. However, continuous improvement is needed to more tightly link development plans to Network Systems' strategy and bring a more focused approach to training. In addition, a significant number of individuals are not informed about the initiative, an indication that communication efforts must be stepped up. Finally, barriers—such as lack of time and opportunity—stand in the way of implementing skills development plans and need to be addressed.

Benchmarking data also reveals that the Skills & Knowledge Initiative is an ambitious undertaking few companies have the vision or commitment to pursue. Network Systems is investing the equivalent of 2.5 percent of our payroll on learning and development. This is the same amount invested across all of Lucent. Most of the benchmarked companies do not have a formal skill development process and the number of employees with plans ranges from 10 to 50 percent.

As we move forward, setting personal performance objectives which are aligned with Network Systems'

goals is more critical than ever. Efforts in 1998 will continue the focus on enhancing the skills of Network Systems' people and the organization as a whole. In 1998, focus on development plans will be redoubled as well as measuring the attainment of objectives.

Each Network Systems employee will have an updated plan linked to business goals that should include developmental activities in addition to formal training. These tailored plans will concentrate on what each employee or team needs to do to support moving the business forward.

"We all know that learning is a life-long, dynamic process that should be adjusted according to changes in your personal and business goals," says White. "The best skills and knowledge plans may take several years to complete. Moreover, plans should be flexible to keep pace with changes in job responsibilities. Employees should work with their supervisors to prioritize and keep plans current with changes in their careers." □

—Alessandro Cornella

Of Interest

College Scholarship Applications Available

The Academic Awards Program, a college scholarship program for children of Lucent Technologies and AT&T employees, is accepting applications through December 31, 1997. Scholarships, worth up to \$6,500 per year for four years, are available for high school seniors who are children of active United States management and occupational employees. A total of 140 new scholarships are granted each year. Seventy are granted to children of CWA and IBEW-represented em-

ployees, while the other 70 are granted to children of management and non-represented employees. To be eligible for a scholarship, an employee's child must: be a high school senior planning to enroll in a college; be a dependent of an active full-time or part-time Lucent or AT&T employee; have a cumulative grade point average of 3.25 on a 4.0 scale, and have performed community or school volunteer service activities. Recipients are selected by the Citizens' Scholarship Foundation of America, a nonprofit

education support and student aid service organization.

Applications and brochures are available via the Internet at <http://iON.hr.lucent.com> or by calling 800-282-2828. Applications can be requested through December 12, 1997, and must be postmarked no later than December 31, 1997. □



Industry Briefing

About Our Competition...

Cisco

Cisco/Qwest Partnership—Qwest Communications is expected to announce a major partnership with Cisco Systems. Together, the two companies will develop services that enable businesses to broadcast voice, video, data and fax over the Internet. They'll also create the communications networks that carry those services. Qwest also has agreed to buy and install a new generation of high-capacity Cisco routers on the 17,500-mile fiber-optic network it is building across the USA and Mexico. (*USA Today, Sept. 30*)

Motorola

Latin America Contracts—Motorola, continuing its advance into Latin America, announced it won two contracts worth \$66 million to supply wireless telephone service in the region. The agreements illustrate a broader strategy by Motorola and its partner, Nextel Communications Inc., to blanket the Americas with their unique digital wireless technology. (*Chicago Tribune via Dow Jones, September 26*)

Peru Contract—Motorola, fighting for dominance of an emerging South American market, won a contract in Peru for digital mobile telephone technology valued at about \$350 million. The contract, awarded by Telefonica del Peru, is for a nationwide wireless phone network. (*Dow Jones, September 29*)

Motorola, Nortel

Sprint Awards Wireless

Contract—Sprint Corp. said it will buy about \$750 million worth of mobile phone network equipment and services from Motorola and Northern Telecom. The companies will help Sprint complete its Personal Communication Services network. Motorola and Nortel were expected to split the work because Lucent, the only other big manufac-

turer that builds the kind of network Sprint uses, had dropped out of the running. A spokeswoman for Lucent said the terms of the contract were such that the company decided it made more financial sense to opt out. "While no one ever want to lose a sale, we were not willing to win this one at any cost," she said. Lucent was the largest contractor in the first phase of the Sprint network, with awards worth \$1.7 billion. (*The Dallas Morning News, October 3*)

Ericsson

Third Generation Systems—A van crawls down the streets of this small town [Kista, Sweden]. Inside, two executives from Ericsson are holding a videoconference via a cellular-phone link with colleagues in a far-away building. The Swedish company's wizardry provides an early glimpse of the wireless wonders that await consumers in four or five years. These "third generation," or 3G, systems promise cellphones that let you browse the World Wide Web, send a fax, check electronic mail, or watch a news clip—all while sitting atop a mountain or in a car. In the current generation of product development, Europe's industry has emerged as the front-runner, thanks to the early start it gained by setting the Global System for Mobile Communication, or GSM, technology as the Europe-wide cellular standard. (*Wall Street Journal, October 1*)

About Our Customers...

WorldCom

WorldCom Bids for MCI—WorldCom's proposed merger with MCI Communications, if consummated, could accelerate the emergence of what has become the Holy Grail of the Internet world: a worldwide network capable of handling telephone calls and videoconferencing as easily and cheaply as regular e-mail. Alstandards. "You need quality guarantees, but you are dealing with multiple backbones and service pro-

viders," says Dave Schriftgiesser, a director at Lucent Technologies. A merger of WorldCom and MCI could help change that. Equipment providers—at least those with a good business in data communications gear—are also excited about the merger possibility. (*Los Angeles Times, October 2*)

WorldCom Forms Consortium in Singapore

—WorldCom Inc. formally joined marine-based SembCorp and the state-owned railway system on Thursday to bid for a license to operate fixed-line telephones in Singapore. The three firms announced they had formed a consortium, DirectLine Pte Ltd, to tender for the licence to run a network from April 2000. WorldCom would own 35 percent of the venture with SembCorp and Singapore MRT Ltd (SMRT) holding 65 percent. (*Reuter, October 2*)

MCI

MCI Combines Local, Long-Distance—MCI unveiled a first-ever nationwide SONET-based data service that combines its long-distance network with its local facilities already built in some 22 major metro areas. The new service will enable businesses to exchange information at ultra-high speeds from location to location, without any intermediary such as the incumbent monopoly local exchange carrier. (*Business Wire, September 29*)

Southwestern Bell

CDPD Trials in Texas—Southwestern Bell Wireless [SBC] recently joined forces with the Richardson Police Department in Richardson, Texas, to trial its cellular digital packet data service. SBC's wireless data network will enable RPD officers to quickly obtain warrants, check license plate numbers and identify suspects. The company recently joined with Lucent Technologies Inc. to spotlight the trial at the PCS '97 show in

Continued on next page

Industry Briefing

Continued from previous page

Dallas, displaying a RPD patrol car equipped with wireless data technology. (*Wireless Data News, October 1*)

Qwest

Acquiring Internet Firm—Qwest Communications International Inc., a communications services provider, said it will acquire SuperNet Inc., Colorado's largest Internet provider, for \$20 million. Qwest revealed the SuperNet deal a day after it announced a strategic alliance with Cisco Systems Inc., maker of routers and other networking equipment. Qwest's chief executive officer, Joe Nacchio, said Qwest wants to use SuperNet's experience with internal and external corporate networks to compete with established communications companies like MCI Communications and AT&T Corp. (*Associate Press, October 2*)

NTT

NTT Buys Stake in Teligent—Making its first significant push into

the American telecommunications market, Nippon Telegraph and Telephone Corp. said it had agreed to pay \$100 million for a minority stake in Teligent Inc., a small wireless communications company. By acquiring 12.5 percent of Teligent, NTT is making a small but potentially lucrative bet that some American companies seeking integrated voice, data and video communications will choose a relatively untested wireless technology over fiber optic cable, the prevailing delivery system. Teligent is aiming to take customers from the regional Bell companies by offering advanced communications services directly to buildings, without wires. As it has tried to establish its credibility, Teligent's greatest asset has perhaps been the strong reputation of its chairman, Alex J. Mandl, a former No. 2 executive at AT&T Corp. (*New York Times, October 1*)

About the Industry...

South Korea Bets on CDMA—Four years ago, the South Korean government took a gamble by deciding to develop a digital cellular-phone technology called Code Division Multiple Access, or CDMA. So far, Korea Inc. appears to have guessed right. Samsung Electronics, the world's largest manufacturer of memory chips, in June signed a contract to provide a CDMA test system to the city of Shanghai, joining U.S. heavyweights Lucent Technologies and Motorola, which have similar programs in other Chinese cities. How many countries will adopt CDMA as a standard still isn't clear, and some telecom companies are supporting other digital systems. But for Korea, adopting CDMA had a key advantage: a chance to lead in a technology rather than follow. (*Wall Street Journal, September 30*) □

NS-CIO Spotlight

NS Employees Get One-Stop Shopping for Computer-Related Questions

As reported last month in *Lucent Technologies Today*, the Chief Information Officer (CIO) organization is consolidating its 50 U.S. help desks to provide employees with a single number to call to resolve questions and concerns on information technology. Eventually, employees will be able to track the status of their inquiries on Lucent's intranet.

Here's how the consolidation will impact major Network Systems locations in the United States:

Network Systems employees at the Warren, N.J., headquarters complex are already being served by CIO's new Customer Service Center (CSC). Other major Network

Systems facilities in New Jersey and Indian Hill, Ill., will migrate to CSC in November or December. CSC support of Network Systems manufacturing facilities in the United States is currently under consideration in some instances; in others, local support will remain in place. Employees in those facilities should check with their Network Systems CIO information managers, located on site, for information about the direction their locations intend to pursue.

While UNIX users will use the same call-in number as PC users, their requests for assistance will be routed to a new UNIX Center of Excellence now being created in Indian Hill.

The new CSC and its Indian Hill extension will operate seven days a week, 24 hours a day. Full support services will be available between with the prime hours of 8 a.m. to 8 p.m. eastern time, Monday through Friday. Emergency support will be available during non-prime hours. The center also will be available to U.S.-based employees traveling abroad, to U.S.-based applications and servers, and to international work locations that are supported by Microsoft Exchange servers in the United States. Other international locations will continue to use existing support groups. For additional information, visit the intranet on www.eus.lucent.com. □

—Larry Chase

NS in the News

Continued from page 2

management services business for communications carriers that could hit \$500 million in annual revenue by the year 2000 from the new center and give it an edge over rivals such as Canada's Northern Telecom and Motorola. And Lucent executives indicated that the company will build additional centers as the market grows for its services. "Some of our customers have decided, 'We don't have to manage our networks ourselves,'" said Nina Aversano, president of Lucent's Global Commercial Markets Group. The Denver facility, called the Network Reliability Center, or NRC, is similar to the big network centers operated by carriers such as AT&T, the Baby Bells and GTE. Big carriers are looking to have a service company such as Lucent monitor their networks as they focus more on the marketing of services, said Ms. Aversano. Other communications companies, such as the newer wireless phone carriers that plan to compete with big established carriers, are looking to avoid the high cost of building and operating their own network nerve centers, she added. (*Wall Street Journal*, September 30)

With its entry into this service business, Lucent goes head-to-head with other large phone equipment

makers, such as Northern Telecom and Motorola, who also plan to cash in on the technical headaches phone deregulation is sure to trigger. "This is a latent market," said Bruce Carlsmith, a telecommunications analyst with Montgomery Securities. And Lucent is in a good position to cultivate it. "Internally they've been doing this kind of thing for quite some time. It leverages the fundamental knowledge they already have," said Carlsmith, who has Lucent stock on his buy list. (*Denver Rocky Mountain News*, *Denver Post*, *Investor's Business Daily*, October 1)



wired or wireless network," said Scott Erickson, marketing vice president of network wireless systems for Lucent Technologies. In light of the extremely low prices some wireless operators now offer, people are already starting to use the wireless phones as their primary phones, according to Bob Sellinger, Lucent's director of PCS. Lucent's 5ESS voice switch has long had the capability to support both wireline and wireless switching and features, Erickson says. (*Inter@ctive Week*, September 29)

Networking Strategy

Lucent Technologies is making a play for the networking marketplace, rolling out a trio of ATM switches with supporting products, along with a vow to become a player in channel sales. The vendor is aiming primarily at the core of the network against the established competition of Cisco Systems, Fore Systems Inc. and other high-profile players. "This is a very cohesive networking strategy that really illustrates the direction that Lucent is heading," said Susan Almeida, director of consulting services at Strategic Network Consulting Inc. (*CMP Publications*, September 30) □

Wireline/Wireless Convergence

New services and network infrastructure now allow carriers to offer customers the same kinds of services, whether they're on wireless or wireline telephone networks or, in some cases, even the Internet. "Lucent's view of wireline/wireless convergence is of one platform that provides end users with services, whether they're coming in from a

Letters to the editor



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your name, work location, and a contact number where we can reach you. Opinions expressed in the Letters section do not necessarily reflect the views of Network Systems management. See our contact information at right.

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