

SURVEY RESULTS: IMPROVING MANAGED SERVICES

With Virtela’s commitment to providing incredible support to our customers, listening and getting feedback from current and potential customers is wholly ingrained in our daily business. We only know one way to provide global managed network and security services—we go the extra mile for our customers. We are passionate about support.

We conducted a survey of enterprise companies across the US by email and by Web. While the majority of respondents are generally satisfied with managed services, there are many opportunities for improvement.

Overall, the majority of respondents were generally satisfied with their current managed network services provider. However, satisfaction rates were lower in companies with locations outside North America; rates were even lower among the cross-section of respondents who are network managers with global responsibilities. These numbers are significantly lower than Virtela’s overall customer satisfaction, mostly from global network managers in multinational companies. In fact, nine out of 10 Virtela customers are satisfied or very satisfied with our customer support and network performance. Table 1 below summarizes the overall customer satisfaction with current network service providers.

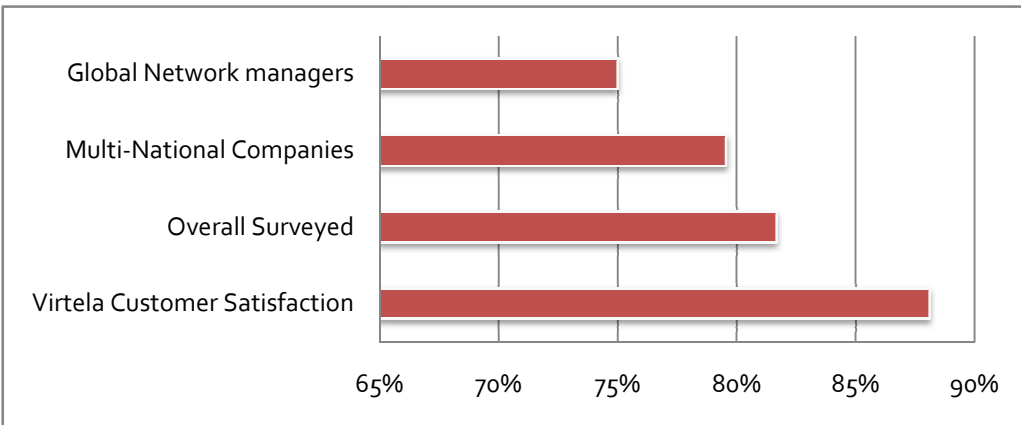


Table 1. Overall Satisfaction with Current Network Service Provider

Focusing on the major areas of improvement, especially among dissatisfied companies, the top three areas of improvement with the respondents’ current managed service providers are as follows:

- Offer more value for the price
- Timely communication of status and issues
- Better understanding of your requirements

Table 2 summarizes the results for these top three areas.

Rank	Area	Overall	Among Dissatisfied
1	Offer more value for the price	57%	73%
2	Timely communication of status and issues	45%	64%
3	Better understanding of your requirements	33%	64%

Table 2. Top Three Areas of Improvement Among Dissatisfied Companies

The sections below discuss each of these top areas in more detail.

MORE VALUE FOR THE PRICE

In answering the question “What can your service provider do better in pricing and billing?”, 57 percent of surveyed companies want more value. In fact, 73 percent of companies dissatisfied with their current network service providers want more value for the price. Table 3 shows the responses to the question. Respondents were allowed to provide up to three answers.

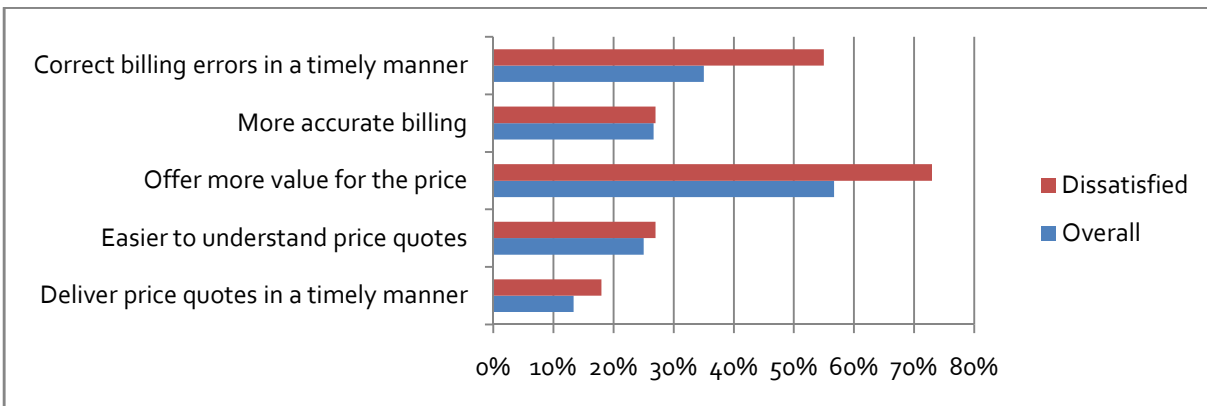


Table 3. Improvements Needed in Pricing and Billing

Forrester Research has asserted that “Virtela is an inherently reliable and price-optimized solution.” Our business model allows us to inherently provide a price-optimized solution and offer the most value to our customers.

Virtela is the world's largest independent managed services company. Offering services in over 190 countries, we integrate and manage the best-of-breed service providers, through our partnerships

with over 500 carriers, to address the unique needs of its customers. Virtela serves some of the most competitive multinational companies in the world.

Virtela has a business model that's service provider, network and technology agnostic. While other service providers focus on putting more traffic on their own network or promoting a specific technology or vendor, our business model allows us to freely and truly personalize customer solutions. Customers can optimize their Virtela services based on network performance, specific operations metrics, level of on-site support, disaster recovery/business continuity capabilities, and price for their entire network or even on a location-by-location basis anywhere in the world. Additionally, with Virtela, customers get one contract, one invoice and one phone call for all their networking and security needs globally. This business model allows Virtela to offer the highest value to our customers.

"With Virtela, we easily save one-third of our previous network costs and our uptime is much higher. More valuable than network metrics, however, is the positive impact Virtela has on our customer satisfaction and retention. You can't acquire and keep customers if your website goes down as they are buying a product or requesting support. With Virtela, our uptime is much, much higher than it used to be, and we're not losing customers. There's no question that the performance and reliability of the Virtela network enhances our revenue."

Mark Lawler, Vice President of Information Technology, Quark Inc., a leading provider of publishing software for professional designers, small and mid-sized businesses, and large organizations in more than 160 countries; and Virtela customer

"Virtela has helped us reduce our overall infrastructure costs by enabling us to run video and VoIP communications over one high-performance network. We've been extremely pleased with the availability and uptime of the Virtela network. Another real strength of the partnership is Virtela's responsiveness, which gives us the ability to add and remove sites very quickly so we can be more dynamic as a business."

Steve Bell, Group Manager for Global Infrastructure Engineering & Data Center Operations, Flow International, the world's leading developer and manufacturer of industrial waterjet machines for cutting and cleaning applications and Virtela customer

"With the Virtela network, we've been able to consolidate data centers, reduce operational cost and increase the value of IT to the business. Through consolidation alone, the Virtela network has paid for itself."

Ken Harris, Chief Information Officer, Shaklee Corporation, number one natural nutrition company in the US; manufacturer and distributor of environmentally-friendly nutritional supplements, weight-management products, beauty products, and household products; and Virtela customer

TIMELY COMMUNICATION OF STATUS AND ISSUES

45 percent of survey respondents chose "timely communication of status and issues" as one of their top concerns during installation, implementation and service delivery process with their managed network providers. Table 4 below shows the aggregate results.

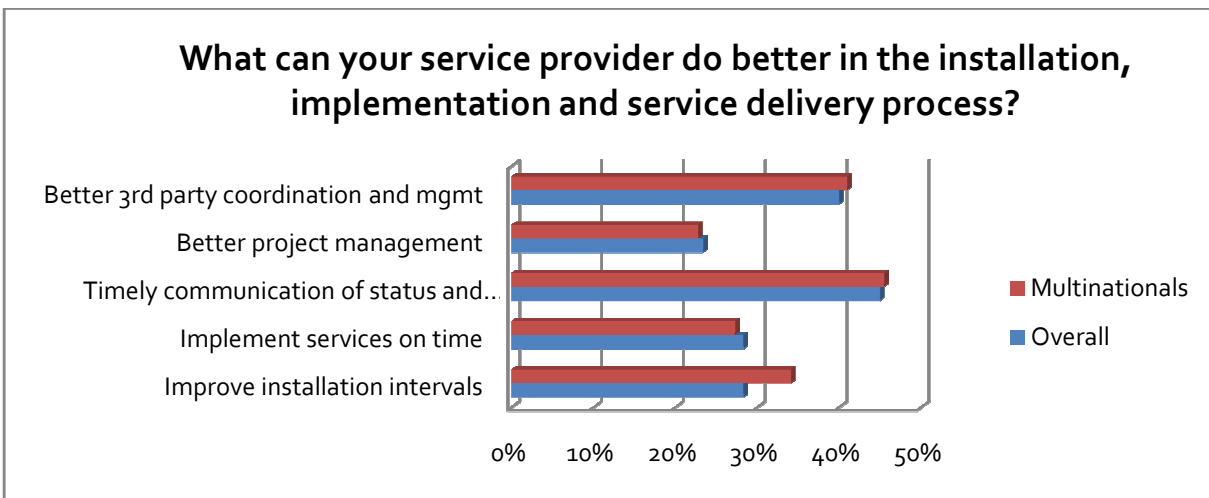


Table 4. Improvements Needed in Installation, Implementation and Service Delivery

Virtela's global network operations centers maintain an impressive 98.8% rate for opening trouble tickets proactively; significantly outperform the company's aggressive 4-hour mean time to restore (MTTR) guarantee with a 1.74-hour average; and boast a 12-second average speed to answer time. Additionally, Virtela's customers have exclusive access to the revolutionary VirtelaView which provides transparent and real-time view to the customer's network. The Yankee Group has praised

Virtela for “innovative technology management platforms” resulting in a “proactive customer service model.”

At Virtela, we actively inform our clients when network issues arise since network is a mission critical part of any enterprise. Most of the time, because of our redundant fault-tolerant architecture, packets get re-routed automatically without impacting service availability. Virtela’s unparalleled network resiliency was showcased during major undersea cable cuts in the Mediterranean that knocked out communications services to large parts of the Middle East, Asia and North Africa. Virtela’s advanced global monitoring systems immediately alerted our Network Operations Centers of performance issues. Since our multi-carrier model also leverages diverse cable paths around the world, Virtela was able to dynamically re-route network traffic over the best-performing alternate route, with virtually no latency impact to customers.

“It sounds ludicrous, but before Virtela, we were literally measuring our network downtime in days per quarter, and it was really impacting our business. We couldn’t ship invoices, process orders, or communicate with customers or partners. Now, with Virtela’s MPLS network and DSL backup, we’re at 99.99 % network availability, and the transitions are completely seamless. If there’s a problem with the network somewhere, the users are not aware, and we usually find out because Virtela sends us a notification.”

Bob Andreini, Global Director of IS/IT, Measurement Specialties, a global designer and manufacturer of sensors and sensor-based systems and Virtela customer

“Virtela’s customer service has far exceeded our expectations. For example, we moved to a new office in London and the local service provider we had contracted with before Virtela was not able to bring up service in time. Even though it wasn’t their responsibility, Virtela stepped in and rerouted our network traffic so our users weren’t left stranded. Moreover, the Virtela team consistently communicates with us. With most providers, you don’t hear from them after the network is brought up. Virtela checks in regularly to see if there’s anything we need.”

Martin Ronquillo, network systems manager for ViewSonic, a leading global provider of visual display products and Virtela customer

"Virtela just wiped the floor with the competition—in terms of presentation, response to our RFP, approach, provisioning and after sales support. Virtela's helpdesk really knows how to help, and keeps us informed of problems before we have even realized there was a problem! Try getting that from (the major carriers). And the overall performance of the network is amazing."

Vince Haines, Deutsche Bank, European bank serving the financial needs of corporations, firms, institutions, and private and business clients worldwide; and
 Virtela customer

BETTER UNDERSTANDING OF YOUR REQUIREMENTS

Those unhappy with their managed service providers are twice as concerned that their current providers do not understand their requirements, as depicted in Table 5.

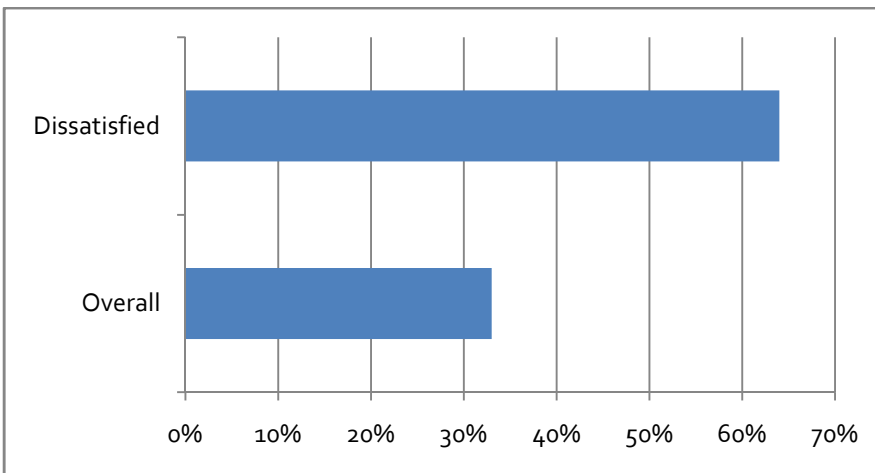


Table 5. Customers Want Better Understanding of Requirements

With services in over 190 countries, over 500 carrier partners around the world, and the integration and management expertise in global communications, some of the most competitive multinational companies trust Virtela for their managed network and security services. We understand that off-the-shelf products and services are often not the right solution for many global companies. Throughout the lifecycle of our partnership with customers, the key is that we listen first. We

consistently work collaboratively with our customers to develop personalized solutions and continue to evolve them over time as needs change. At Virtela, we listen, you have options, we're on it. But don't take our word at face value, take it from our customers.

"We evaluated all the major global service providers and Virtela met our exhaustive requirements. Virtela uniquely gives us a single face for all network implementation and management, with a flexible broadband network solution that delivers greater reach, performance and savings."

Mike Reynolds, Pitney Bowes, a leading provider of software, hardware and services that integrate physical and digital communications channels; and Virtela customer

"Virtela offers a true partnership. Most carriers are only about bandwidth and location - how much and where. Virtela is different in that they offer a holistic set of outsourced network services that really address what enterprises want."

Paul Hooper, Former CIO, now CMO; Extreme Networks, a leading provider of converged Ethernet network infrastructure that supports data, voice and video for enterprises and service providers; and Virtela customer

"High Noon is growing rapidly, but we have a very small IT staff, so we need a provider that truly understands and delivers on our needs. Virtela contacts us proactively if there's an issue and the performance is excellent, so I often don't even think about the network. That's the way a network should be."

Paul Holden, Media Technology Manager, High Noon Entertainment, a television production company that produces a number of hit reality television shows, including Cake Boss, House Hunters, and Tough Love; and Virtela customer

CONCLUSION

Although managed services have come a long way in the past two decades and many companies are satisfied with their managed services provider today, service providers need to step it up quite a bit when it comes to global services. The requirements for global managed network and security services are different and oftentimes more stringent than domestic-only managed services. Not all service providers have a business model designed from the ground up to meet the needs of companies with global presence, hence the lower satisfaction rating from multinational companies and network managers with global responsibilities.

It's not surprising to us that the top areas for improvement from the dissatisfied companies were more around value, support and understanding of needs rather than any technical capability, network metric or service function. Companies want improvements in value for the price, timely communication of status and issues and better understanding of requirements. In our daily interactions with customers, we understand and customers consistently reinforce the value of support, relationship and partnership.

Virtela focuses on providing incredible support and personalized solutions for multinational companies. We listened and we know we can meet your needs the best. Nine out of 10 Virtela customers are satisfied or very satisfied with our customer support and network performance. At Virtela, our support rating is not just a statistic; it's our passion and our commitment to our customers.

ABOUT VIRTELA

Virtela, the world's largest independent managed services company, offers award-winning managed services including MPLS and IP-based Virtual Private Networks (VPNs), Security, Application Acceleration, Remote Access, and WAN/LAN Device Monitoring and Management, to some of the most competitive multinational companies in the world. Offering services in 190 countries, Virtela integrates and manages best-of-breed service providers through partnerships with 500+ carriers, to address the unique needs of its customers.

Virtela is headquartered in Denver, Colorado, with Global Network and Security Operations Centers in Denver; Mumbai, India; and Manila, Philippines. For more information, please visit www.virtela.net or contact us at 720.475.4445.