

“When you wonder about the direction of this industry and what some of the leaders are planning, Harry Formosa, BT Broadcast Services’ Head of Corporate Business...is on the front line, and is one of those perhaps most familiar with the responsibility for deriving new revenues from these emerging areas.

## Corporate Video: BT (British Telecom) Serves up B2B

By Howard Greenfield

In a cartoon I saw this week, a man calling from his new mobile phone is getting a message: “Welcome to WorldCom, to view our stock price, press zero.” It’s a form of industrial humor, but with many telecommunications stocks worth ten percent of their value a year ago, not everyone is laughing. Telco empires have been under siege. The most gruesome recent example was WorldCom’s announcement of the biggest bankruptcy in U.S. history last month. Economic stability, just out of reach, has slowed innovation. Yet it’s clear the industry must branch out, explore new products and services for the home, for business, and compete, or align with Internet, DSL provisioning, and other media services. Amidst this struggling climate, without any fanfare, initiatives are advancing at Ericsson, AT&T, Nortel, France Telecom, and Deutsche Telekom. And it is these investments, however daring they may appear in today’s conservative spending environment, that will create new revenue streams, and next year’s leaders--sound planning regardless of whether they pay off now or in the next few years.

Among these initiatives are strategic services designed to outperform and undersell any of those that could be created by any single IT department. BT has been providing solutions of this type for some time through BT Ignite. However, BT Broadcast Services specifically is developing a variety of video workflow offerings, including content management and interactive media, and refining a corporate focus and offerings. By tapping infrastructure throughout BT’s conventional departments, the BT Broadcast Services group is breaking ground delivering custom capabilities. So, when you wonder about the direction of this industry and what some of the leaders are planning, Harry Formosa, BT Broadcast Services’ Head of Corporate Business, has insight. He’s on the front line, and is one of those perhaps most familiar with the responsibility for deriving new revenues from these emerging areas.



**Harry Formosa, BT Broadcast Services’ Head of Corporate Business.**

**ATV: How did your group start to innovate new service offerings from within the BT organization?**

**Formosa:** The Broadcast Services group really was set up for many years to service the broadcast industry – part of the business has been to supply terrestrial networks to core TV (BBC, ITV) companies and also permanent and occasional satellite capacity on a global basis to the whole of the industry (with 16 partner teleports around the world, etc.). The corporate business came out of an incubator concept around five years ago in terms of what could we do differently to service other market segments not currently in tune with the company. I joined almost exactly three

years ago to turn this emerging area into a P&L and we've since seen a tremendous growth rate for the corporate products. So, huge growth over that period, but the key thing is we've added value to overall business: we're selling solutions instead of component pipes (like simply linking from point A to B). We get into messy stuff--routers, receivers, network interfaces, different software applications--and we're starting to leverage those economies of scale and churn the expertise within teams so that we're able to be more proactive within the new environment of the IP world.

**AT: How will the group be positioned at IBC?**

**Formosa:** At IBC, the core is Digital Content Management Systems (DCMS), BT Enfocast, and Interactive TV – currently on the back of BSKyB TV distribution, and a specialized demo called Sat-Net, which is essentially a plug and play antennae for occasional corporate and broadcaster use. Also, if you think of digital content management, the largest library is held by Ford (its not a broadcaster). So there's information like that which says if we can store, catalog, manipulate and sell storage we keep in our archives that we only re-purpose one, or two or three percent of, there could be other revenue streams in it for companies if they could get easy access to this type of information. So, although there are three specific segments, we're trying to create core platforms that give different propositions into these different markets that are cost-effective solutions for a customer's needs, and they'll buy from you because you have a track record and case studies.

**AT: How is BT Broadcast Services delivering these emerging technologies to early adopter customers?**

**Formosa:** Historically, we've tended to sell boxes: five, seven years ago we tended to see point-to-point services (a link). What we're doing now is being more proactive about making investment based on sensible intelligence from the market--saying "these are the things you need to invest in" because in the next few years there's going to be a demand for it. So, we've started to invest in platforms, and the Enfocast is a good example. We're trying to have a suite of applications on a common platform, and we're actually seeding that market. I've got approval to spend a million pounds on hardware to actually install in corporate entities and say "try this, tell me if you like it, what you don't like about it, and we'll modify it, customize it—if you like it, we'll ask you to pay for it, and if you don't like it, thank you very much and we'll remove it for you." That is a complete mind-shift over the last five years. Part of that is to get to understand how you can add value to the customer's business. Sometimes the prohibitive factor is we can have Powerpoint slides, streaming, training information, news channels—we know we can provide all that to that customer—but we must get them to look at the power of it. The tendency is once they've seen it they say: "it's really great, but if you can do 'this' we'll buy it from you". And that's the feedback and kind of momentum we're kicking off in the UK.

**ATV: And you're actually sponsoring trials for candidate companies?**

**Formosa:** Yes . . . If a corporate wants a trial, we'll install five sites and give them user licenses—enough to test. We're trying to limit it, but basically there's about a thousand units (200 currently in stock that will be provided in the next two months, the rest before the end of the calendar year). At the moment we've got about a half dozen corporates who are willing to give us case-studies. If we get it right, we're going to get a very valuable asset: *the network*. And that network our customers can actually use to cross sell to each other.

**ATV: What is an example of a non-traditional industry sector for BT Broadcast Services?**

**Formosa:** If we get it right, most blue chips and banks, for example. One thing they do is out-source their payroll – so payroll companies have said to us if these two corporates (banks) buy into

your system, I will buy a channel on your system because I can do all my training to them effortlessly and it makes sense.

**ATV: How do I sign up for the offer?**

**Formosa:** We do have an offer that will be in print, our goal is...up to six customers, fully trialed, based on long term contracts as case studies for a bigger roll out.

**AT: Is this a UK initiative?**

**Formosa:** We have a list of 42 prospect companies. We targeted the UK, but some of those users are in France and Italy because that's where we're seeing some of the demand through our sales channels. We're now purposing content in their language for their trials.

**ATV: What about the bandwidth and wireless scalability?**

**Formosa:** Once you have that network in place, it's very simple to add more applications as they come along. For example, we're looking at how to get EnfoCast on 3G, looking at the next generation...there are wireless and microwave opportunities. What we're trying to do is get this network in place and build on it. 20 Mbs throughput has been a requirement to offer our customers as much choice as we can.

**ATV: How does BT benefit from teaming with smaller solution-providers?**

**Formosa:** We have the software development skill sets of a small fleet-of-foot company, Enformatica, and then you've got the BT machine that has its core customer base, sales channels into the different markets--and it actually works extremely well. The concept is "this is what you get" *but* "what would you like now?".

Our group tends to be the middle player provider, even though a product is fronted through different parts of the company as a product offering. The good thing about that is it gives us a lot of insight in what's going on inside the company in both the B2B and the B2C markets. So when you go with EnfoCast into the B2B market, the customer says "well, I talked to so and so in BT, where do you fit?". What we try to do is complement the other services. For example I do have streaming media engine, I do have agreements in place with Akamai to upload content onto their Content Delivery Network (CDN). It's a case of trying to understand the customer requirements. So, for instance, we supply the U.S. Stock Exchange with all its media streaming services. Part of the discussion there is whether there's any benefit of getting any regular slots onto European satellite to reach Europe out of a packaged program. So, all the time we're searching for ways of upselling and adding value to these businesses.

**ATV: So, you are very global?**

**Formosa:** We have satellite offices in Washington, NY, LA, Italy, Germany France. We have some core offices that are interconnected with fiber, so basically we try and build up our business based on planning and where those markets are and part of the win of the streaming business is that occasional use (last or first mile via satellite) is wonderful for broadcasters, live product demos, to get back into a TV network or whatever—because we have these assets, we leverage them depending upon the audience.

We can webstream to the marketplace (e.g. secured 100 to 300 Kbs), whereas a Trans-Atlantic pipe for 4Mbs newscast can be more expensive. The interesting thing is that everyone thought media streaming would be a big revenue earner. But what it does is let you demonstrate value to a company, with quality of service, then from there you can add value by selling in other services, that is, *the reach* (if there is the need). So, a one-day event can be a \$5K to \$100K event.

Our core vision is to be leader in our geographical market. Another dimension to the business has its own P&L VSAT in Africa, and business in Latin America. Truly a global business, but certain markets are more likely to adopt. Satellite is the easiest way to get into new regions. And part of our initiative is to sell domestic services in India, but the issue of that is resources: it's costly to get into those regions—but it is on the radar possibly for next year.

**ATV: *What is the range of your current customers?***

**Formosa:** Some examples are Data Marine Systems, Royal Bank of Scotland, Sainsburys, Cap Gemini, Menasat Africa, Australian Government, Westlife US Navy, Boots Company plc, General Dynamics.

**ATV: *What technical functionality do you seek to incorporate in future offerings?***

**Formosa:** Much more interaction—there are other technologies such as DVB-RCS (two-way services over satellite) which will ultimately become part of the overall scheme—depending on the particular market. DVB-RCS, I think, will play a part—the key issue is trying to get an open standard. If your trying to drive up volume of customers you have to make it easy to service those customers. And, if we can get an open standards platform, that will make it easier.

**ATV: *What is the future vision of your group (BT Broadcast Services--Corporate Business)?***

**Formosa:** The group that I look after will certainly grow, and given more opportunity as we become the center of satellite expertise. So, the core expertise will consolidate within Broadcast Services—that's my vision, if you like (and it's going that way anyhow). I foresee that we will be much more consultative in getting into more longer term business. The Internet has brought "*short-term-ism*" which is fine, but we need to sustain more medium- and longer-term business. And the way to do that is to get in there with a consultative approach with the customers, understand their business and actually provide services that will aid them. We're fortunate that we can call on other parts within the bigger company to add value where we can bring them to the party when required. So the key for us is to keep that awareness up and know what is available and what we can manage in terms of setting customer expectations.

The Telco world is rapidly evolving within an economy of uncertainties. As it seeks to re-establish secure, stable businesses out of existing product offerings, it will carve out market-share only by forging new business and providing a variety of IT, media, and telephony networks. Enabling companies to quickly scale their video communications for business-to-business (B2B) communications, training, and marketing will certainly be one way to make money. How much? BT Broadcast Services corporate development team should be a good benchmark to watch.

© 2002 All Rights Reserved - Howard Greenfield  
Further Information contact: [howard@go-associates.com](mailto:howard@go-associates.com)

About the Writer



Howard Greenfield is a freelance writer who has held leadership roles in Fortune 1000 and some of Silicon Valley's top companies including Sun Microsystems, Informix Software, University of California, Apple Computer, Kraft and was VP, Product Marketing at Obvious Technology and Soffface. He is principal of Go Associates, a leading consultancy that develops and implements high-tech product marketing and business development strategies. Howard also currently serves on the board of BlueVoice, a non-profit marine life preservation organization.