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CHANNEL CHOICE

THE NEWSLETTER OF GAMMA TELECOM



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Welcome to the first edition of our Newsletter for 2007. In this edition we have lots to tell you about. We have some news about our performance last year, plus an introduction to some key new appointments to our board. As per usual there is also lots of product information to digest. I hope you find this issue informative, as always, please feel free to contact your BDM with any questions that you may have.

These sorts of newsletters typically end up as an exercise in boasting and advertising. Whilst we won't deny occasionally indulging in this, I'd prefer that we provide you with information that is genuinely informative, spiced with an occasional bit of commentary.



Picking the right path

I can't help thinking that telecomms has become a little bit like an orienteering event. Speed is important - but picking the right route is more critical. For network and channel operators having the right strategy has never been more important.

If you find that you have to backtrack, then you're probably going to end up as an also-ran. All channel players have to carefully re-appraise their markets, products and suppliers for the challenges ahead.

What I love about the channel is it's ability to duck and dive; bundling products and adding value into its chosen niche market. This is very difficult for a vertically integrated direct-sales operator to do on a large scale. Inevitably it shakes down to "standard product" and impersonal customer service, although the price can be aggressive.

The real trick is adding value to a customers business by changing the way that business operates. There are some real opportunities to do this now with IP based services and get away from a price-only led sale. However, for sales teams that have spent years selling a price proposition this is a difficult call.

At Gamma we're trying to re-position ourselves to give the channel an edge in the brave new IP-led

world. More effort is being spent on things like channel training (both sales and technical) and our products are positioned less as bits of technology and more as solutions to business problems. One or two examples of this are given in this newsletter. They come from you, not us.

Business Growth

I'm pleased to say that thanks to you, Gamma grew by 40% in 2006 from £100m in 2005 to £140m in 2007. Full financial results will be published shortly.

Service

As a special mention, I would like to say 'Thank-you' to all of our customers who have helped us succeed over the last year. I hope that our relationship and partnerships can continue to strengthen over the year ahead.

I would also like to welcome many new customers to Gamma, who have joined us in 2006, I know I speak for all of my team when I wish you a successful year going forward and I hope that you have found Gamma to be an open and 'easy to talk to' partner.



Bob Falconer
Chief Executive, Gamma Telecom

Try this angle - *Green Minutes!*



With the increased concern about climate change many businesses, including some major retailers such as Tesco and M&S are now competing on their green credentials and their plans to be carbon neutral, with some pretty bold statements out there.

Our industry is a major player in this, both in a positive way as a means to help businesses reduce their travel and so forth and also as a major consumer of power. We shouldn't underestimate the opportunity we have to help environmentally conscious businesses reduce their carbon footprint.

For example, Gamma currently consumes about 6,000,000kwhr annually, which, using public figures, works out at 0.478 grams of CO₂, into the atmosphere for every minute on the Gamma network.

By comparison, driving a Ford Focus uses 165g/km (model

dependent), so talking for 5hrs 45 mins on the Gamma network generates the same CO₂ as driving a Ford Focus for 1km (actually you have to also take into account the power drawn in BT's access network and the local phone so it is probably closer to 2 hours).

We suspect that, because we utilise our assets efficiently and have moved quickly to soft-switching, we are one of the least polluting Operators (although comparative figures are not available).

So why not use Gamma's products to improve operational efficiency, reduce travel and consume the greenest minutes in the land!!

CEO - Bob Falconer

We're (i'm) pleased to introduce some important new faces to gamma if you have not met them already.

Hot off the Press

Charles McGregor joins the Board

We are pleased to welcome Charles to the Gamma Board as a non-executive director.

Charles has spent his entire career in the telecoms sector. In 1986 Charles, along with his partner, formed Fibernet and later became its CEO. Recognising the consolidation spreading through the telecoms market, Charles recently sold Fibernet for £70m to Global Crossing.



As such, Charles brings a wealth of experience in telecoms, at the most senior level, to Gamma. It is expected that Charles will contribute to sustaining Gamma's impressive growth, of around 35% per annum, well into the future.

Charles' appointment is part of Gamma's strategy to employ more high quality professionals and industry leaders in order to continue the successes the company has enjoyed since it was formed in 2001. Commenting on the new appointment, Bob Falconer, CEO of Gamma remarked, "We are delighted to welcome Charles to Gamma. He can add real value as we develop the business further and look to build on our success to date."

Speaking on his new position Charles said, "This is a great opportunity for me to be associated with one of the fastest growing and most dynamic telecoms businesses in the UK. The plans Gamma has for 07 are very exciting and challenging. I believe Gamma has some tremendous opportunities whilst the market is in this transitory period, and I look forward to contributing to the company's future development."

Operations and Services Director - Andy Morris
Services Director, Andy Morris is responsible for Customer Service Delivery, Billing, Customer Operations & Network Operations and Planning.

Andy has over 15 years Operational Management and Consulting experience in the Telecommunications and Aerospace sectors. Before joining Gamma he successfully ran a business unit responsible for 12 of Cable and Wirelesses largest corporate customers, including Marks and Spencer and Alliance and Leicester. Prior to that he was involved with a number of Telecom's start ups both in the UK and across a number of European countries.

He spent the early part of his career with GEC Marconi Aerospace and is an Engineering graduate of Nottingham Trent University.

Development Director - Ian Moir
Ian joins us with responsibility for Product Development and major engineering projects.

Ian has over 25 years experience in the communications industry in various Software Engineering roles in South Africa, the USA and UK.

Ian was a founder of Xstreamis Ltd, a successful start-up that pioneered real-time data classification for the transport of rich-media content over broadband IP networks.

We welcome both appointments and wish them every success in driving our business forward.

Gamma strengthens software capabilities by acquiring assets from Systems Company



Newbury, UK – March 7, 2006: Gamma Telecom, the innovative voice services applications and solutions provider, has taken the major step of bringing in-house all of the services currently provided by its systems specialist partner; Lifecycle. Gamma and Lifecycle have worked together for over 4 years, combining their individual expertise to bring the best possible service and value for money to Gamma' channel partners.

Gamma will acquire some of Lifecycle's assets, including the staff who formed the Service Delivery team and a number of

software developers. The new staff will be located in Gamma's offices in Newbury, London and Manchester and will officially start working for Gamma from the 9th February 2007.

Ian Moir, Gamma's new Development Director, said of the acquisition: "This deal will enhance our software capabilities to ensure our systems developments, billing, portal provisioning and new product development continue to meet the needs of our channel partners and their end-users long into the future. The move represents a significant investment in Gamma's roadmap

and complements our recent acquisition of Budapest-based IP company, Asylum."

As IP telephony continues to gather momentum, Gamma is positioning its self as a market leader by being the first carrier to complete construction of a UK wide IP-based network. The acquisition of these assets recognises the importance of the services Lifestyle were providing in helping to further differentiate Gamma through the development and ownership of unique software solutions for use with the company's IP network.

Gamma Telecom outsources international voice business to Deutsche Telekom's International Carrier Sales & Solutions

London, UK – 2006: Gamma Telecom and International Carrier Sales & Solutions (ICSS), the international wholesale unit of Deutsche Telekom, have signed an international voice outsourcing deal, which sees Gamma Telecom outsource its international voice traffic to ICSS.

The solution will ensure Gamma Telecom's customers have the highest level of service quality whilst enabling Gamma to focus fully on serving its channel business partners. The forward-looking solution provides Gamma Telecom with a complete international voice solution.

Carriers around the world count on voice solutions of Deutsche Telekom's International Carrier Sales & Solutions to provide them with high-quality global voice termination. ICSS is able to route traffic according to each carrier's individual requirements via its cutting-edge network technology and market leading routing systems.

"This particular agreement with Deutsche Telekom ICSS is a cornerstone in Gamma Telecom's future strategy," added Bob Falconer, CEO of Gamma Telecom. "ICSS will supply Gamma Telecom with a high-quality international

voice solution, removing the headache of managing multiple suppliers and enabling us to provide our channel partners with the very best international service."

Jonathan Webster, Head of Region, Western Europe & Africa for Deutsche Telekom ICSS, commented, "We are delighted to continue to enhance our business relationship with such a forward thinking company as Gamma Telecom. This agreement further demonstrates the ability of ICSS to provide high quality solutions in the ICT environment."

OPERATIONS • OPERATIONS • OPERATIONS • OPERATIONS • OPERATIONS

Andy Morris talk Operations

"I'd like to start by mentioning the fact that we unfortunately saw a couple of uncharacteristic dips in service quality during Oct 06 – Jan 07. This in no way reflects a change in Gamma's objective to provide high quality business services. We have successfully identified the root cause of these issues and eliminated them from the network.

We continue to invest heavily in the infrastructure and skills required to maintain carrier class services for both the traditional and emerging markets. This year alone will see additional switching centres in Birmingham, Leeds, Milton Keynes and Bristol.

We are also implementing a revised support structure to ensure that our customers who require a more skilled interface for IP products get direct access to qualified Engineers.

With all of these and more new measure in place, plus, the implementation of a revised quality governance structure, we are ensuring that we focus on the detail of service delivery."

OPERATIONS • OPERATIONS • OPERATIONS • OPERATIONS • OPERATIONS

FEATUREPLUS

Gamma FeaturePlus Support Training

On the 10th, 17th & 24th January, Allan Machline, our Service Delivery Manager held 3 separate sessions on Supporting FeaturePlus.

Although the attendance levels were rather low for these events, attendees remarked that the sessions were key to help them support FeaturePlus.

It gave our Partners the chance to ask technical questions that we may have never thought of. The objective of the day was to give you the training and help needed to support FeaturePlus for your customers, and we believe we achieved this.

During the day there was a practical session, were delegates were asked to solve 3 faults, an informal presentation, a section on Porting, plus a Q&A.



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WHATS NEW IN PRODUCTS? • WHATS NEW IN PRODUCTS? • WHATS NEW IN PRODUCTS?

IP DirectConnect V3.0 Launch

The second quarter of 2007 sees the launch of IP DirectConnect Version 3.0. The success of IPDC has seen us having over 500 IP end points for this service, servicing nearly 100 customers.

Enhancements to the current version of the service include;

A Presentation CLI Facility – calls can be pushed into the network so that any number can be presented to the called party.

A Call Divert Service – In the event of a failure, the customer can invoke alternative routing for all incoming calls to an alternative number (or number range). This gives the customer dedicated back-up at network level.

The ability to accept connections from PBXs that use SIP Registration – Any PBX or CPE can now be accepted on to the Gamma network, this opens up your market by enabling you to sell to virtually all customers with all variety of equipment.

A packaged ADSLMax solution from Griffin – We can now provide a fully managed, end-to-end solution that includes the router and the ADSL broadband service. If a fault occurs with any part of solution, then this can easily be identified and rectified. In short, Gamma takes full management responsibility for the end-to-end service.

These enhancements will improve the already market leading position of IP DirectConnect.

WHATS NEW IN PRODUCTS? • WHATS NEW IN PRODUCTS? • WHATS NEW IN PRODUCTS?

FeaturePlus Virtual Numbering Promotion

What are Virtual Numbers?

Virtual numbers provide an advanced call forwarding service on any of Gamma's geographic number ranges; partners simply request a number from our extensive range of local area codes and then (the partner or customer) sets the forwarding rules in a web-based control panel provided.

As this product is provided as a part of the FeaturePlus service, you get a lot more than simply one-to-one call forwarding:

- a) Calls can be forwarded to up to 10 numbers in sequence or up to 5 numbers in parallel
- b) The service comes with voice-to-e-mail and text notifications as standard
- c) A 3 month history of all calls made, received and missed can be downloaded from the control panel for analysis
- d) The service is fully configurable from a web-based control panel – you or the customer can have complete and instant control

Here are some examples of how they are used

A taxi firm operating in Hampshire advertises on one number only, limited to the local directories. With drivers living across various towns in the county and outside, local numbers advertised in local directories would enable them to extend their reach and number of pick ups beyond their

local area. By using a virtual number for each chosen area code, calls from customers are forwarded to the control room in Portsmouth where the bookings are taken and jobs allocated.



A small consultancy has put together a marketing plan to target local businesses outside of their area. A local presence is vital in attracting interest and calls to the number they will advertise in the given area. They plan a phased campaign, targeting different towns for a period of a month at a time and then moving to the next set of towns. They were only able to plan in this way because of Virtual Numbering. After each campaign is completed they cancel the subscriptions and order a new set of numbers. Using the downloadable call history they can measure the success of each local campaign.

A customer moves from London to Reading. They are not interested in an IP Telephony service and want to keep their existing key system. They want to keep their number, however: this is very important and they are planning to use BT Remote Call Forwarding. With Gamma they now have an alternative: they could port their BT number and use the Virtual Number service to forward calls to their new site (at a lower monthly rate and with complete control over the service).

And the promotion?

From the 1st of April to the 1st of August all Virtual Numbers provisioned after the 1st of April will be charged at £5.95 per month. This will include all advance charges for June. Thereafter, ALL virtual numbers will be charged at £8.95 per month.

If you haven't already been set up for FeaturePlus, then please speak to your Business Development Manager now.

And finally a competition!

We are looking for the most original and unusual application of Virtual Numbering - do you have a great story of finding a solution to a customer problem using the virtual numbering that you wish to share with us?

If you do then you could win a £250 voucher from <http://www.buyagift.co.uk>. This voucher can be redeemed against any of the experiences or gifts on the web site. From Ferrari Driving to Spa Breaks and Hampers to fine wine..."giving you the ultimate gift experience."

Please submit your entry to marketing@gammatelecom.com by the 1st of May, detailing the type of business your customer has, the problem they needed to solve, the options available and the chosen solution.

The winner will be announced on the 18th of May.

Kind Regards,

James Bushell

Senior Product Manager, Gamma Telecom



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