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# Changing Business Models, Panel Discussion

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ARC



# Corporate Overview

## **Allied Riser Communications Corporation (“ARCC”)**

*ARC provides very high speed, IP-based, integrated communications services to businesses in commercial buildings. ARC partners with WAN service providers and Applications Service Providers to deliver end-to-end customer solutions over its own fiber-optic network infrastructure in these buildings.*

### **Financing**

*Series “A” financing November, 1998*

*Debt and Series “B” financing 1999*

*IPO October, 1999 - raised \$305M with net proceeds of \$285M*

➔ *\$150M Convertible Subordinated Note - June, 2000*

### **Venture Capital/Private Equity**

*BCI*

*Chase Manhattan*

*Crescendo Ventures*

*Equity Group Investments*

*First Union*

*Goldman Sachs*

*Norwest Ventures*

*Telecom Partners, LLP*

### **Vendor Financing - Cisco Systems**

### **Operational since January, 1998**

*First building lit in San Francisco*

*~1700 buildings under contract*

*> 500M square feet of addressable floorspace*



# The Opportunity

## ***Web-Enabled Services for Small-Medium Sized Enterprises in Commercial Office Buildings***

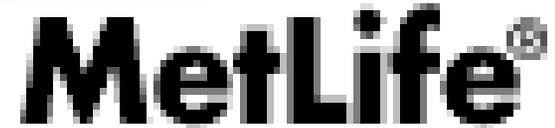
- ▲ ***Underserved Market in Major Commercial Buildings***
- ▲ ***Inadequate Infrastructure***
- ▲ ***Dissatisfaction with Shared Tenant Services***
- ▲ ***“Last Mile Mentality” of Incumbents and CLECs***
- ▲ ***Little Focus on Small-Medium Enterprises***
- ▲ ***Synergies of IP, Fiber, Ethernet***
- ▲ ***Opening Created by Telecom Act of 1996***

# Addressing the Opportunity

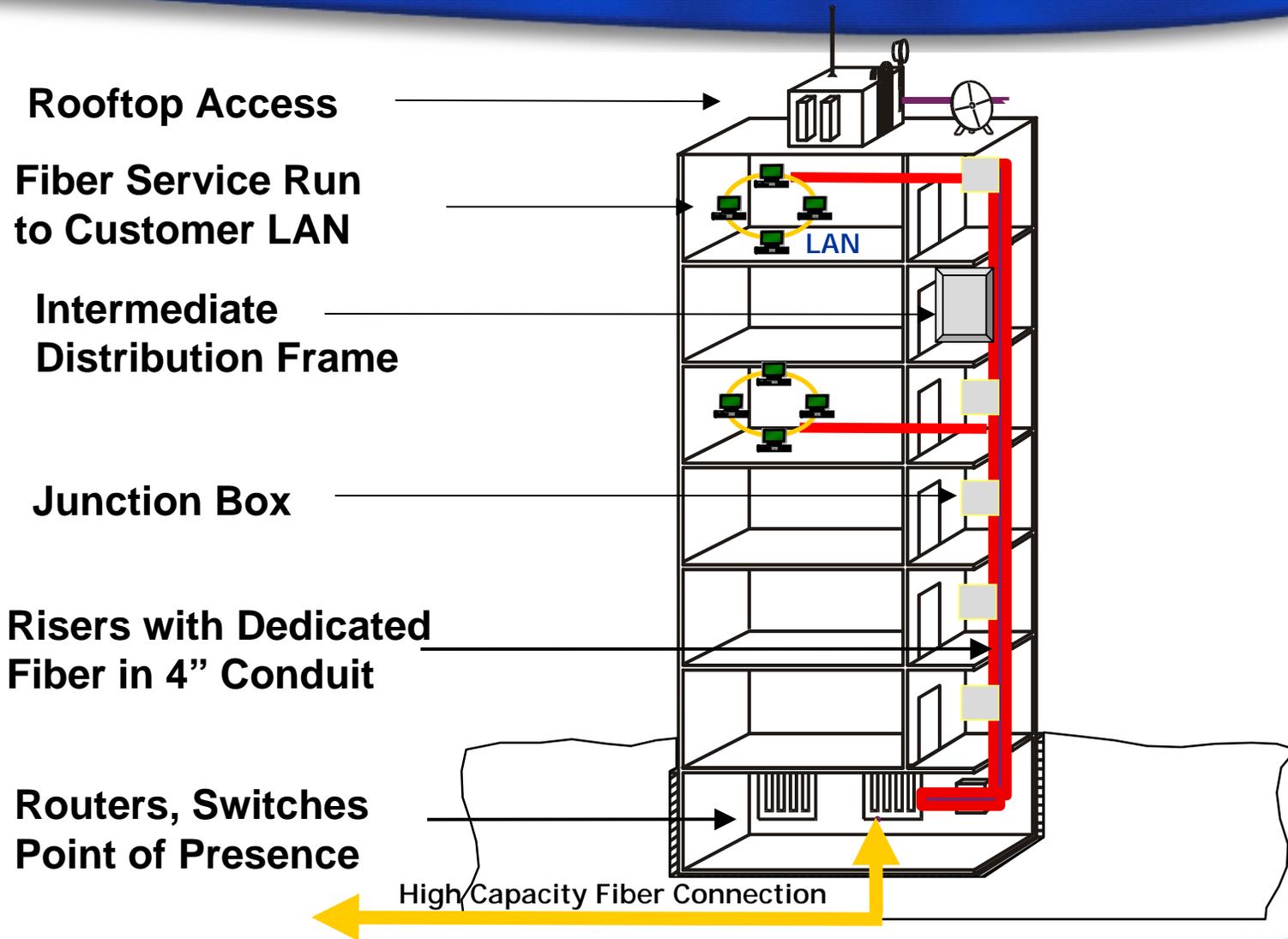
## **ARC -**

- ▲ *Partners with major real estate owners to establish access to commercial buildings*
- ▲ *Distributes a secure fiber infrastructure to every floor of these buildings*
- ▲ *Aggregates building traffic with switches and routers at a building point of presence (BPOP)*
- ▲ *Collocates with WAN carriers to provide Metropolitan Points of Presence (MPOPs) for homing the BPOP traffic*
- ▲ *Partners with APSs to deliver IP-based vertical applications for small-medium enterprises*
- ▲ *Supports customers in each ARC-lit building with a dedicated 4-person team to address sales, provisioning, support, managed services with end-end SLAs*

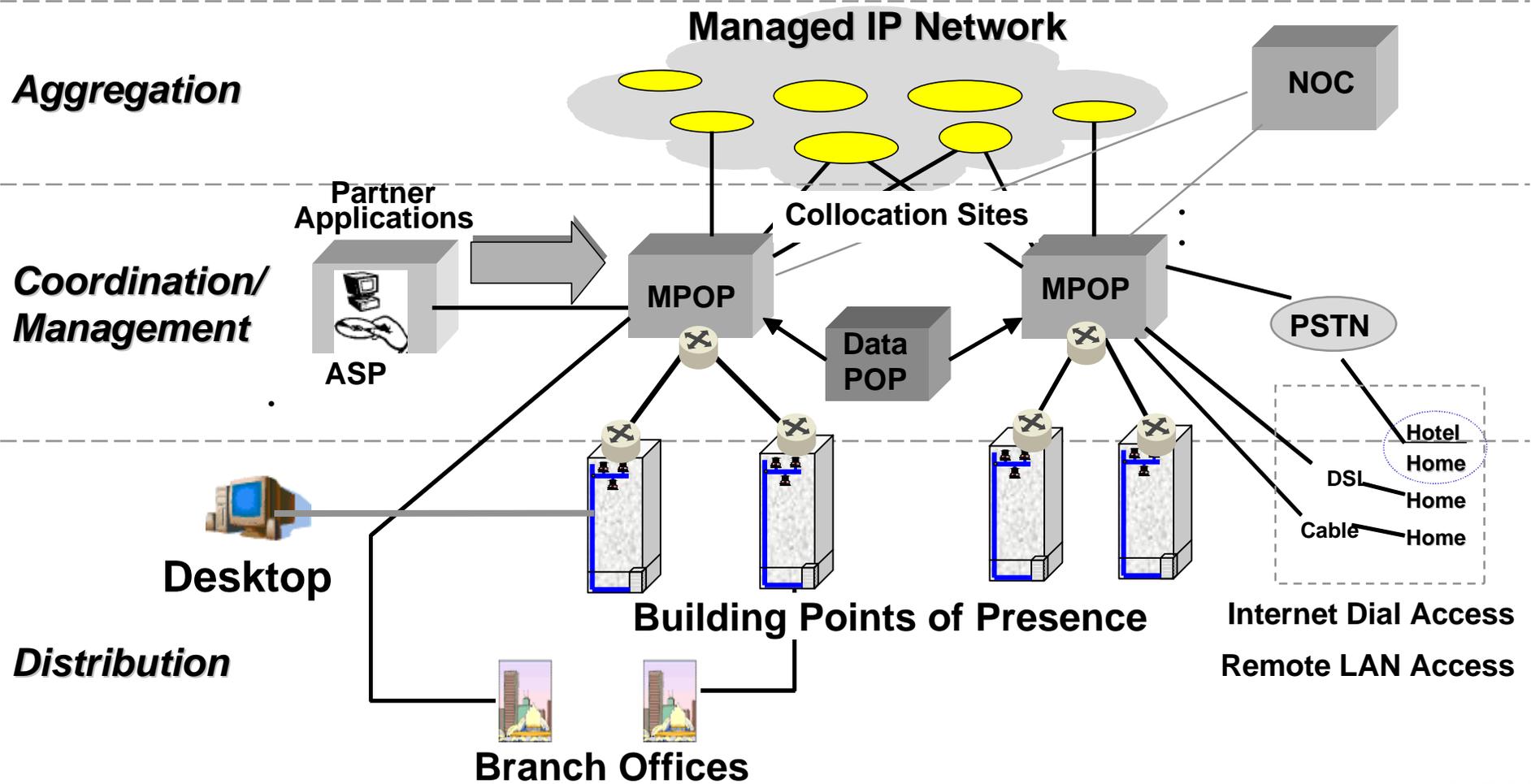
# Establishing Access – Real Estate Partnerships



# Building Point of Presence



# Collocated Metropolitan Points of Presence



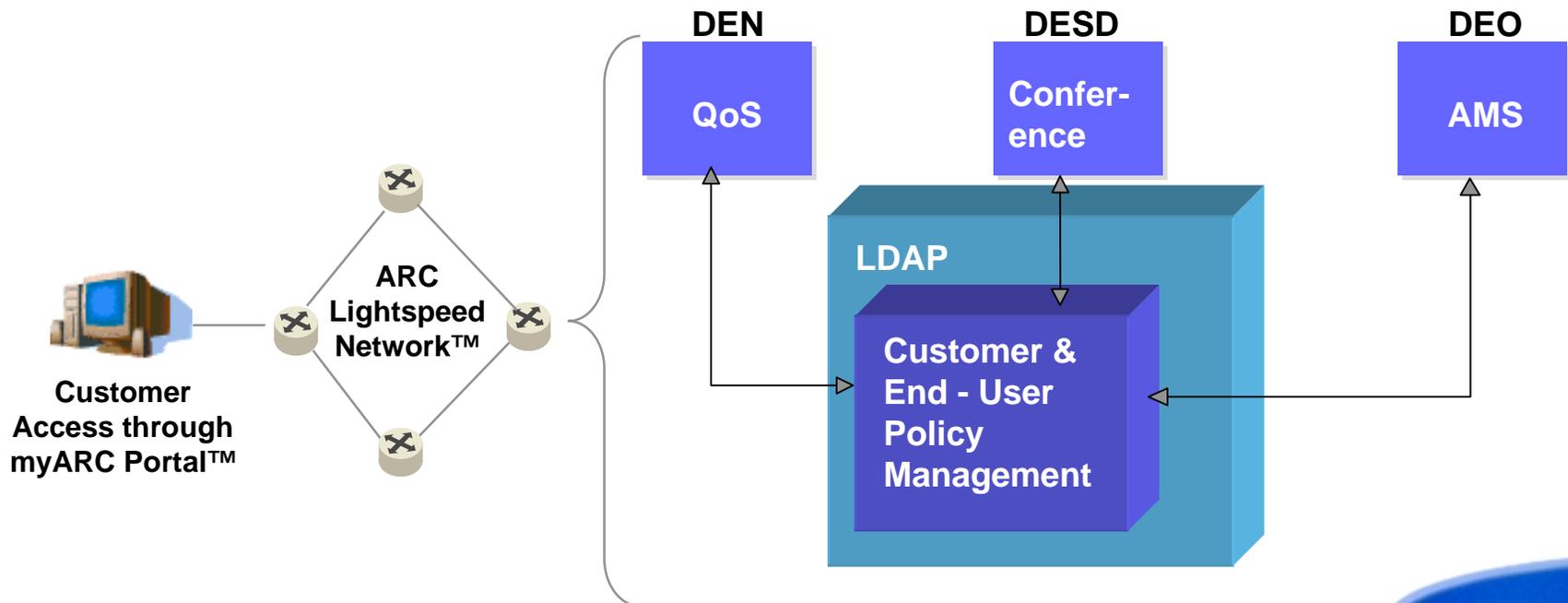
# Leveraging the IP Opportunity

**DEN** - Directory Enabled Networking

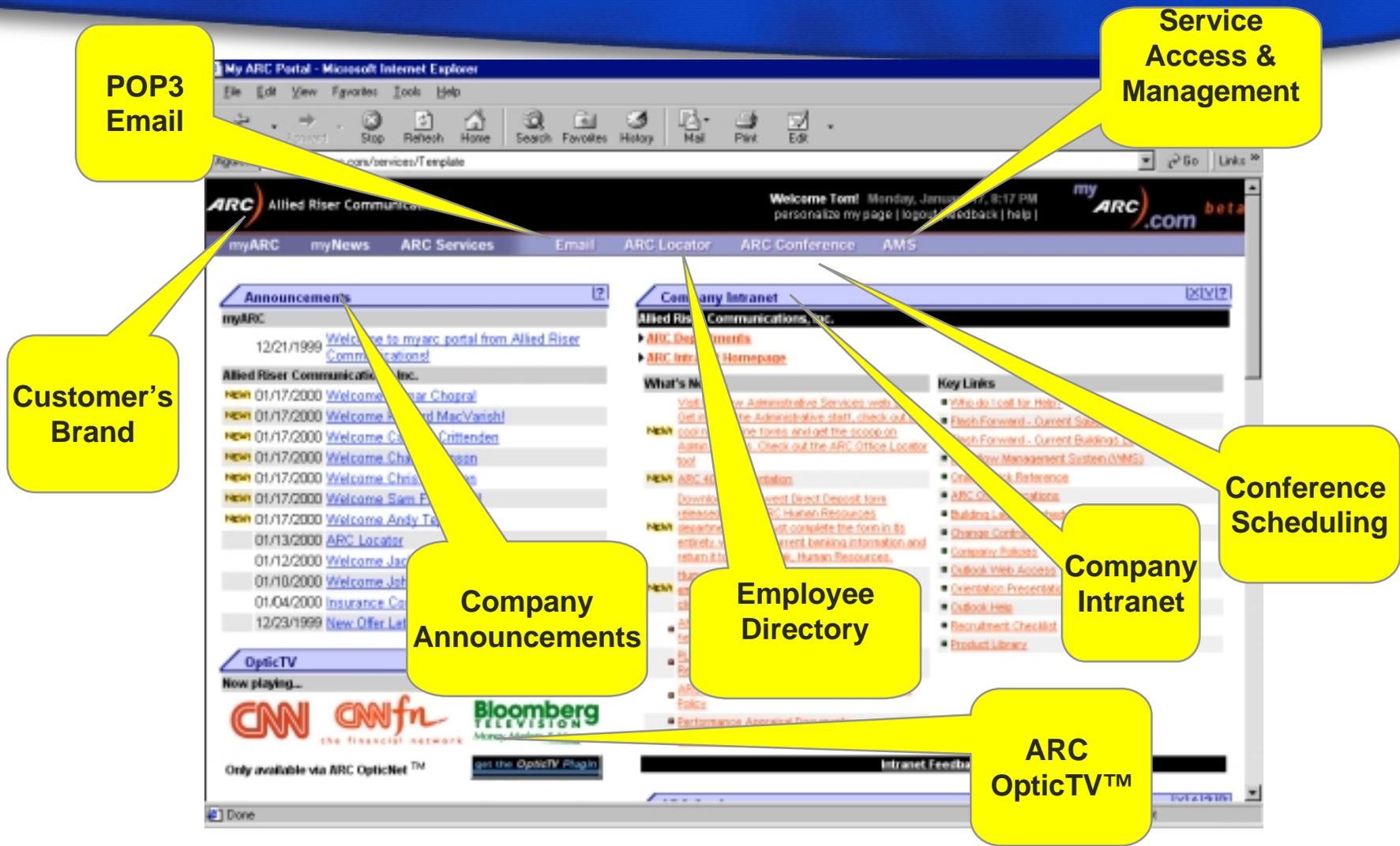
**DESD** - Directory Enabled Services Delivery

**DEO** - Directory Enabled Operations

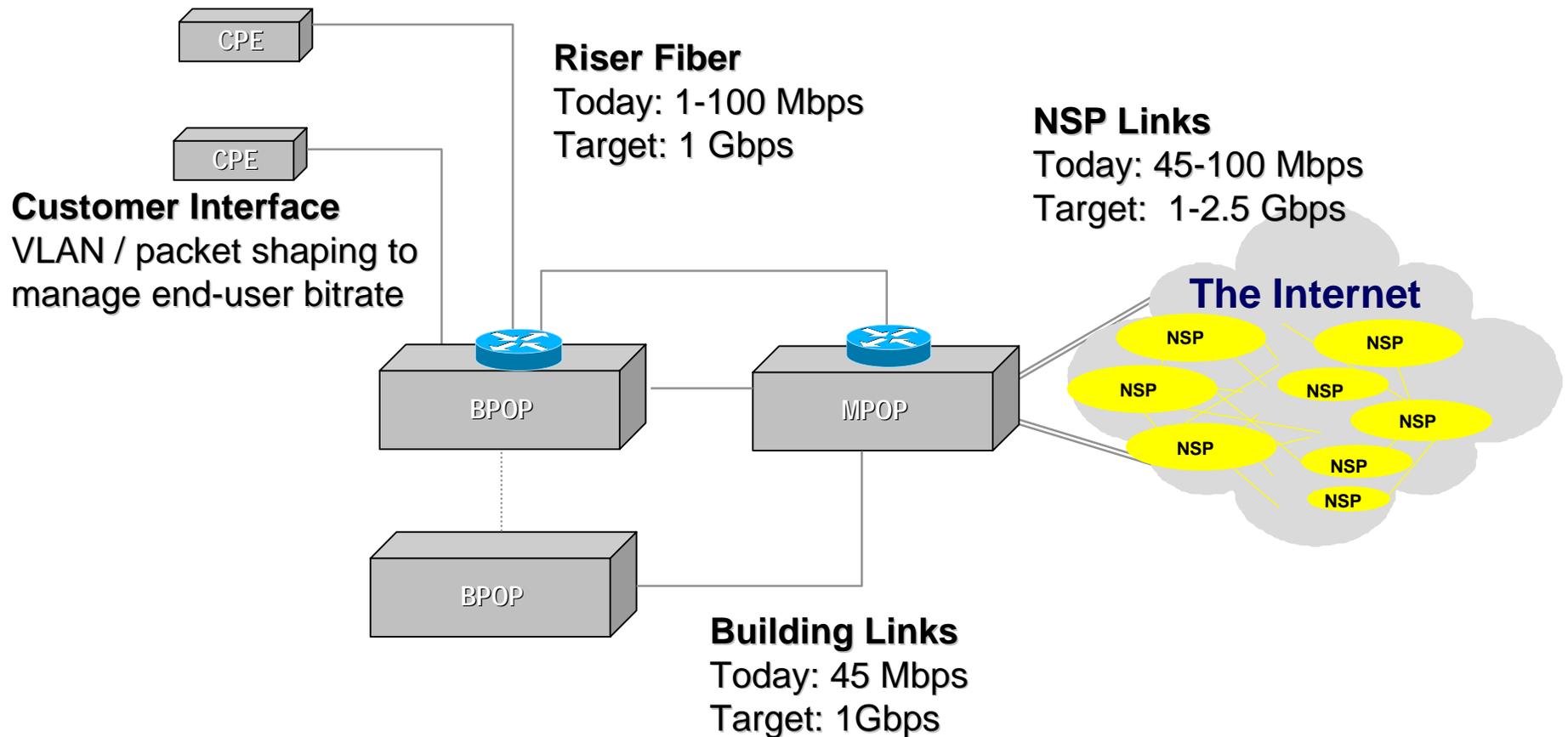
**AMS** - Application Management System



# Maintaining the End-User Relationship



# Future-Proofing the Network

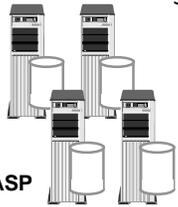


# Encouraging External Innovation

Developer's Lab

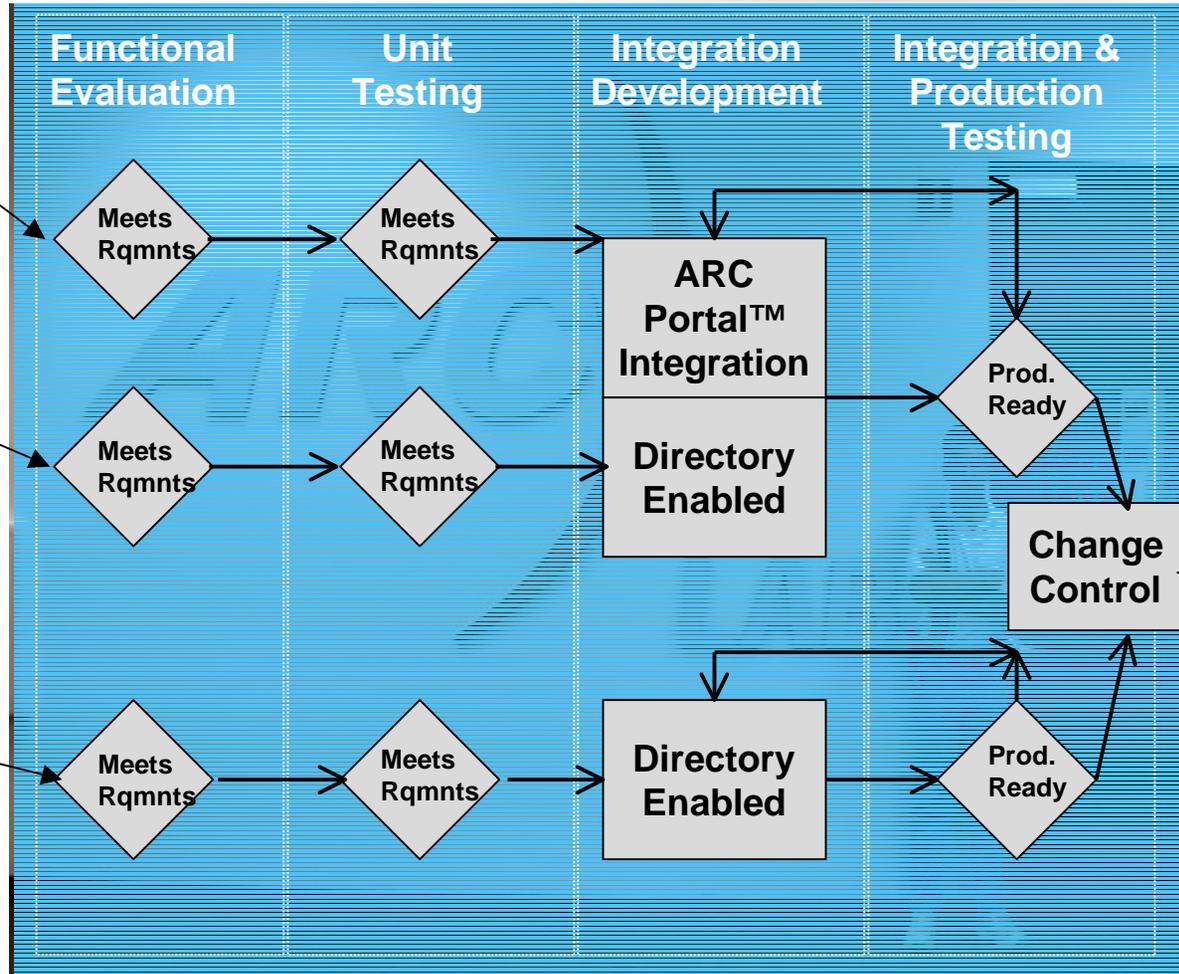
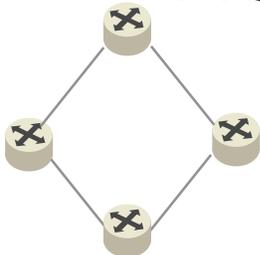


Data Center, ASPs, and Content



- ASP
- Broadband Content

Network Equipment



*ARC's engineers work with leading edge infrastructure equipment vendors and ASPs to evaluate and integrate their capabilities to the ARC Lightspeed Network™*



# Product Roadmap

## — IP Services —

## — Web-Centric Applications —

## — Services —

### **Current Product and Services**

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#### 10Mbps - 100Mbps Ethernet:

- OpticNet™
- OpticNet Port™
- LAN Extension

#### Remote Access:

- ARC IDA™
- ARC RLA™

#### Agency LD Voice

#### Online Business Center:

- myARC Portal™
- Directory Services
- Audio Conferencing Scheduling
- OpticTV™ (News Casting)
- DNS Management
- OpticMail
- Enhanced email

#### ➤ 24x7x365 NOC

#### ➤ 24x7x365 CCC

#### ➤ Hosting

#### ➤ Email

#### ➤ Audio Conferencing

#### ➤ Installation services

#### ➤ Managed Security

#### ➤ Managed Firewall

#### ➤ WebDesign

### **Expected Availability in the Next 12 Months**

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#### ➤ ARC VPN™

#### ➤ Custom LAN/LAN Extension

#### ➤ QoS Management

#### ➤ Cable Modem

#### ➤ IP Telephony Services

#### ➤ Enhanced Content

#### ➤ Web hosted applications

#### ➤ eCommerce applications

#### ➤ eBusiness applications

#### ➤ Managed Desktop

#### ➤ Enhanced Shared Hosting

#### ➤ Dedicated Hosting

#### ➤ Data Conferencing

#### ➤ Video Conferencing

#### ➤ Consulting services

#### ➤ Remote management services



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# Orchestrating the EcoSystem

## ***Suppliers/Partners***

### Network

- Internet Peering
- Local Access
- Equipment
- DNS Management
- Access/Security

### Plumbing/Hardware

- Routers/Switches
- Optical/Electrical Switching

### Applications/Software

- Portal
- Intranet
- Content
- Data Base
- Maintenance
- eBusiness/eCommerce

### Services

- Firewall
- DHCP
- Installation
- Maintenance

**ARC's  
Platform  
for  
Innovation<sup>SM</sup>**

*Standards  
Orchestrated  
by ARC and  
Published to  
Suppliers and  
Partners*



- Aggregation
- Packaging
- Coordination
- Distribution
- Management

**ARC's  
Product  
and  
Service  
Bundle**

*ARC's  
Packaged  
Service  
Platform  
Delivered to  
Customers*

## ***Customers***

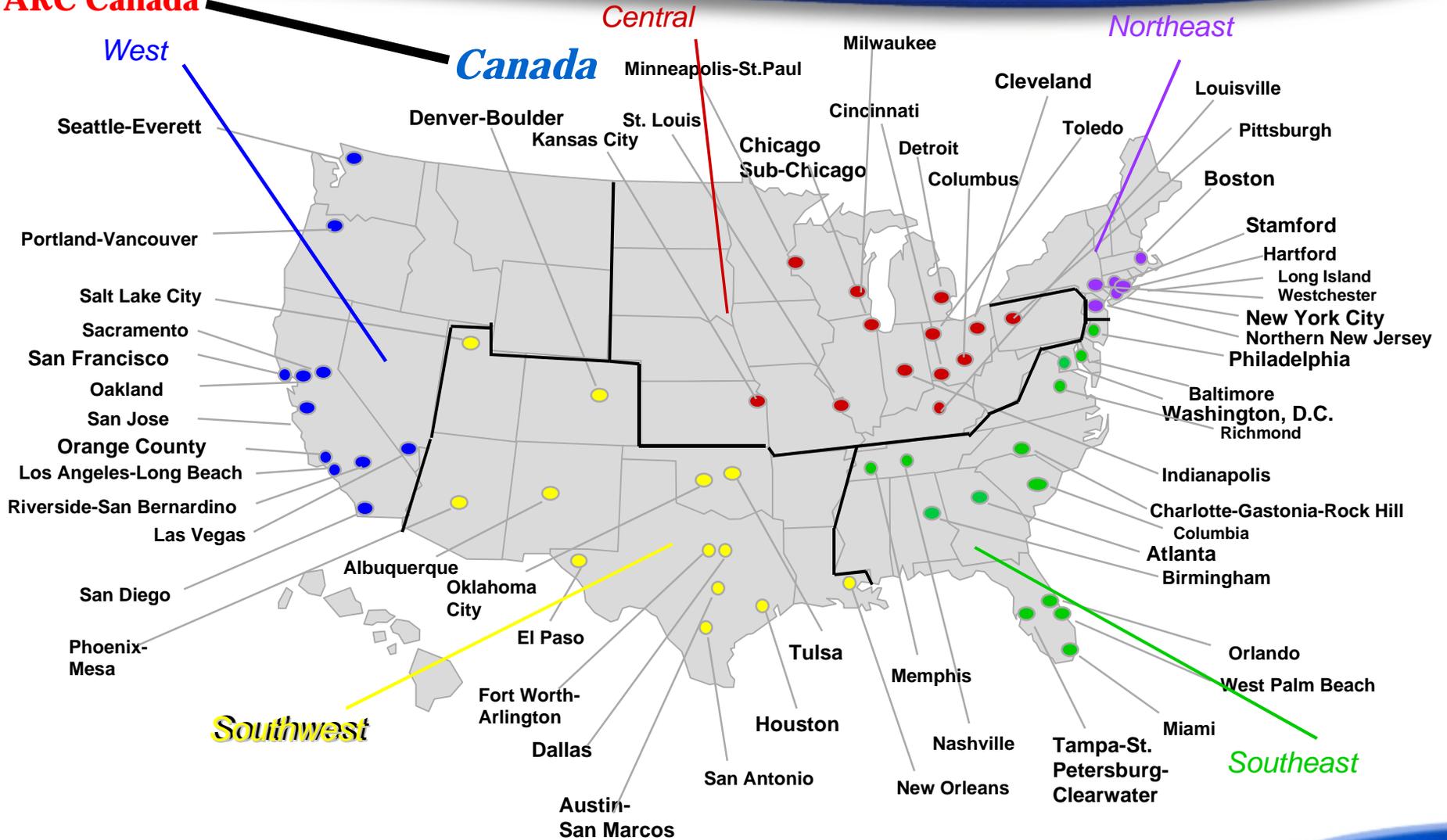
### The New Bundle

- Broadband IP Data Connection
- Bandwidth Enabled Applications & Content
- Managed Services
- User based SLAs

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# Deployment Status

## ARC Canada



# Summary

***ARC's ecosystem is complex and evolving and has been essential to its progress to date***

