

ICM research shows: cost control remains top priority for senior IT executives, as outsourced WAN management increases

London, February, 23rd 2006 – Cost reduction remains the number one priority for senior IT executives globally when it comes to managing their networks, according to new research results released today. The independent annual survey conducted by ICM Research on behalf of Vanco, the leading global Virtual Network Operator (VNO), also found that cost is by far and away the largest consideration when selecting a network service provider.

The research, conducted among 301 senior IT executives worldwide, shows that over three quarters (76%) of IT executives cited lowest lifetime cost as one factor influencing their next outsourcing decision, compared to 48% in the 2005 study. Geographical coverage was the next most important factor, with 31% highlighting worldwide reach, closely followed by highest service capability (25%) and network reliability (23%). Of these factors, geographic coverage saw the biggest jump, moving up from fourth place in the 2005 study.

Cost reduction was also the most common first response (29%) for IT executives when citing their network priorities over the next two years. Security and increased bandwidth were the next biggest priorities, with (19%) and (12%) respectively.

The 2006 survey highlighted that growing numbers of IT executives are turning to outsourcing as a tool to help them manage network costs and remain competitive and efficient. Three quarters (74%) of those surveyed currently outsource their Wide Area Network (WAN), up from 71% last year.

Industry service improvements reduce burden on CIOs, but billing is an area for further improvement

Service providers are clearly succeeding in taking the network burden away from organisations, as there has been a significant increase in the number of IT executives needing to spend no time at all on WAN management themselves. In 2005, most IT executives said they were spending a considerable amount of time managing WAN issues that they would typically regard as being the responsibility of their service provider. Only 19% said they needed to spend no time at all, but this has increased to nearly one third (30%) of IT executives in the 2006 study.

The research also revealed the most pressing issues preventing the optimal running of networks. Nearly two thirds (60%) of IT executives worldwide said the inability to quickly identify network faults is a major issue that has impacted network effectiveness, compared to 46% which said this was a major issue in the 2005 study. The inability to quickly restore full network service after a discontinuity is the second greatest concern, with 56% citing this as a major issue they have encountered. The real climber however was billing issues, which was considered the eighth most important criteria in 2005, but by 2006 was cited by 43% of IT executives as an issue of concern – the third highest response.

“IT executives are under increasing pressure to control network costs, while remaining competitive in the market and responsive to the changing needs of the business,” says Allen Timpany, CEO of Vanco. “Outsourcing is a way in which organisations can do this, although service providers must be able to supply, fast, accurate and flexible services to justify the expenditure and trust of customers.”

“With cost management even more critical for 2006 and WAN management on the increase, providing tailored services such as billing will be increasingly critical in order for these benefits

to be realised by IT executives," continues Allen Timpany. "Vanco is ahead of the game on this, having developed and deployed a new process allowing customers to record, display and report on data at contract, site and line item level in their choice of local language. Designed to specifically address these sort of requirements, customer-focused thinking such as this ensures we continue to provide market-leading and award-winning service."

About ICM

ICM Research is a full service market research agency based in Central London. ICM is the largest independent research organisation in the United Kingdom with a wide range of blue-chip clients - both in technology, telecoms, as well as other sectors. Clients include Vanco, Vodafone, Orange, Sony Ericsson and BT.

About Vanco

Established in 1988, Vanco plc (FTSE: VAN) is the pioneering and leading global Virtual Network Operator. Vanco does not own telecoms assets and therefore has the freedom to source infrastructure from the most suitable Asset Based Carriers (ABCs) on a global basis. It provides enterprise clients, directly or through partners, with cost-effective, optimized and fully managed network solutions. Carriers can also extend their off-net reach by accessing, through Vanco, other carrier networks around the world.

With solutions available in 230 countries and territories, Vanco is selected by the world's largest organizations to provide strategic network solutions. Its clients include Accor Hotels, Avis Europe, British Airways, Ford Motor Company, IBM/Lloyds TSB, Siemens, Pilkington and Virgin Retail.

Through the Vanco network solution clients get access to the greatest geographic coverage available through a single provider. Vanco offers incomparable flexibility to customize and adapt the solution in line with market changes and business priorities.

Vanco is recognized by the industry for its financial success and world class customer service delivery. A significant proportion of its investment capital goes into customer care which is reflected by the awards won, independent market research and client retention.

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