

Your Customers. Our Promise.

China Telecom Americas' Commitment to Carrier Partners Creates Opportunities for Global Expansion

White Paper



As the North American subsidiary of the largest, most prestigious integrated communications service provider in China, China Telecom Americas is best able to help telecommunications service providers extend their reach and reinforce their brand with outstanding products that are backed by industry-leading SLAs. No carrier is investing in the infrastructure and services needed for the globalization of business like China Telecom. China Telecom Americas is committed to making it easy for communication services providers to successfully expand to Asia in support of their clients' operations and to reach the massive Chinese market.

– China Telecom Americas.



"We are constantly adding capacity in and out of China because demand from our customers is growing. We were reselling another company's services, and they were getting their capacity from China Telecom. Working directly with China Telecom Americas gives us circuits direct from China Telecom and puts margin on the bottom line."

-Director of Commercial Carrier Management, US-based Global Communications Carrier

Ready, Set, China! Millions of global companies have established operations in China to be a part of the world's fastest growing economy. Many now understand that success doesn't happen overnight; it's a marathon that requires endurance and resourcefulness. Telecommunications service providers see the potential of the world's most populated nation, which has shown an appetite for networked and value added services. The massive global participation of multi-national companies in the Chinese economy continues to force carriers from around the world to find ways to serve their enterprise clients beyond the scope of their own geography and domain of expertise. Asia – and specifically China – has become one of the world's top destinations for enterprise expansion, yet the country is wrought with significant challenges to both enterprises and the carriers that serve them. Diversity of the country, its location, the language barrier and a plethora of regulations that must be followed create a challenging business environment.

China Telecom Americas' research shows that enterprises doing business in China overwhelmingly consider reliable telecommunications services to be a priority. Carriers hoping to meet their clients' needs in China must be prepared to deliver nearly flawless service. Carriers are wise to partner with an incumbent when entering this region in order to avoid the requirement to spend hundreds of millions of dollars to build, deploy and manage the array of service options that are required to meet enterprise communication needs.

China Telecom is China's leading integrated communications services provider with majority market share for fixed-line services and the greatest global capacity to, within and from China. China Telecom has been recognized by industry analysts for its forward-thinking strategy to deploy CN2, the Next Generation Carrying Network built for business MPLS requirements. The company has established subsidiaries globally to provide expanded regional service and support. China Telecom Americas was established in 2002 to serve North and South America and currently counts some of the world's largest companies and carriers among its valued customers.

China Investment Remains Strong

National economies are becoming more interconnected, with China's economy having a greater impact globally each year. Foreign Direct Investment (FDI) in a region is a leading indicator of the future demand for communication services. Once established, Multi-National Companies (MNCs) must connect people, applications and

content as part of daily operations. China has enjoyed an influx of investment from a variety of locations worldwide and many Chinese firms are investing globally as well. In 2007, there were more than 37,000 new contracts written in China for FDI, with more than \$82 billion being invested. Experts predict that FDI will continue to increase in the coming years. MNCs play a major role in China's economy, currently accounting for nearly 58 percent of China's imports and exports.

National economies that were once slightly entangled are now permanently intertwined. China is just behind Canada as the United States' largest trading partner (accounting for more than 12% of US trade) according to US Census Data. Canada's top two-way trading partners (imports plus exports) are the United States, China, France and the United Kingdom. Trade between China and Latin America has grown significantly. According to the Chinese Ministry of Commerce, bilateral trade between China and Latin America expanded from \$200 million annually in 1975 to \$70.2 billion per year in 2006 and it is predicted to reach \$100 billion by 2010.

China's Telecommunications Landscape is Vast and Growing

With a population of 1.32 billion and a land mass just slightly smaller than the U.S., China owns the world's largest fixed-line and mobile networks in terms of both network capacity and number of subscribers. China's telecom market is expected to reach \$130 billion by 2009. China recently surpassed the United States for Internet users at just over 220 million users and has the greatest number of mobile phone subscribers worldwide. China's consumers, households and business have caused a boom in online services, with shopping, texting and gaming rapidly growing. This large-scale adoption of communications technology and services has pushed China's telecom service industry to grow at a faster rate than the country's GDP. The Ministry of Information Industry reported that revenue from basic telecom service contributes approximately 2.1% of the country's GDP, while value-added telecom services contribute a further 3.2% to total GDP.

Implications for Carriers

The massive telecommunications market presents significant opportunities for carriers and value added service providers, even if they do not own infrastructure in China. In order to succeed, they must select an alliance partner that has



China Telecom has more than 10,000+ dedicated employees providing systems integration, IT outsourcing, network management and equipment leasing globally in support of MNCs and telecommunications service providers:

- Throughout China
- In North and South America
- In Europe:
 - London
 - Frankfurt
 - Stockholm
- In the rest of Asia
 - Hong Kong
 - Singapore
 - Tokyo

demonstrated a willingness and ability to invest billions of dollars in infrastructure and support services required to keep up with the explosive demand for telecommunications services resulting from unprecedented economic growth.

MNCs want to streamline the number of vendors that they use for their global communications requirements. They often want to acquire telecommunications services through vendors with whom they have existing relationships. Even if carriers' clients have not already inquired about communications services in support of operations in China, carriers should ready themselves. The need to serve clients' business in China is imminent.

For carriers whose clients have already led them into China, it's a perfect time to evaluate alternatives that provide the best mix of service coverage options, support, SLAs and overall value. In most cases, carriers are serving existing clients who are expanding into China, so a relationship of trust between them is already established. If the services provided in China do not meet customers' expectations,

the entire financial relationship with the carrier could be at risk. Thus, carriers need to make sure that they choose a partner with the strength and resources to support the quality of their own brand.

Figure 1: Sample China Telecom Americas Offerings

Service	Enterprise	Carrier
IP Service	●	●
Internet Peering		●
Internet Transit	●	●
ChinaNet Access	●	●
Data Communication Service	●	●
ATM	●	●
FR	●	●
DDN	●	●
IPLC	●	●
MPLS VPN	●	●
EPL	●	●
Network Element Leasing Service		●
Managed Service	●	●
System Integration	●	●
Network and IT Outsourcing	●	●
Disaster Recovery	●	●
VIP NetCare	●	●
Security Expert	●	●
IPSec VPN	●	●
Integrated Information Applications (China)	●	●
Internet Data Center (IDC) (US & China)	●	●
Xinshitong (Video Conference)	●	●
Mega Eye	●	●
IPTV		●
Telephone Services	●	●
VoIP (17900/17901)	●	●
Voice Wholesale (Americas & China)		●

China Telecom Americas Fosters Successful Relationships with Carriers

If anyone knows what carriers need to successfully serve demanding enterprise customers in China, it's China Telecom. China Telecom Americas, China Telecom's subsidiary serving carriers and enterprise customers in North and South America, combines the experience of a world-class carrier, the expertise and strength of its parent, and a North American team to locally support its relationships with carriers and service providers doing business in Asia. Figure 1 illustrates the variety of services provided by China Telecom Americas.

Delivering data communications solutions to clients in China can be challenging on many levels including:

- Overcoming a lack of knowledge about doing business in China;
- Finding a partner that can reach into all of China;
- Choosing between the multitude of networking options;
- Dealing with language and time differences and;
- Writing contracts with terms that are acceptable to the carrier.

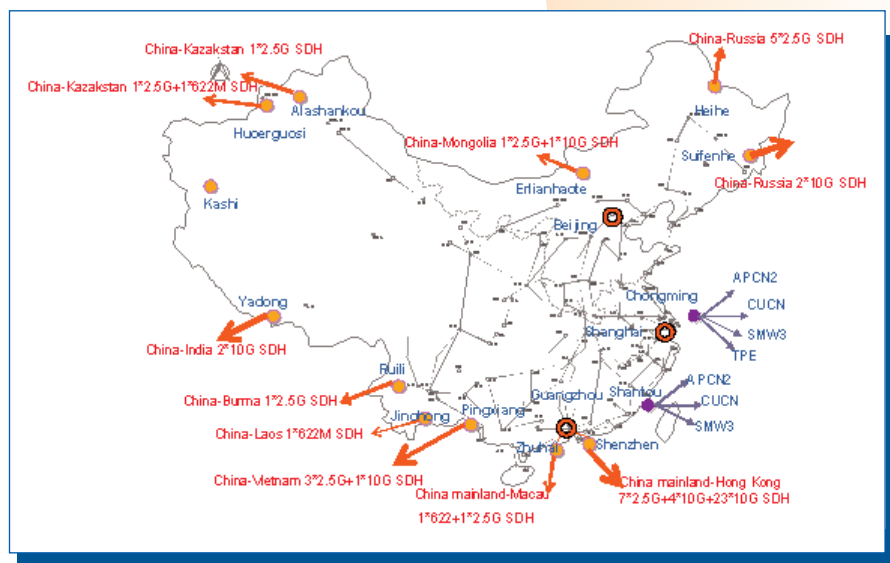
China Telecom Americas is a strong, reliable choice for telecommunications service providers seeking a world-class partner in Asia in order to support their own brand and their clients' requirements. China Telecom Americas offers the strongest SLAs for network performance of any carrier serving China and the program management team has delivered industry leading on-time installations 99% of the time. China Telecom Americas works on behalf of carriers and customers for network planning, implementation and operational support in the Americas, China and the rest of China Telecom's global network coverage area. The company is Cisco certified and has close alliances with its technology providers.

The company provides a range of enterprise services along with a set of carrier-specific offerings including China Transit Services (Figure 2), Internet Peering, Network Ethernet Leasing Service, Wholesale IPLC, Wholesale MPLS, Wholesale Voice and Managed Services in the company's Internet Data Centers (IDCs). These services help carriers extend offerings under their own brand while leveraging the multi-billion dollar investment that China Telecom has made in global capacity and services.

“They Were Like Our Advocate.”

Most important to carriers and value added service providers is China Telecom Americas' ability to locally support their global objectives.

Figure 2: China Transit Services Map





“One of our largest clients came to us with the need to network 11 facilities in China together and provide a fast, reliable and secure connection back to the US for access to the financial and ERP systems located in Chicago. They have more than 800 people relying on this circuit and the operation would go down if the circuit fails. China Telecom Americas helped us plan the solution, made sure provisioning went smoothly and did everything we needed to support the client.”

-Director of Network Solution, US-based Business Communications Services Provider

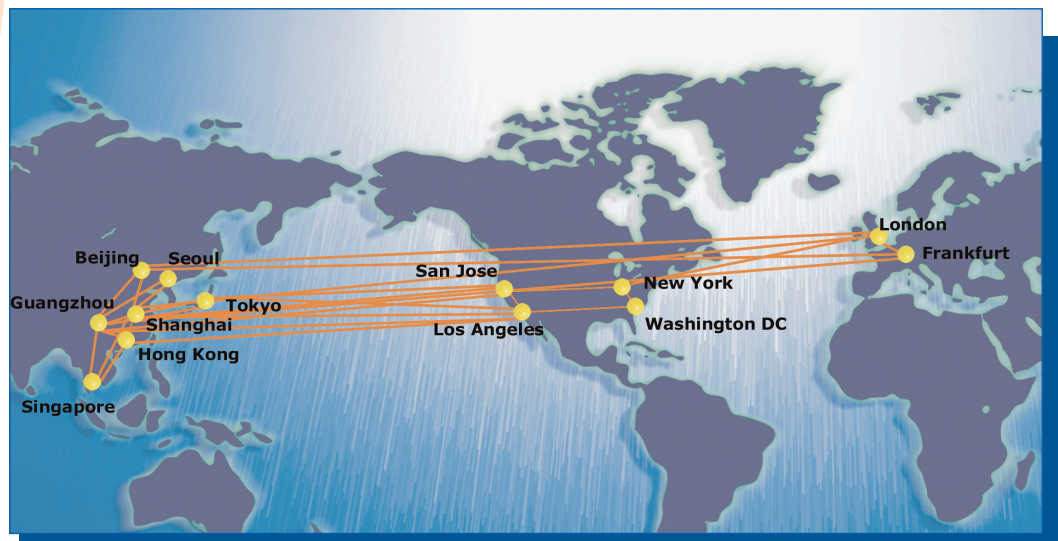
Telecommunications service providers interviewed reported the following benefits received from China Telecom Americas:

- End-to-End Service Management – “We did not need to know what was happening behind the scenes to provision the circuits that were ordered for our customer or to deal with service issues when they arose. We just worked with the China Telecom Americas support team and they turned around and worked with the people in China in all hours of the night. They were like our advocate.”
- English Language Support – “When we have issues, we don’t have a language barrier standing in the way of resolution.”
- Local Presence – “My China Telecom Americas rep comes to the office to sit down and talk about what we need.”
- US-Based Contracts – “For us, writing contracts in the US is a lot easier than writing them under Chinese regulations and being able to pay in US dollars is key.”
- Better Margins – “Since we can now buy the circuits we need directly from China Telecom Americas, we can cut out the middleman and put money on the bottom line.”
- Best Service Level Agreements – “China Telecom Americas offered us out-of-the-box service level agreements that far exceeded what any other carrier could guarantee.”

China Telecom’s Strength and Stability Rewards Carriers

Extending services into a new geographic region presents risks to any carrier. Management may mitigate some of that risk by selecting to do business with a strong, forward-looking global leader that is dedicated to its clients and carrier partners.

Figure 3: China Telecom Next Generation Carrying Network (CN2) Map



China Telecom has earned a reputation for service and management excellence that carriers can leverage in order to serve their increasingly global client base. The company was once again named one of the 2007 “World’s Most Admired Companies” by *FORTUNE* Magazine and in 2008, *Euromoney* named China Telecom “Asia’s Best Managed Fixed Telecom Company.”

The company is shaping and facilitating the explosive economic growth being experienced in the region. Its more than 400,000 employees share the commitment to place “Customer First. Service Foremost.” China Telecom has the largest IP network and fixed-line subscriber base in Asia and has the most capacity to and from China. The company has established bi-lateral direct circuits with 63 telecom carriers in 36 countries and regions and the list is growing. China Telecom is the unequivocal integrated communication services leader.

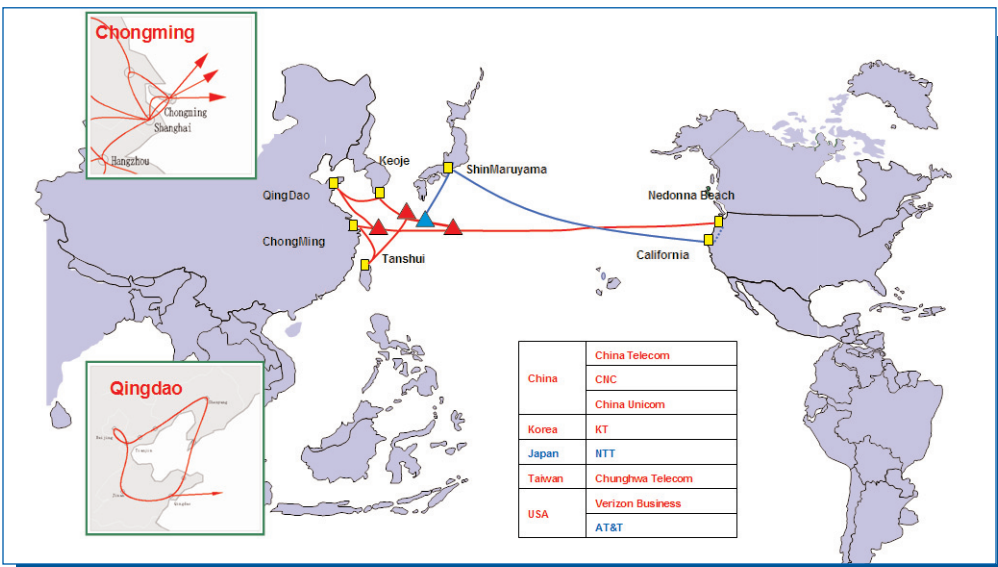
China Telecom has invested billions of dollars to develop the best-supported products and services for global business, including CN2 (Figure 3) and its cable network, including the new Transpacific Express (TPE) Cable (Figure 4). TPE is the newest cable offering unprecedented capacity and performance with its own backhaul infrastructure in China and on the US side. It has landing points in Shanghai and Qingdao China, Keoje, Korea, Tanshui, Taiwan and Nedonna Beach, US with full connectivity capability to all cities in China, all China Telecom Hong Kong and US PoPs and to all neighboring countries around China. It connects directly to other cable systems including APCN2, SMW-3, FEA and EAC.



“We have our Asia IT team in Singapore that we work with on a daily basis. They recommended China Telecom as THE provider in China. We work with China Telecom Americas because we want to take advantage of the US-based contracts and local language support - which believe me - is a big deal.”

-Manager of Networking, Canada-based Global Communications Carrier

Figure 4: Transpacific Express Cable



About China Telecom Americas

China Telecom Americas, a wholly-owned US-based subsidiary of China Telecom Corp. Ltd. (NYSE: CHA), is an international telecom provider for Data, IP and Voice Wholesale services to multinational companies, organizations and international carriers requiring China domestic services and International access to China & Asia Pacific. With headquarters in Herndon, Virginia, and offices in Boston, Chicago, Houston, Los Angeles, New York, San Jose, and Toronto, Canada, China Telecom Americas continues to expand its reach, including Latin America. China Telecom Americas provides a locally based, one-stop-shop, turn-key solution for everything from China domestic and international data circuits to IDC services, network management, equipment management, system integration, and much more.

For further information, contact us at
1-866-692-8872 or on the web: www.ctamericas.com



Building the Brand, Expanding the Reach

MNCs will continue to participate in the growing Chinese economy for many years to come, spawning further expansion of the country's communication services sector. In support of clients' requirements, carriers and telecommunications value added service providers worldwide must develop their short and long-term strategies for Asia expansion. In order to sustain their brand and revenue streams, they are advised to establish a relationship with an integrated communication services provider that has deep knowledge and extensive services throughout Asia.

As the North American subsidiary of the largest, most prestigious integrated communications service provider in China, China Telecom Americas is best able to help carriers and service providers extend their reach and reinforce their brand with their customers by providing outstanding products that are backed by industry-leading SLAs. No carrier is investing in the infrastructure and services needed for the globalization of business like China Telecom. China Telecom Americas is committed to making it easy for communication services providers to expand to Asia in support of their clients' operations and to reach the massive Chinese market.