

Interview

Network Assets

An Interview with Ronald E. Spears,
President and Chief Executive Officer, AT&T Business Solutions



Ronald E. Spears

EDITORS' NOTE Ron Spears was appointed to his current position in October 2008 after serving as Group President-Global Business Services, Executive Vice President-Business Sales, and Vice President-Signature Client Group since joining AT&T in 2002. Before that, Spears was chairman of Vaultus, Inc. He also served in leadership roles at CMGI Solutions, e.Spire Communications, Citizens Utilities, and the former MCI. He began his telecommunications career as a manager with AT&T Long Lines in 1978 after eight years as an officer in the U.S. Army. He is a graduate of the United States Military Academy at West Point and holds a master's degree in public service from Western Kentucky University. Since being interviewed for this article, Spears has assumed a new assignment as Senior Executive Vice President, Executive Operations, reporting to Chairman and CEO Randall Stephenson.

COMPANY BRIEF AT&T Business Solutions (ABS; www.att.com/enterprise) is one of the world's leading providers of advanced IP-based business networking, mobility, and managed applications solutions serving more than 120,000 enterprise and wholesale customers on six continents, including all of the Fortune 1000 companies, in addition to small businesses, and local, state, and federal government agencies.

How is the AT&T Business Solutions unit positioned for growth coming out of these difficult past 24 months?

If a downturn is led by mass unemployment, as this one was, the enterprise business gets affected very quickly, because we sell capacity and capability to enterprises, and all of that capacity and capability is used by their employees. But we had already started taking steps to work on our cost structure internally in early 2008 to prepare for what we felt could be a revenue downturn, and we focused on managing our bottom line since we knew the top line would be impacted.

We have kept our cost structure in line with the declining revenue to protect our margins. But going into the downturn, we wanted to continue to invest in the next generation of services that were going to become the bedrock of our growth opportunity, and that was in the world of IP transformation of networks. It involves utilizing our hosting infrastructure to deliver cloud services, and it accelerates our ability to take advantage of the introduction of new mobile computing devices like iPhone, which run on faster networks like 3G.

So a combination of making sure we continued to invest in and transform our customers' infrastructure to IP, making sure we were positioning ourselves to take advantage of this new way of delivering services called cloud, and looking at the opportunity to mobilize every application in an enterprise that ultimately would reside in the cloud that rides on the big IP network was the vision we saw starting to form.

In the enterprise space, we have held the margins of the business in tact; we have now started to see the revenue declines decelerating as the economy starts to recover; we have continued the transformation of our customers' networks; we have invested in the cloud services space; and we have taken advantage of the mobility opportunity in business, where business customers are starting to see mobility and mobility applications and solutions as a real way for them to enhance productivity within their enterprise as they come out of the downturn.

How do you differentiate in this space and demonstrate what makes a brand unique?

You have to have a customer base that believes that you are a good, if not great, provider of service. If you run into a glaring service issue, you have to move quickly to make sure it gets resolved.

The key leverage point we have is the network assets that we've been able to aggregate through a series of acquisitions over the past four or five years. These acquisitions bring together the best of IP infrastructure on a global basis, a national basis, and a local basis. We take these networks and we wrap the best of the high-speed mobile broadband networks around that, and then layer on a set of incremental value-added services.

Differentiation for us is our network – its flexibility, capability, and the intelligence we build into it. With our network, solutions, and services, we can deliver a set of value-added services to help our customers achieve competitive advantage, reduce cost, and grow their businesses.

How much opportunity do you foresee in some of the emerging markets today, and does AT&T have a strong foothold in those areas?

Yes. Specifically, we have the broadest global networking capability of anyone in the world, whether it's countries served, network end-points in those countries served, or breadth of services delivered.

We are very well-positioned in India, Brazil, and Asia. We were the first company to get a license in India to provide services in that country, and we have a long-standing relationship in South America with partners Telmex and America Móvil. Another area of focus for us is the continent of Africa.

Our strategy is very focused on the 2,000 or so companies that operate globally on at least three continents, that have a significant part of their business in the United States, and that are pretty significant in terms of global telecommunications usage – \$20 million a year or more. We know where our biggest customers are going next and try to go where they're going so we can provide them services no matter where they are doing business around the world.

AT&T has always been a leader when it comes to involvement in the community. How critical is that to the culture of the brand, and is that a responsibility for leading businesses?

Being supportive in the community is in our DNA, going back to the original AT&T over 100 years ago. We've re-chartered our foundation to specifically focus on helping kids complete high school, graduate, and get ready for the workplace by whatever means they elect to do that. It's a program we call Aspire. ●