



Business  
Partner Program

## Q2 “All-Partners” Call

April 16, 2008

responsive

reliable

trusted

proven

scalable

## ■ Craig Schlagbaum

- Level 3 Business Update, Partner Program Update

## ■ Scott Mull

- Partner Support and “Ease of Doing Business”

## ■ Garrett Gee

- Services Update and Q2 Promotions

## ■ Bill Steen

- Partner Incentives, Sales Tools, and Programs

## ■ Q&A

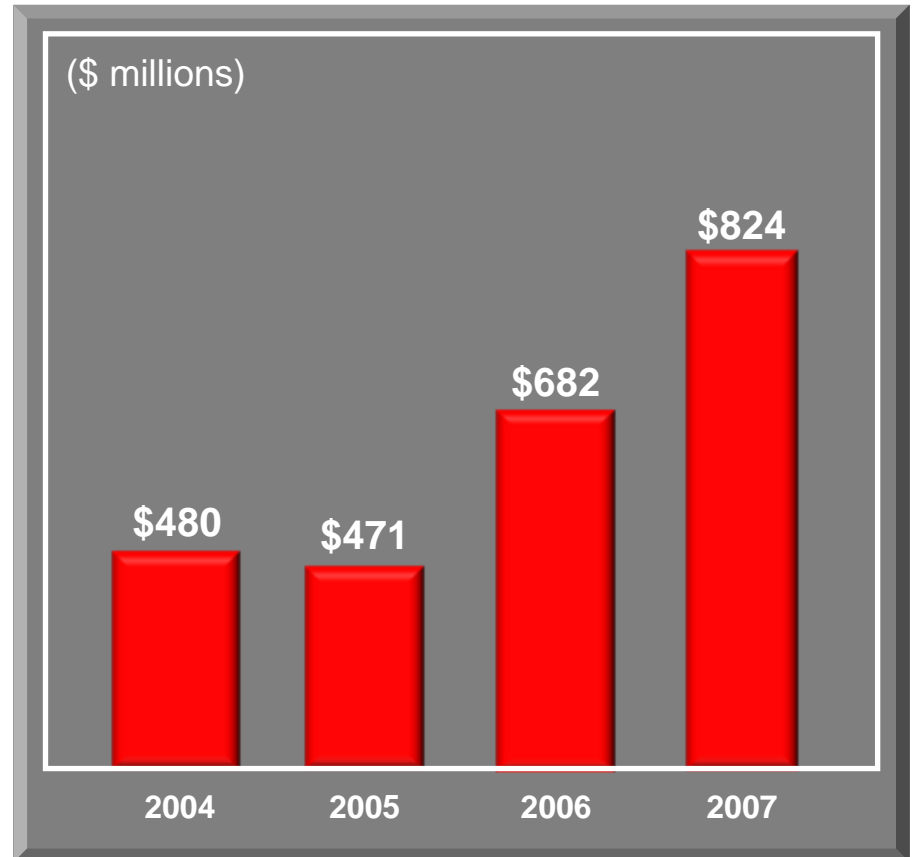
# Level 3 Business Outlook

- Strong 2007 annualized growth (Q107-Q407)
  - 13% Core Communications revenue growth rate
  - 64% Consolidated Adjusted EBITDA growth rate
  
- Core Communications revenue growth rate for 2008 projected to be 8-13%
  
- Revenue growth in both 2007 and 2008 constrained by integration-related operational challenges
  
- Demand and pricing environment continue to be very healthy



## Consolidated Adjusted EBITDA Growth

- 2006 and 2007 reflect benefit of acquisitions and organic revenue growth
- 2006 and 2007 included significant integration costs
- Core Services have incremental Adjusted EBITDA margin of ~60%



# Business Partner Program Status

- ❖ Overall, we have made major strides over the last six months
- ❖ Indirect Revenue, Sales, and Funnel are at their highest levels
- ❖ Partners are bringing far larger opportunities and are more focused on our “sweet spot” (private line, wavelength, Ethernet, MPLS, DIA and VoIP services)
  - Average indirect deal size now ~\$3600 MRR
  - Moving away from low-end SMB customers to middle market
- ❖ Still need to improve on some areas, based on recent partner satisfaction survey
  - **Strengths:**
    - Network Quality, Training Program, Contract Terms, and Marketing Support
  - **Areas for Improvement:**
    - Provisioning, Quote Turnaround, Billing, and Post-Sales Support
- ❖ Our service portfolio has been limited in a few cases, like Ethernet handoff to DIA, but these moratoriums will be lifted soon
- ❖ The opportunity for our partners is as good as it has ever been
  - Demand for MPLS, Ethernet, and High-Speed IP services is very strong in the enterprise

## ■ Partner Program

- Increased headcount focused on partner support (PSS team)
- New master stream tool release to consolidate and simplify quoting and order entry and on-net selling tools (On Ramp)
- Partner training
- Funding top partners' marketing efforts
- Additional partner sales managers in field

## ■ Level 3

- New hardware at the edge has improved network performance
- Significant service promotions
- More resources in operations and service management
- \$100M Unity investment



**The Result Is An Improved Customer and Partner experience**

**Partner:** Level 3 Business Partner

**End User:** A website and tools service provider for Financial Services industry

**Business Challenge:**

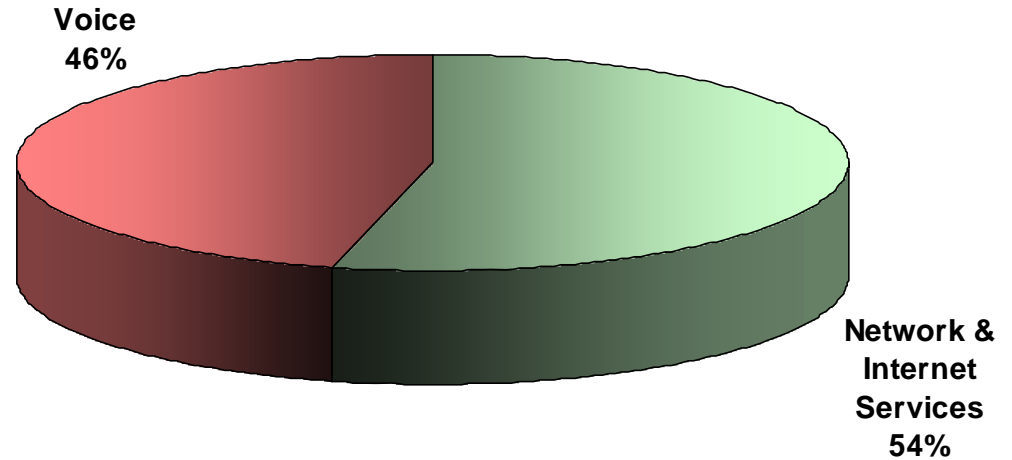
- Experienced service issues with current provider due to bandwidth needs
- Required large increase in bandwidth due to growth
- Needed a flexible and scalable solution

**Level 3 Solution:**

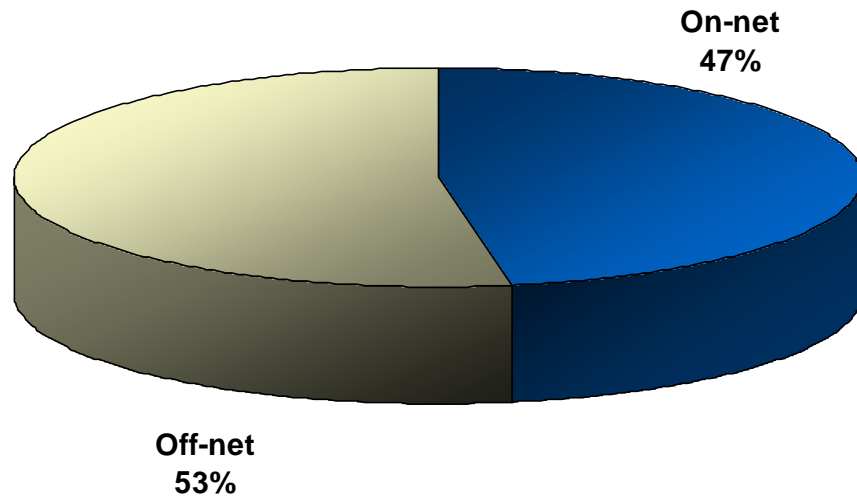
- Ethernet IP serves as customer's redundant network
  - Located on Level 3 Network
- Currently being evaluated as the primary network provider

**Deal Size:** \$10,300 MRR

## YTD Sales by Product Type



## YTD On Net vs Off Net



- ❖ Data/IP made up 60% of sales in March
- ❖ Voice is 40% historically for us
- ❖ On-net sales now nearing 50%



## Q2 '08 Partner Program Priorities

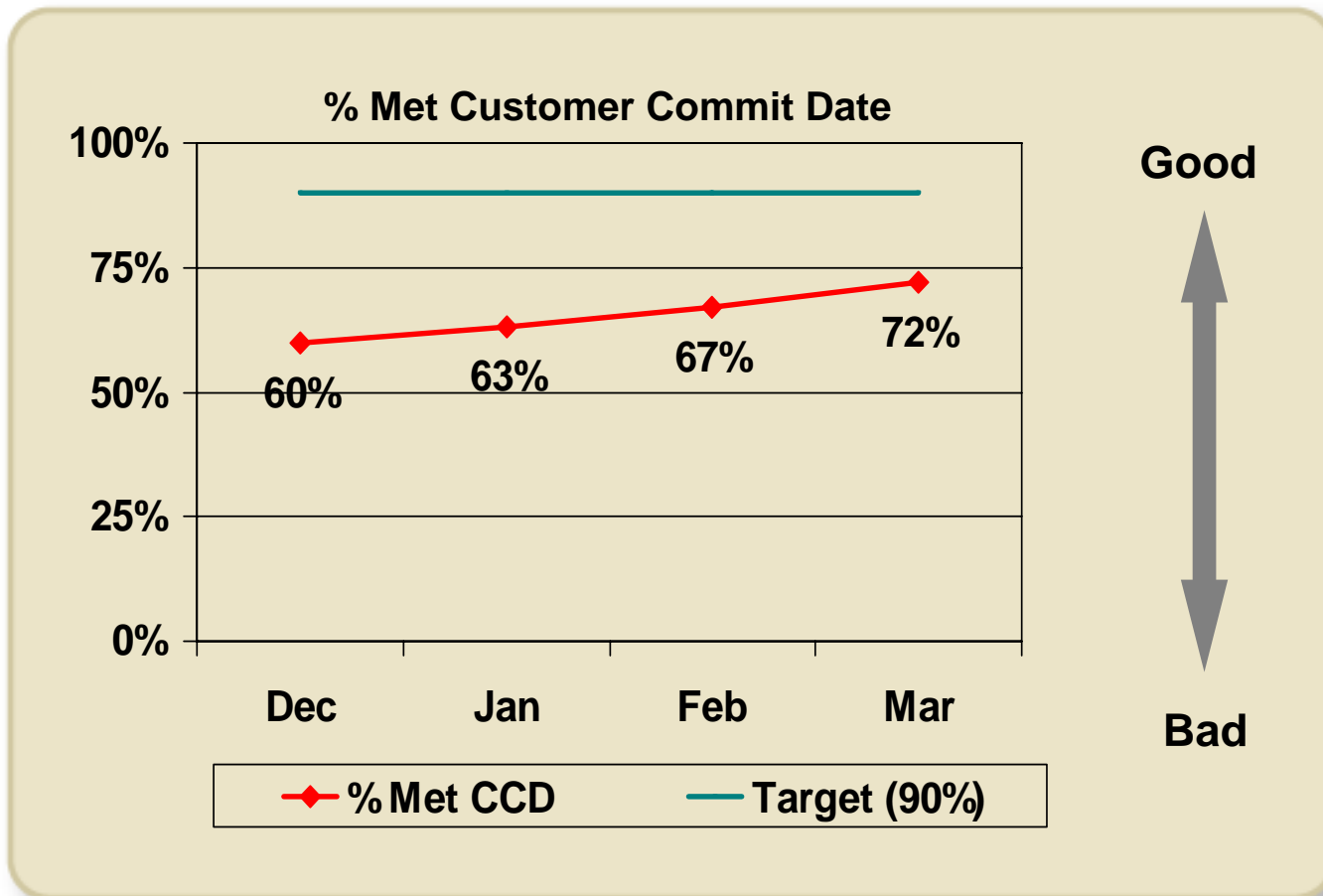
1. Continue to improve “ease of doing business”
  - Focus on quote turnaround time, billing challenges, and post-sales support
2. Provide outstanding customer service to protect revenue and reduce churn
3. Ensure partners understand our core services and are trained on our value-proposition and fully on-boarded
4. Invest more in automation tools to empower the partners to have more self-help capability
5. Reward performing partners with demand-generation tools, end-user leads, and marketing support

# Ease-of-Doing-Business Update

**Scott Mull**

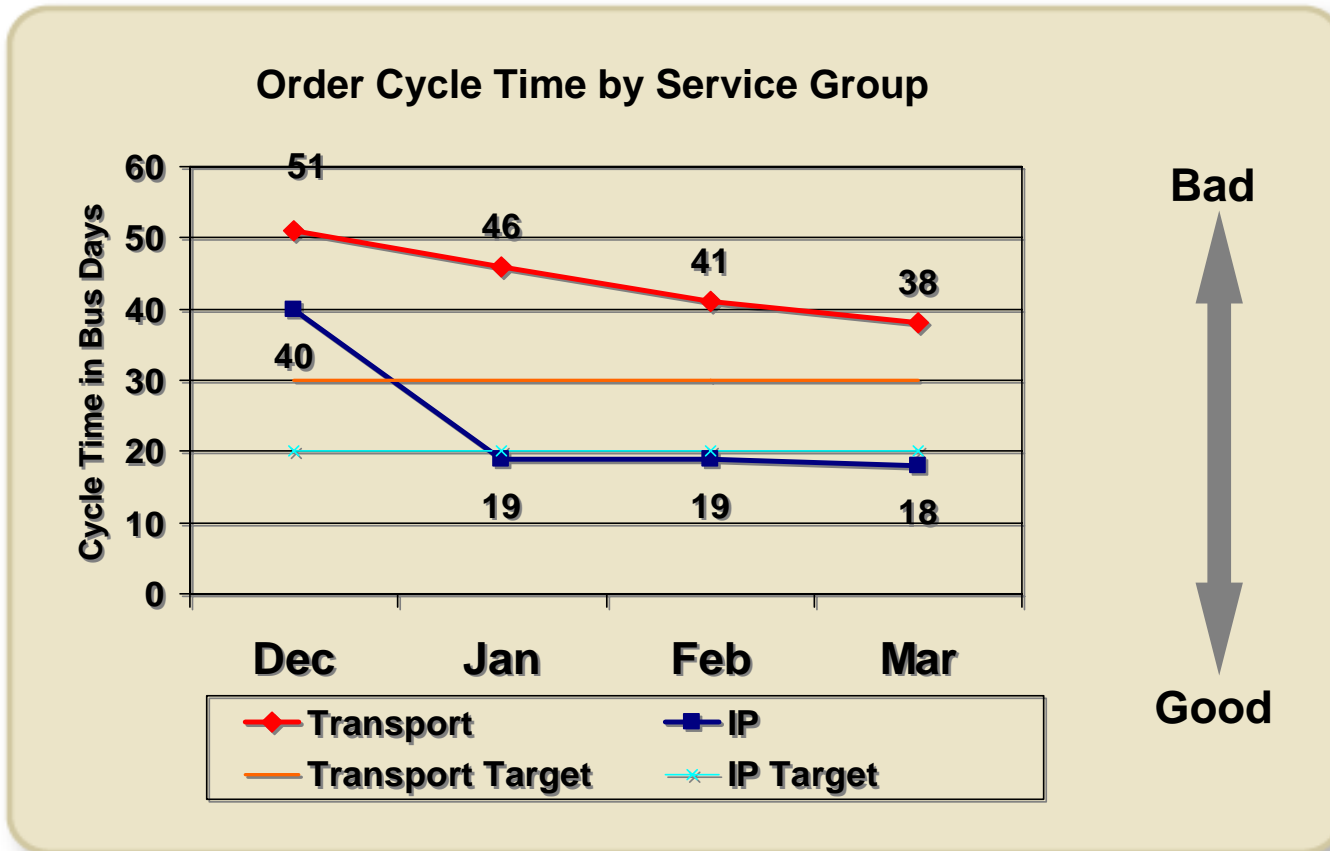
# Metrics: Customer Commit Date

Performance is improving month over month in Service Delivery



# Metrics: Cycle Time

Average cycle time improved significantly from Jan. to March



# Improvement Plan: Sequencing

## “Stabilize”

Provisioning  
Throughput

- Clear remaining aged backlog
- Clean orders
- Keep up with current orders
- **Keep pace with sales growth**

## “Consistent”

CCD  
Set and Met

- **CCD Set 90%**
- **CCD Met 90%**
- Become consistent and predictable

## “Faster”

Standard  
Intervals

- **SI at 80%**
- Eliminate rework
- Reduce cycle times

## “Responsive”

Meet  
**CRD**

- Leverage Unity improvements
- Process simplification

## Partner Support Helpdesk

- Partner Support is available NOW to support you across a variety of areas including:
  - Quote Support Requests
    - Partners are able to request service quotes directly via the Helpdesk
      - » [PartnerQuotes@Level3.com](mailto:PartnerQuotes@Level3.com)
    - The Helpdesk will engage Sales Engineering and local Partner Sales Manager as needed
      - » Usually limited to opportunities requiring a build, deeply discounted pricing or when the solution is not well defined as presented against a standard service offering
    - Partners are strongly encouraged to use MasterStream – our online service quote tool for fast self-service quoting
  - Order Package Prep Support
    - Centralized point of contact for Partners with questions concerning contracts and order forms
      - » [PartnerOrders@Level3.com](mailto:PartnerOrders@Level3.com)
    - Partner Support will require Partner Sales Management and Sales Engineering involvement to complete technical details on orders
  - General Inquiries and Escalations
    - Escalation assistance for Partners whose customers need help interfacing with other Level 3 departments
      - » [PartnerSupport@Level3.com](mailto:PartnerSupport@Level3.com)
    - Partner Support will engage with the necessary back-office organizations to get updates and drive resolution



## ■ The Level 3 Business Partner Portal

- Access to service information
- Links to network maps and on-net building information
- Access to MasterStream – our online service quote tool
- Access to Level 3 service schedules, SLAs, contracts and forms
- Links to online training modules



## ⚡ Automated Quoting

- Web-based quoting tool (MasterStream)
- Covers entire Level 3 footprint, including approx 118 voice markets
- Provides real-time quotes
  - Private Line
    - On-net and off-net
    - DS-1 – OC-48
  - DIA
    - On-net and off-net
    - DS-1 – OC-48
  - PRI
  - Integrated Access (f.k.a IVAD and iConverge)

## ⚡ Request from [partnerquotes@level3.com](mailto:partnerquotes@level3.com)

- Services that may be referred to your PSM include wavelengths, metro Ethernet, SIP trunks and VoIP, high-speed IP
- Partner Support will route your quote appropriately, including for review by sales engineering if necessary
- If appropriate, your opportunity will be considered for a Building Add Request (BAR) Process
- Quote request form on BPP can be completed
- Minimum Required info for quote request
  - ALOC & ZLOC (ZLOC If applicable)
  - Speed
  - NPA-NXX (for voice products)
  - Customer Name (for internal verification purposes only)
  - Target price/term



## **A Web-based resource tool to help manage your business needs**

The Level(3)Enabled<sup>SM</sup> Portal is a reliable e-business resource tool that delivers timely information during the ordering, implementation and post-implementation phases of your customers' Level 3 services.

As a single point of secure access, the Level(3)Enabled Portal allows customers and Partners to view and manage specific service needs 24 x 7, without going through a Level 3 representative.

The Portal helps drive operational efficiencies by leveraging the deployment of current Level 3 end-state platforms.

## **How can Agents get access to help their customers?**

- The customer owns the administrative authority for their portal account. If they choose to give their agent delegated authority, they may do so.
- If Agent has delegated authority, they can then log into the customer's account and view bills and open and status trouble tickets.

# What Portal Functionality is Available?

- ❖ **Order Status – delayed until May 1**
  - Functions: View and Track Order Status; Create, Cancel, Change, Supp and Disconnect Orders
  - Services supported: Level 3® VoIP Enhanced Local, Level 3® Local Inbound, Level 3® Toll Free and Level 3® One Plus services
  
- ❖ **Ticketing – available now**
  - Functions: Create, View, Update and Cancel Trouble, Portal Support Center (PSC) and LNP Tickets; Submit Requests for IP Service Changes
  - Services Supported: All
  
- ❖ **Billing**
  - Functions: View and Download Invoices and CDRs
  - All Level 3 Services Supported: Transport, Colocation, IP, Data, and Voice services
  
- ❖ **COMING SOON! - Network Management**
  - Functions: View Utilization and SLA Performance Reports
  - Services Supported: Level 3® High Speed IP, Level 3® IP VPN, Level 3® Ethernet VPN, Level 3® Dedicated Internet Access (formerly known as Internet Advantage), Level 3 VoIP Enhanced Local, Level 3 Local Inbound, Level 3 Toll Free, and Level 3® Voice Termination services; Call Detail Records (CDRs) are also available for all voice services

## Example screen shots of various applications:

**Step 1: Service Information**

Please enter an identifier for the service you are reporting an issue about:

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**Step 2: Trouble Information**

Symptom: Latency or Delay

Your Ticket ID: (if applicable)

---

**Step 3: Contact Information**

Primary Contact Name\*: null null

Email\*: christine.warga@msn.com

Secondary Contact Name

Email:

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**Step 4: Diagnostic Information**

When did the trouble first occur?

How long has the circuit been in service? (P)

Has the circuit carried traffic before? (P)

What kind of alarm / error are you seeing?

**IP\_VPN Latency Report (Service Class : Bronze)**

Report Type: Latency  
 Region or Gateways: North American Region  
 Region / Overall Average: 20.4  
 Report Interval: Thu Feb 01 00:00:00 GMT 2007 through Wed Feb 28 23:59:59 GMT 2007

Color Coding Key: 0.1 - 5.0 ms (Green), 5.1 - 10.0 ms (Yellow), 10.1 - 15.0 ms (Orange), 15.1 - 20.0 ms (Red), 20.1 - 25.0 ms (Dark Red), 25.1 + ms (Black)

\* Tabular values are one way latency in milliseconds, from the gateway listed in the left column to the gateway in the top row.  
 \* Numbers in parentheses are base delays used to determine SLA compliance.

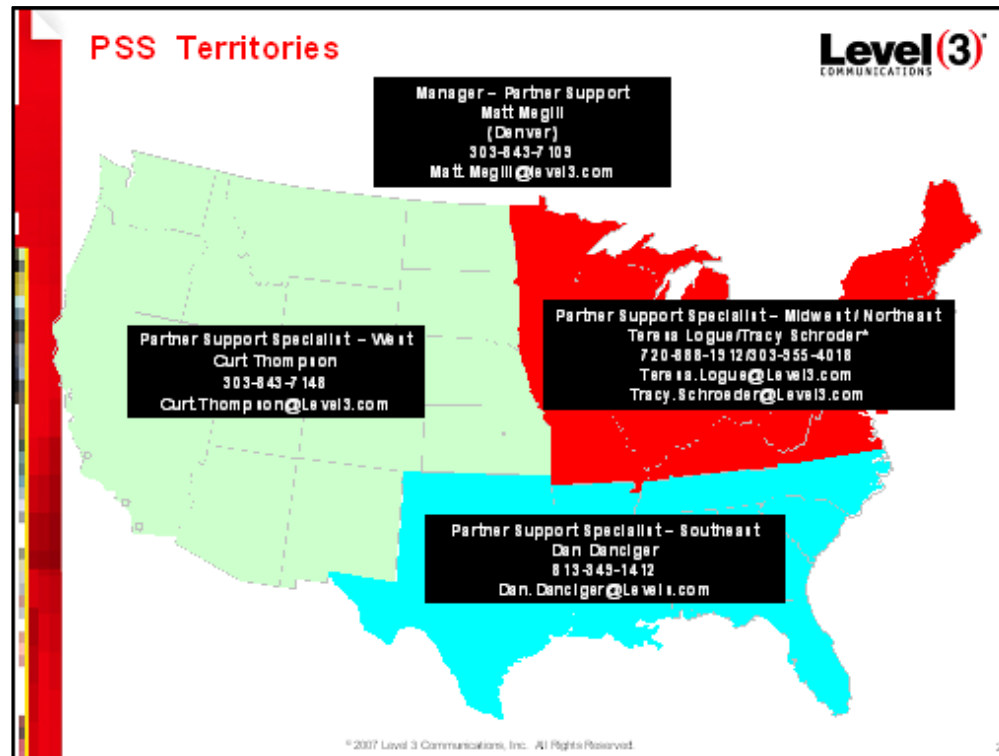
	atl1	chi1	dal1	den1	hou1	lax1	mia1	nyc1	sdg1	sea1	sfo1	sjo1	wdc1
atl1	---	9.5	10.1	16.9	17.7	20.0	6.5	9.5	24.3	20.7	32.0	31.5	7.0
chi1	9.5	---	18.7	11.7	27.0	24.4							
dal1	10.1	18.7	---	7.4	2.4	16.0							
den1	18.9	11.7	7.4	---	9.6	23.0							
hou1	17.7	27.0	2.4	9.6	---	18.2							
lax1	20.0	24.4	16.0	23.0	18.2	---							
mia1	6.5	15.8	16.1	23.2	12.4	32.7	---						
nyc1	9.5	10.1	19.0	21.5	20.9	33.7		---					
sdg1	24.3	22.0	14.4	21.4	16.6	1.8			---				
sea1	20.7	24.4	20.0	12.9	22.2	14.2				---			
sfo1	32.0	28.8	22.2	17.0	24.4	6.4					---		
sjo1	31.5	28.1	21.6	18.6	23.9	5.9						---	
wdc1	7.0	8.2	16.6	19.8	24.4	31.2							---

Level 3

Online Invoices



View and Download Your Invoices Online



- Partner Support Specialists have been aligned geographically
  - While we may share responsibilities behind the scenes, these are your primary points of contact within Partner Support
  - Weekly meetings are available to track the status of open orders and/or escalations, and conduct Partner specific training sessions

# Services Update

**Garrett Gee**

# Q208 Service Promotions

## Eligible Dates: 4/1 - 6/30

Product	Promotion
a) DIA	<ul style="list-style-type: none"> <li>■ Aggressive flat-rate port pricing on Dedicated Internet Access service from DS-1 to full-rate DS-3</li> <li>■ Fractional DS-3 rates also available (6, 9, 12, 20, 45 Mbps options)</li> <li>■ Focused on on-net and target near-net buildings</li> </ul>
b) HSIP	<ul style="list-style-type: none"> <li>■ Aggressive pricing on HSIP at 100 Mbps FE and higher</li> </ul>
c) Enterprise Voice	<ul style="list-style-type: none"> <li>■ Competitive flat-rate pricing on the following services, with lower rates for on-net buildings:               <ul style="list-style-type: none"> <li>■ Interstate dedicated LD</li> <li>■ Interstate dedicated TF</li> <li>■ PRIs with Switched LD rate</li> <li>■ Enhanced toll-free (USAN platform)</li> </ul> </li> </ul>
d) Wholesale Voice	<ul style="list-style-type: none"> <li>■ Competitive pricing on VoIP Enhanced Local and Local Inbound services</li> <li>■ Targeted to Regional Service Provider and R&amp;E segments</li> </ul>

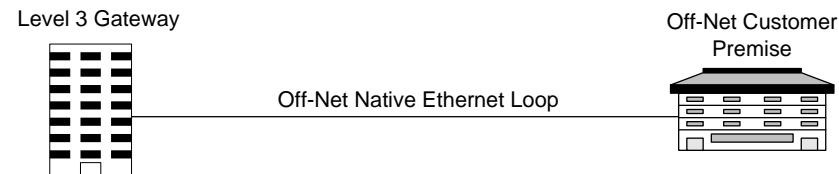
## UPDATES

- Ethernet to Dedicated Internet Access moratorium will be lifted mid-quarter
  - This will allow Ethernet access to Level 3 approved on-net buildings (+6,500 demarks)
  
- An upgraded version of Managed Ethernet Access (MEA) will be launched during the second half of Q2
  - This provides Ethernet over Type-II TDM loops. Available with Dedicated Internet Access and IPVPN after 5/19/08
  - Managed Ethernet Access is supported with High Speed IP and Ethernet VPL services today
  
- Ethernet Private Line, Managed Ethernet Access and NOE services will be approved access methods for IP VPN service in late Q2
  - This enhancement completes the Level 3 access portfolio for our layer-3 VPN service
  
- New “Easy Add” cities have been added to the 3Build process
  - Philadelphia, Houston, Detroit, Atlanta and Washington DC
  - Original List - New York City, Chicago, Los Angeles, Dallas and the Bay Area
  - Process allows quick-quotes for fiber build opportunities with single laterals and OC-48s
  - A small number of pre-qualified buildings have costs available now for dual entrances, the rest will state “BAR required”

- Two Types of *Off-Net* Ethernet Access:
  - Native Off-Net Ethernet (NOE)
  - Managed Ethernet Access (MEA)
- Both require third-party services to connect Level 3 to the end user, and are thus considered off-net.

## • The Difference:

- NOE – Level 3 purchases **Ethernet** service from vendor
- NOE – CPE for Ethernet handoff provided by **vendor**
- Managed Ethernet Access – Level 3 purchases **TDM/SONET** service from vendor
- Managed Ethernet Access – CPE for Ethernet handoff provided by **Level 3**



# Marketing and Partner Programs Update

**Bill Steen**



# “Sweet 16”

**Sell Level 3 “Sweet Spot” services and earn a sweet bonus**




- Sales contest for top-performing Business Partners
  - Contest Dates: April 1-June 30, 2008
  - Eligible winners: Top 16 partners - 4 Master Agents, 4 Sub-Agents of the Masters, 8 Direct Agent Business Partners
- Goal
  - Reward partners for selling the “sweet spot” services. Services include: High Speed IP, Intercity and Metro Wavelength, Ethernet Private Line, Dedicated Internet Access, IP VPN, VPLS, Ethernet VPN and VoIP IA services.
- Contest Prizes
  - \$1,000 “event” for the winning partners at their home city
  - Event examples: Executive Dinner, Golf Event, Sporting Event, etc. planned by Level 3 and attended by an executive sponsor and Partner Sales Manager

## Sales Tools

- ❖ *Metro Network Maps for each BMG Metro Market* - these maps detail metro network facilities, Central Office and Level 3 Colocation points, and On-Net buildings
- ❖ *OnRamp 2.1* - enables you to access Level 3's on-net building information through a web-based tool that utilizes quick and flexible search options
  - Access On-Net lists via OnRamp Tool
- ❖ *Customer Mapping* - identify existing customers that are located in buildings that are on or near the Level 3 metro network
- ❖ *Selling On-Net Services Training* – Presentations detailing the end-user value proposition and sales best practices
- ❖ *On-Net White Paper* – provides an overview on the value of end-to-end On-Net telecommunications services
- ❖ *Direct Mail Postcard* – Customizable direct mail postcard with messaging about being on or near Level 3 Network
- ❖ *Get On The Net SPIF* - Sell any of Level 3's "sweet spot" services "On-Net" and receive a one-time SPIF payout of up to 20%

# On Ramp 2.1 Overview





## Under the Network Services Tab on the BPP

OnNet Buildings					
No	Title	Description	File Type	Updated	Download
1	<b>NEW!!! ON-RAMP TOOL</b>	Open the word document on the right to see a screen shot of the tool and find out more about how it works.  <a href="#">CLICK HERE TO ACCESS ONRAMP 2.1</a>	MS Word 	01/23/2008	<a href="#">File</a>






OnRamp 2.1 enables you to:



- Access Level 3's on-net building information through a web-based tool
- Utilize quick and flexible search options



Welcome Guest.


 **Main Menu** |  Home / Search |  Help Menu |  Reports


### ONRAMP SEARCH


Search Field	Search Value
Building_CLLI 	<input type="text"/>
Address 	<input type="text"/>
City 	<input type="text"/>
Zip 	<input type="text"/>
LOC_NUM 	<input type="text"/>

 **Reset Fields** |  **Search**

5  # of Search Fields. 

Limit returned records (500) 

Export Directly To Excel 

Export Directly To Google Earth 

### ONRAMP WEB APPLICATION 2.1

This web application provides a simple interface to access Level3 onnet location / product offered information.

**Release 2.1 Notes** (January 22, 2008)

Functional Enhancements:

- Launched OnRamp on our partner portal!
- Added ability to export a search to a Google Earth file!
- Created Tabs on the demarc details page
- Added CFA data to the details page, Capacity Data tab
- Added Colocation data
- Other minor enhancements.

# Selling On-Net Sales Tools

*Communicate the benefits of being On-Net with your customers and prospects*

*Customer Mapping* - identify existing customers that are located in buildings that are on or near the Level 3 metro network



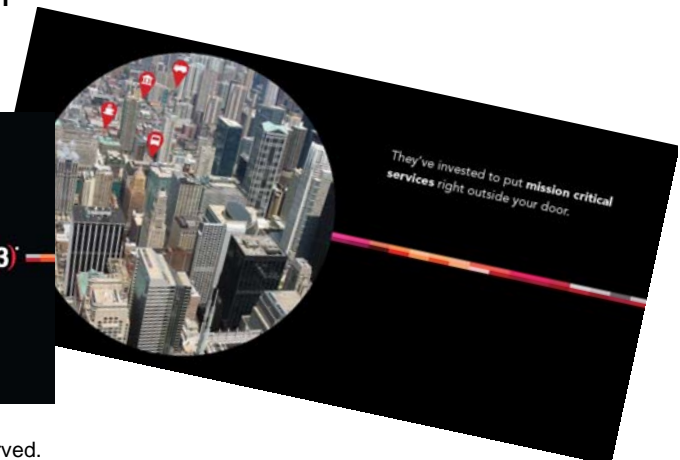
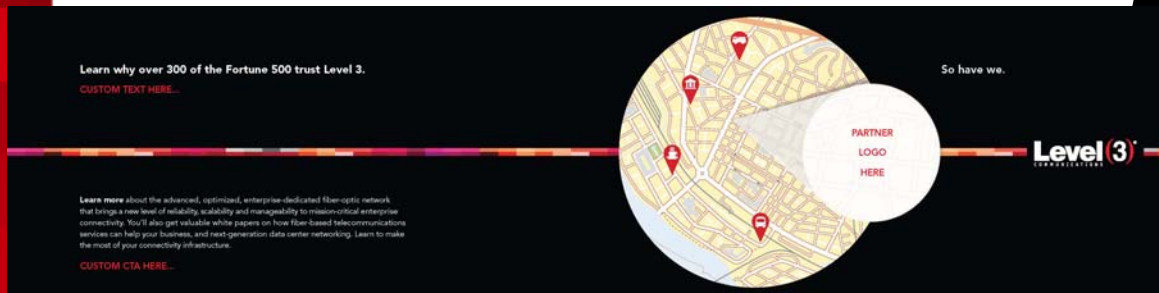
**NEW** *On-Net White Paper* – provides an overview of the value of end-to-end On-Net telecommunications services

- Add your logo and custom call-to-action
- Available on Partner Portal



**NEW** *Direct Mail Postcard* – Customizable direct mail postcard with messaging about being on or near the Level 3 Network

- Add your logo, value proposition and call-to-action
- Art files available on Partner Portal



# “Nothing But Net” SPIF Overview

- ❖ Goal: Increase our focus and results of selling in lit buildings or new fiber builds
- ❖ SPIF Objectives:
  - Drive incremental sales to on-net buildings
  - Increase fiber builds to the Level 3 Network
- ❖ Fine Print
  - Minimum \$2,500 in Monthly Recurring Revenue
  - At least one location must be on the existing Level 3 Network
  - January 22, 2008 through June 30, 2008
  - Eligible Services include Private Line, Wavelength, Metro Ethernet Private Line, Dedicated Internet Access, High Speed IP and MPLS services
  - 24-month minimum contract length
  - Maximum payout is \$12K
  - Payment will be made the month following install



Sales Size (MRR)	One or More Sites On-Net	Fiber Build
\$2,500 - \$5,000	15%	3X Accelerator on Base SPIF %
\$5,001 - \$10,000	18%	3X Accelerator on Base SPIF %
\$10,001 and above	20%	3X Accelerator on Base SPIF %

- ❑ **Thank you to all of the partners that completed training certifications for “Authorized” and “Gold” levels in Q1**
  - Incentives are on their way
  - Requirements posted on the Level(3)Enabled Partner Portal
  
- ❑ **We’re expanding the ways to make it easier for partners to reach “Authorized” status**
  - Via two-hour lunch-and-learn session with training assessments to “test out” - contact your PSM
  - Webinars followed by “assessment” to test knowledge on particular services
  
- ❑ **Upcoming Webinar Series**
  - Announcement this week with registration and dial-in information
  - Webinar schedule
    - April 17, 2008 Wholesale Voice Services
    - April 24, 2008 Wholesale Voice Services
    - May 1, 2008 OnRamp Search Tool (On-Net Buildings)
    - May 8, 2008 Wavelength Services
    - May 15, 2008 Dedicated Internet Access and High Speed IP services
  
- ❑ **Remember, you need to reach Authorized or Gold certified status to participate in MDF and lead programs**



- .: Level 3's core communication services revenue grew by 13% in 2007 and we are projecting continued growth in the 8-13% rate for 2008**
  - Demand and pricing environment continues to be healthy**
- .: We are seeing improvements in our quote turnaround time from Q307 and we expect to enhance this significantly in Q208**
- .: Improved automation and the new MasterStream tool have made it easier for partners to be more self-sufficient**
- .: Our service strategy is to focus on high-bandwidth customers who need private line, Ethernet, MPLS, Dedicated Internet Access, and VoIP services**
- .: Overall Ease of Doing Business continues to improve, but we still have work to do in service provisioning**