Spanlink delivers REAL Customer Interaction Solutions that transform the way companies do business.

Spanlink At a Glance

- **Company**
  - Founded 1988
  - 650 IP Sites, 150,000 Desktops, 3000 Customers

- **Focus**
  - Customer Interaction Products and Services
  - Leverage a VoIP Infrastructure & Other Leading-edge Technologies
  - Solutions for Enterprises and Service Providers

- **Resources**
  - 225+ Employees
  - 20 Sales Offices Across the U.S.
  - Sales Office and Deployment Office in European Theatre

- **Intellectual Property**
  - More than 15 Patents and Patents Pending
  - More than 500 claims

- **Investment**
  - Strategic Investment from SRI International & Cisco Systems
State of VoIP

- The legacy players won’t sell you a TDM system
- IP is the dominant protocol of choice
- SIP/SIMPLE are fairly standardized and interoperable
- Security issues are well understood
- It works and quality is great!

The “Buying Process”

“Who” are the Experts

- Contact Center Decisions Start at the Application
- Cisco – Not the Incumbent
- Customer Interaction = New Business Model

- PBX Upgrade / Y2K
- New Building / Move
- Technology Consolidation

Make VoIP Decision

- CTO = Technical (+)
- CEO = Business (+)
- CFO = Financial (-)

Preserve “Normal Operating Environment”

- CTO = “Migration – Co-Existence”
- CEO = “Do not affect customer service”
- CFO = HR Factors

Manage VoIP Network

- Moves, adds, changes
- VPN – Call Routing
- Compliance / SOX
- Directory with roles
- Reporting
- Resiliency

- Quality of LAN
- Quality of WAN

“Internal vs. External”
The New Spanlink Communications

Allianz Life Insurance Co. N.A. Case Study

The Old Way

TDM PBX

Agents & Supervisors

Proprietary Applications

Site 1

Data Router

PSTN

Customer

Redundant Core Technology

Site 2

Dedicated Users

WAN

IP PBX

Agents & Supervisors

Proprietary Applications

Site 1

Data Router

PSTN

Customer

Redundant Core Technology

Site 2

Dedicated Users

WAN

The New Way?

Is there a REAL difference?
The REAL Difference Between Legacy and VoIP

- Unified
- Efficient
- Resilient
- Streamlined
- Cost-Efficient
- Makes Business Transformation Possible

The REAL Difference Between Technology and a Solution

- Integrated
- Agile
- Scalable
- Secure
- Cost-Effective
- Makes Business Transformation Possible
ALLIANZ LIFE INSURANCE CO. N.A. – FACT SHEET

<table>
<thead>
<tr>
<th>Company (US) Headquarters</th>
<th>Minneapolis, MN</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Michael Diekmann</td>
</tr>
<tr>
<td>Year Founded</td>
<td>1890</td>
</tr>
<tr>
<td>Employees</td>
<td>182,000</td>
</tr>
<tr>
<td>Key Products / Markets</td>
<td>Allianz one of the leading providers of insurance and asset management products and services worldwide. Allianz Life offers an extensive portfolio of value-added wealth management products, including fixed and variable annuities, universal life insurance, and long term care insurance for individuals.</td>
</tr>
<tr>
<td>Key Metrics</td>
<td>Over 100 years old and 60 million customers. 11th largest company in the world.</td>
</tr>
<tr>
<td>Annual Sales</td>
<td>$13.9 Billion (AZ - NYSE)</td>
</tr>
</tbody>
</table>

ALLIANZ LIFE INSURANCE CO. - CUSTOMER CASE STUDY

- Allianz Life Insurance Co. – Single Site Enterprise
  - 300 concurrent users (Agents)
  - 2nd building location with over 80 agents - 2005
- Problem:
  - Centralized inbound and outbound call center requiring skills-based support
  - Poor call routing on TDM system
  - Wrong level of knowledge to support customers
  - Weak confidence from incumbent system integrator
- Competition:
  - Nortel
- Solution:
  - Deliver a new VoIP based communications solution that could increase call handling by more than 10%
  - Implement skills-based routing
  - Installed blended agent real-time reporting
  - Executed and delivered by Spanlink
ALLIANZ LIFE CASE STUDY

- **Customer Goals**
  - Support both inbound and outbound agent Contact Center
  - Increase call handling by a minimum of 10%
  - Support up to a minimum of 1000 agents
  - Replace old Nortel TDM based systems
  - Improve productivity with skills-based routing
  - Provide a Consistent World Class Customer Experience
  - Utilize next generation technology – VoIP
  - Consolidate and deliver real-time reporting to analyze business objectives
  - Reduce or minimize OPEX

- **Customer Vision**
  - Have a vendor that understood the business problems
  - Be ready for the future through technology – web, collaboration, self-service, etc.

ALLIANZ LIFE DERIVED BENEFITS - PROJECT RESULTS

- Skills-based routing dropped average handling times by 16%
- Workforce management real-time reporting with reduced management headcount by 25%
- Blended agents increased outbound sales calls by 45%
- Call monitoring saves each manager more than a half-hour a day in time
- Eliminated 32 wallboards and substituted real-time desktop dashboard for statistics
- Call abandon rate reduced by half
- OPEX was reduced by fewer 800 numbers
- Spanlink’s knowledge in Customer Interaction based Contact Centers and project management skills delivered the project on-time and within budget
- Better customer experience getting the right answers the first time
The New Spanlink Communications

State of Minnesota Case Study

STATE OF MINNESOTA – FACT SHEET

<table>
<thead>
<tr>
<th>Company Headquarters</th>
<th>St. Paul, MN</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Governor – Tim Pawlenty</td>
</tr>
<tr>
<td>Year Founded</td>
<td>1858</td>
</tr>
<tr>
<td>Employees</td>
<td>45,000 Employees or 4.9 Million Tax Payers</td>
</tr>
<tr>
<td>Key Products / Markets</td>
<td>Government services including: Highways, Facilities, Education, Environmental, Revenue, Social Services, etc.</td>
</tr>
<tr>
<td>Key Metrics</td>
<td>Tax base support for any programs</td>
</tr>
<tr>
<td>Annual Sales</td>
<td>$5 Billion</td>
</tr>
</tbody>
</table>
STATE OF MINNESOTA - CUSTOMER CASE STUDY

State of Minnesota – Hosted
› Hosted solution for the State of Minnesota
› Turned State IT group into service provider of IP Telephony and IP Contact Center for State Agencies
› Provide eGovernment services in a more cost-effective, shared technology environment
› Deliver a more robust set of features at a lower cost

Problem:
› Turn states IT group into a service provider for all State Agencies
› Minimize capital infrastructure costs
› Lower operational costs at the agency level

Competition:
› Avaya, Nortel, other Cisco Partners

Solution:
› Deliver a new communications solution that looks beyond the technology and transform the business economics
› A VoIP hosted network into a Customer Interaction Network for each department
› Executed and delivered by Spanlink

STATE OF MINNESOTA CASE STUDY

Customer Goals
› Support services for each of the following agencies: Retirement Services; State Universities; Dept. of Human Services; Pollution Control; Secretary of State; Courts; Dept. of Revenue; and Public Retirement Services (18 Total Agencies)
› Create a single system while providing departmental autonomy

Customer Vision
› Looked beyond the constraints of existing environment – the way it’s always been
› Clean paper – better architected solution
› Hosted based solution managed by all participants

State IT Mission
› Deliver electronic government services by phone, IVR, Web and eMail
STATE OF MINNESOTA DERIVED BENEFITS - PROJECT RESULTS

- State Telecom Group acted as Service Provider for all agencies
- Reduced operational costs for services across all agencies (Leverage the State’s largest network)
- Agency controls, and efficiencies without compromise to integrity
- IP based solution for growth and future proof protection
- Spanlink’s knowledge in Customer Interaction based Contact Centers and project management skills
Humana Military – Fact Sheet

<table>
<thead>
<tr>
<th>Company Headquarters</th>
<th>Louisville, KY  (A wholly-owned subsidiary of Humana Inc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Dave Baker</td>
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<tr>
<td>Year Founded</td>
<td>1993</td>
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<tr>
<td>Employees</td>
<td>13,700</td>
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<tr>
<td>Key Products / Markets</td>
<td>Humana Military is one of the largest and most innovative health insurance companies in the country. Humana specializes in “bridge coverage” for those in transition from military to private sector healthcare coverage. Since 2001, the Dept. of Defense has named Humana the sole administrator for the Continued Health Care Benefits Program (CHCBP).</td>
</tr>
<tr>
<td>Key Metrics</td>
<td>1.6 million beneficiaries in the new South Region</td>
</tr>
<tr>
<td>Annual Sales</td>
<td>$2.5 Billion – TRICARE Division (NYSE: HUM)</td>
</tr>
</tbody>
</table>

Humana Military – Customer Case Study

Humana Military
  › Focused verticals (better, faster deployments)
  › Medium/Large contact centers
  › Over 20,000 web inquiries per month
  › Over 230,000 agent calls per month
  › Over 250,000 IVR inquiries per month

Customer Vision
  › “To be the most trusted name in military health solutions”
Humana Military – Customer Case Study

Problem:
• Dramatic increases in service level costs
• Average cost per agent call is $5.00
• Call volumes growing with no end in sight
• Web Q&A system receiving 20,000 inquiries per month
• Current IVR system escalates 250,000 calls each month to agents
• Staff levels continue to grow thus increasing OPEX

Competition:
• RightNow, Tuvox

Solution:
• Divert member calls with “intelligence”
• Use technology so there is little or no need for agent assistance
• Common knowledge base with natural language technology for both web and speech
• Executed and delivered by Spanlink

Humana Military – Legacy Environment

Application Call Flow
1. Member Calls Humana for Service and is routed to the Nortel PBX
2. Nortel PBX routes call to InterVoice IVR Farm.
3. If caller opts out of the InterVoice applications, caller transfers to Agent.
Humana Military – Project Overview

Customer Goals
› Reduce OPEX while maintaining service levels
› Save agent time by providing searchable resource via internal web site
› Reduce agent calls by providing customer access to information via external web site
› Provide customer self-service access via phone
› Enable agent escalation with historical record of inquiries and results
› Provide customers exceptional service

Solution
› Add Spanlink's natural language question answering system to Humana web site, guiding customers to answers within the rich web site

Humana Military – Phase I: Intelligent Self Service Web

Natural language question entry
Categorize document set to refine answers
Link to precise location of answer in knowledgebase
Answer summary
Source document
Humana Military – Phase I: Project Results

Phase I Results
› 96,321 questions answered in first half of 2005 — over 16,000 questions per month
› 0.1% no answer found ratings in Web search = 99.9% customer satisfaction
› $80,187 average monthly savings in agent call avoidance

Humana Military – Phase 2: Intelligent Self Service Speech

Goals
› Increase the number of calls handled through fully automated call handling
› Provide phone services 24x7
› Reduce the call handling time for calls escalated to agents
› Improve customer satisfaction

Solution
› Extend access to the Humana web knowledge base and question answering system into their automated call handling system
› Use inquiry results to intelligently route calls
› Create a unique “agent assist” functionality to speed agent handling of escalated calls.
Humana Military – Phase 2: Agent Assist Function

Deliver information to agent to speed call completion
› All customer questions this session
› Answers to current questions
› Live query box for agent use
› Knowledgebase ecology functions

Integrated CTI browser
Enable automation of a fraction of calls while providing every caller superior service

Humana Military – Phase 2: Agent Screen Pop with Speech Session
Humana Military – Phase 2: Projected Results

Additional automation of 10% of customer calls. Projected \textbf{18,000 calls per month} answered without an agent.

Conservative $5.00 per call savings = $\textbf{90,000 saved per month}.

\textbf{20%+ reduction} in escalated agent call time.

Additional reduction in number of calls transferred to agents.

Improved agent utilization.

Spanlink “Intelligent Customer Interaction” Architecture

 Leverages intelligent knowledge base for self-service, routing and agent assistance.
Humana Military Derived Benefits – Total Project Results

- Improved service levels available 24x7
- Currently handling over 16,000 ISS Web inquiries per month with an OPEX savings of $80,000 per month
- Projected 18,000 customer questions handled by ISS Speech, resulting in projected savings of $90,000 per month and 10% reduction in Contact Center calls
- Skilled agent call routing allows subject matter experts to answer complex customer questions while increasing customer satisfaction
- Total annual savings of over $2 million

Humana Military - Customer Quote

“We have been extremely pleased with the ability of Spanlink’s Web Q&A to provide our customers with the correct answers to their question. The interface is very easy compared to tools that perform a word match type search. As more customers use the product, we look for a decrease in calls to our call center.“

John Jones
Director of Innovative Technologies
**W.W. Grainger Case Study**

**W. W. Grainger – Fact Sheet**

<table>
<thead>
<tr>
<th>Company Headquarters</th>
<th>Chicago, IL</th>
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</thead>
<tbody>
<tr>
<td>CEO</td>
<td>Richard L. Keyser</td>
</tr>
<tr>
<td>Year Founded</td>
<td>1927</td>
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<tr>
<td>Employees</td>
<td>15,500</td>
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<tr>
<td>Key Products / Markets</td>
<td>Industrial supplier of facilities and maintenance products with over 1.5 million customers</td>
</tr>
<tr>
<td>Key Metrics</td>
<td>Over the last 75 years, Grainger’s product line has expanded to more than 500,000 supplies and 2.5 million repair parts. The Grainger branch network has grown steadily over the years. Today there are more than 450 branches in the U.S. and 570 in North America.</td>
</tr>
<tr>
<td>Annual Sales</td>
<td>$5 Billion (GWW - NYSE)</td>
</tr>
</tbody>
</table>
Grainger - Customer Case Study

Problem:
- Branches small independent call centers
- Corporate resources reached via 800 number
- Tech support, credit, parts, etc
- Limited flexibility to manage resources
- Poor visibility to service levels on calls
- Previous trial for centralized call centers unsuccessful

Competition:
- Avaya

Solution:
- Deliver a new communications solution that looks beyond the technology and transforms the business economics
- A VoIP distributed branch enterprise model turned their network into a strategic Customer Interaction Network
- 411-sites, 7100-user distributed branch enterprise
- Executed and delivered by Spanlink

Grainger - Project Overview

Customer Goals
- Increase Revenue Generation Opportunities
- Preserve the Successful Branch Model
- Save Customers Time, Money and Effort
- The Perfect Order
- Provide a Consistent World Class Customer Experience
- Reduce OPEX and CAPEX

Customer Vision
- Looked beyond the constraints of existing environment – the way it’s always been
- Clean paper - better architected solution resulting in enterprise-wide efficiency
- Focus on how to solve the business problem

Grainger’s Mission
- “Don’t be on the cutting edge of technology”
- “Take time out of facilities maintenance”
Grainger - Previous PBX Environment

Avaya's Proposed HYBRID PBX Solution
Grainger - New Customer Interaction Network

- Resources allocated and managed at the core
- Day-to-day MACs handled at the branch
- Real time & historical reporting is available at a branch, district, region and country level via a web browser

Grainger – Partitioned Network
Make it Simple for Grainger Customers

Before CSTP

From Many Numbers

After CSTP

To “One”
Branch Call Center Goals – Reporting?

Spanlink CentralControl™ ACD Reporting

Agent Reports

- Branch
- District
- Region
- Corporate
Project Timeline

Project Time Line
› Originally plan was to be completed April 2005
› After pilot, project accelerated and all branches planned for 2004/2005 were pulled into 2004

Pilot Project Began in May 2004
› Deployed portion of the core system
› Converted 16 Chicago area branches

Post-Pilot Implementation Began in Late June 2004
› Converted 400 branches by December 2004
› Converted 25 to 30 branches per weekend
› Last major weekend in December
› 47 branches in 36 hours

Market Expansion
› Additional 50 branches rolled out since January, 2005

Branch Rollout Results
Grainger - Derived Benefits – Project Results

Service Levels Skyrocketed to Near 100%
- Pre-Implementation, branches at self reported 90%, Post-Implementation at 97%
- Within first 2 hours of go-live in Chicago, Service Levels were at 96%
- 2005 sales expected to increase by 8%

% Calls Answered in 20 Seconds

Converted Branches are Exceeding Revenue Targets
- Able to process more orders
- After hours calls being routed to central call center

Grainger - Derived Benefits – Project Results

Able to Seamlessly Expand to Include New Branches and Contact Centers

Provide Robust Disaster Recovery
- System Level
- Branch-by-Branch basis

Entire Branch Organization can be Managed in Real-Time
- Using Spanlink’s CentralControl
- Reports presented by branch/market/region

Lower Capital Cost for Deployment
- “400 of Anything is a Lot of Money,” Grainger Management

Lower Operating Costs
- Fewer hands required to administer solution
- Moving parts are in Grainger data centers where experts are available
  - Not in the field

“Consistent World Class Customer Service Experience”
"We launched the telephony project in May and since then have converted more than 100 branches to the new system and have seen some great benefits. In the Chicago market, where all 16 branches have been on the new system for a few months, the percent of calls answered within three rings went from 92 percent to 98 percent practically overnight. We anticipate incremental sales between $1 and 2 million dollars in the first full year of implementation because of the ability to connect customers to other parts of the business. ... Because of these early results, we are accelerating the roll-out of the telephony project."

Richard Keyser
Chairman and CEO
Real Results over IP™

Allianz Life – 200 Agents
- Expanded features to achieve business goals in a VoIP environment
- 25% Reduction in Management Overhead
- 16% Productivity Improvement in Call Handling!

State of Minnesota – 20 Agencies
- Hosted IP Contact Center Solution
- Provide e-government services in a more cost-effective, shared environment
- $100,000K per year savings at anchor tenant (DOR)

Humana Military – 25,000 Web Hits/Month
- Intelligent Information Products
- 250K calls mo ivr
- 25% Calls per month diverted from Contact Center; $1M+ savings per year

W.W. Grainger – 450 Sites
- Customer Interaction Network
- Service levels increased by 9% overnight in preliminary market
- Expect $1 – 2M increase in sales in year 1 in preliminary market alone

Questions?