



COMPANIES INTERNATIONAL
8x8 leaps on deal with BellSouth - TELECOMS.

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Shares of 8x8 jumped by more than 45 per cent yesterday after the California-based VoIP (Voice over Internet Protocol) service provider announced a "private label" agreement with BellSouth, the third-largest US telecommunications group.

The shares closed up 80 cents at Dollars 2.54 a share on the Nasdaq in New York, having earlier traded as high as Dollars 3.39 before settling back.

Under the deal announced late last week, 8x8 will provide BellSouth with the technology, integration and operational services necessary for the Atlanta-based telecommunications giant to offer its customers a VoIP service, dubbed BellSouth Digital.

The companies did not disclose financial terms of the deal, which is seen as representing a significant move for both.

"With the introduction of BellSouth Digital Phone Service, we are broadening our portfolio of consumer services," said Martin Chandler, in charge of product management at BellSouth.

Traditional telecommunications companies in the US, including BellSouth, face the prospect of continuing local line losses as customers switch to wireless service or Internet telephony services.

US cable operators have begun to market such services aggressively using VoIP technology and the rival VoIP services offered by Vonage, 8x8 and other independent providers.

In response, Verizon Communications has developed its own VoIP service while AT&T, the largest US telecommunications group, is expected to roll out a service based on the CallVantage service that SBC Communications acquired along with AT&T earlier this year. (SBC Communications has subsequently been renamed AT&T.)

BellSouth was viewed by analysts as having lagged behind some of its counterparts in offering its own VoIP service.

Santa Clara-based 8x8 reported revenues of Dollars 7.06m in its fiscal second quarter ended September 30 but has not recorded an annual profit since 1998.

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