

**FT.com site : VoIP provider links with BellSouth.**

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

Shares in 8x8 closed up 80 cents at \$2.54 a share on the Nasdaq in New York having earlier traded as high \$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 financial terms of the deal were not disclosed, however it seen as representing a significant move for both companies.

"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 that US cable operators have begun to market aggressively using VoIP technology and the rivals 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 - a problem that the 8x8 deal will clearly address.

For 8x8, which offers IP video and well as voice services, the agreement could represent a significant boost. ,

The Santa Clara-based company reported revenues of \$7.06m in its fiscal second quarter ended September 30 but has not recorded an annual profit since 1998."BellSouth's selection of 8x8 as its VoIP partner is a tremendous credit to the technology and service expertise which has made 8x8 one of the industry's leading VoIP service providers," said Bryan Martin, 8x8 chief executive.

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