

**OPERATIONS REVIEW  
SRI LANKA TELECOM**

**The Road to Further Transformation**

**THE YEAR 2007 IS YET  
ANOTHER STAGE IN  
OUR 'METAMORPHIC'  
JOURNEY FROM A  
TRADITIONAL TELECOM  
OPERATOR, TO A  
GLOBAL IP SERVICE  
PROVIDER**

The year 2007 has seen SLT position itself for the next phase of transformation; yet another stage in our "metamorphic" journey... from a traditional telecom operator, to a global IP service provider.

For some years now, our annual report has highlighted the rapid, exciting and frontier-consuming developments that have become the hallmarks of the global telecom world... hallmarks that speak of almost unimaginable change in communication systems that now encompass an integrated "commedia" world.

Our own enterprise fully reflects this metamorphosis, as we shall see in the ensuing pages of this review.

**INFRASTRUCTURE**

**Networks**

**Core Network**

SLT's core network consists primarily of optical fibre supported by microwave. It is a fully digitalised telecommunications transport network consisting of 500 digital switching nodes, with 80 master telecommunication exchanges divided into 29 area codes, each served by a secondary switching centre. The secondary switching centres are in turn, connected to four tertiary switching centres located in Colombo, Kandy, Galle and Anuradhapura and routed to the Company's National Switching Centre in Colombo. This topology, however, will soon see a significant

change as a result of the implementation of the planned Next Generation Network (NGN).

**Optical Fibre Network**

Our full transition from microwave to high capacity islandwide optical fibre infrastructure will provide the foundation for the Next Generation Network (NGN). The NGN environment will enable us to host multiple services on a single network by utilising simpler technology.

This is the infrastructure of the future and consists of five Metro Rings (each 1.2 Gbps), one Central Ring (2.5 Gbps), an Auxiliary Central Ring (2.5 Gbps), a North-East Central Ring (2.5 Gbps), an East-Uva Central Ring (2.5 Gbps), a Southern Ring (2.5 Gbps) and a Northern Ring (upto Vavuniya) (622 Mbps).

We are also planning to upgrade the Auxiliary Central Ring further to 10 Gbps in 2008.

The five Metro Rings, the Central Ring and the Southern Ring are already in commission. They consist of a total of 1260 km of cabling.

In addition we have in place the Metro Super Highway which consists of two rings, each 10 Gbps (STM-64). They are the Metro North Super Highway and the Metro South Super Highway.

Both rings connect 20 SLT sites as follows:

The Metro North Super Highway Ring consists of 11 nodes - Colombo, Wattala, Ja-Ela, Raddolugama, Katunayake, Kadawatha, Kelaniya, Welikada, Maradana, Kollupitiya/Liberty Plaza and Slave Island.

The Metro South Super Highway Ring consists of 9 nodes - Colombo, Havelock Town, Mount Lavinia, Ratmalana, Piliyandala, Maharagama, Homagama, Kotte and Maradana.

### **Next Generation Network (NGN)**

The Company continued the transition of its existing networks into an NGN. Key features of the NGN are its IP based, service driven qualities, which constitutes a single, versatile network that can host multiple services.

NGN employs open and integrated network architecture. In operation, it can provide a variety of services such as voice, data and multi-media as an integrated service based upon IP technology. It will yield considerable saving on the quantity of network components, significantly reduce complexity and provide enhanced cost effectiveness.

Currently, the Company has effected migration to NGN in the Matara area, which began as a pilot project in 2006/07. Under this project, 16 Remote Switching Units (RSU) and the Master Switching Unit (MSU) were

thus converted to NGN and capacity was created for 34,325 telephones and 2,832 ADSL connections.

### **Access Network**

SLT's access network plays an integral role in the Company's growth strategy. It is a vital platform that should be well positioned and capable of delivering multiple services to the customer, which is a desired objective of the Company's growth strategy. Thus, SLT continued to make good progress in developing both wire line and wireless access networks, whilst evolving the core network into an NGN.

### **Copper**

Expansion of the Company's copper wire line network continued during the year in review. This network constitutes the medium of delivery for wire line broadband technologies such as ADSL. Copper could be regarded as the 'incumbent' network, that supported our earliest telecom services and thus it reaches far and wide across every nook and corner of Sri Lanka. It remains an invaluable medium even today.

### **CDMA**

SLT owns and operates the largest CDMA network, with the highest number of base stations in Sri Lanka to date. 271 base stations across the country enable us to cover 92% of the island, in geographic terms. The extraordinary growth enjoyed by SLT Citylink is powered by this expanding CDMA network, which currently

operates on 800 MHz frequency. In terms of growth this year, the Company added 86 base stations to the network.

### **'Fibre to The Building' Connectivity**

The Company continued to make good progress in providing optical fibre connectivity to major buildings in the Colombo Metropolitan Area. Fibre to the Building (FTTB) connectivity provides the foundation for wide area network technologies such as the Metro Ethernet. Its ring topology architecture yields significantly greater levels of redundancy and greater network availability. In the year under review, SLT laid 68 km of optical fibre to 95 buildings on 15 rings in the Colombo area.

### **Global Networks**

SLT views its state-of-the-art global network as an integral and strategic necessity in its role as an effective regional telecommunications player. The seamless connectivity that the Company's global and domestic networks enjoy, facilitates the throughput of very large volumes of telecommunication traffic.

The combined strengths and qualities of these networks yield a plethora of customer centric pluses. These include extremely competitive tariff structures for IP-VPN and IP based solutions, better connectivity and access to a whole new world of multimedia content including movies and music. They also enhance Sri Lanka's

international competitiveness through the offer and deployment of such services and products.

Whilst the possibilities and enhancements to services and products are legion, an eloquent example is to be found in what SLT has been able to offer its customers in regard to Internet access.

#### **SEA-ME-WE-4 Submarine Cable System**

The most current in the series of SEA-ME-WE cable systems, SEA-ME-WE 4 provides substantial multi-regional connectivity in a system spanning 20,000 km in extent. The system has been built and is managed by a consortium of 16 operators representing 14 countries (including Sri Lanka).

SEA-ME-WE-4 offers another avenue of redundancy which further secures existing connections such as its predecessor SEA-ME-WE-3 as well as other, on hand, line-of-sight microwave links. SEA-ME-WE-4 capacity has been significantly upgraded to support traffic capacities of 1.28 terabits per second improved capacity has led to extension of the broadband capabilities of our IP backbone network.

Similarly, levels of reliability and connectivity have also been improved.

#### **Bharat Lanka Optical Fibre Submarine Cable System**

The Bharat Lanka Cable System runs from Tuticorin in India to Mount Lavinia in Sri Lanka, incorporating 325 kms of submarine, fibre optic cabling. It is an

optical fibre system operated by SLT and Bharat Sanchar Nigam Limited (BSNL) of India and came on line in September 2006.

This system links SLT's domestic as well as international connectivity, to power Sri Lanka towards becoming a regional telecommunications facilitator.

Sri Lankan as well as Indian customers can enjoy a gamut of top flight services such as IPLCs, Broadband Internet, direct and transit IDD traffic, IP backbone networks and multi media content.

#### **Dhiraagu-SLT Optical Fibre Submarine Cable System**

The Dhiraagu-SLT cable system is a collaboration between SLT and Dhiraagu of the Maldives connecting Sri Lanka and the Maldives via 850 kms of submarine, fibre optic cabling.

The system which came on line in 2006 provides super highway level bandwidth of 10Gbps capacity, between Sri Lanka and the Maldives.

The Dhiraagu-SLT system as an integral player within our global network, whilst offering enhanced international connectivity, also plays a vital role in the sphere of the economic development of Sri Lanka and the Maldives.

#### **Global IP-MPLS**

SLT is in the process of implementing its vision of becoming a Global IP provider. In line with this, SLT is continuing to upgrade existing networks to ensure that our aim is met and surpassed.



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*We are the only operator in the country and one of the very few operators in the region to have invested in undersea cables.*

*(01) Launch of Bharat Lanka cable*

*(02) Dhiraagu-SLT cable became fully operational in the year under review*

*(03) SEA-ME-WE - 4 cable connects 14 countries*

BSNL's connectivity is also enhanced since the increased bandwidth allows both SLT and BSNL to interconnect their IP-MPLS networks in order to facilitate global VPN services to clients.

### Technology

SLT continued to deploy sophisticated technology in the copper, optical fibre and wireless media, during the year under review. In the process of deploying such core technologies in the process of transforming traditional networks to an NGN, appropriate access networks have also been introduced.

In terms of core technology, we placed great emphasis in deploying IP-MPLS, whilst ADSL, CDMA and Metro Ethernet constituted state-of-the-art access technologies.

### Core Technologies

The thrust of our endeavours in this area continued to be the provision of multiple services on single connectivity.

Thus we sought to deploy core technologies that would provide the foundation for other technologies and applications/services that would make multiple access technologies possible.

A key spin off for the Company, as this process developed, was to diversify its revenue streams from traditional sources.

### IP-MPLS Technology

IP-MPLS constitutes the foundation for multiple service delivery in an NGN environment, which is why the roll out and on-target deployment of this technology on our fibre network was of such importance to SLT.

Today, SLT's core network is evolving towards IP-MPLS. This move will assist the Company in meeting the challenges associated with IP bearer networks such as quality of service, reliability, security, expandability, manageability and bearing of multiple services.

This transition will see a traditional IP network, with non-quality Internet service being transformed into a carrier class IP bearer network with the best multi-service offering. This includes Internet Protocol TV (IPTV), Next Generation Network (NGN) and IP Multimedia sub-system, which will allow SLT to offer Fixed-Mobile Convergence (FMC).

Now, the Company can seek to augment the projects already in service, such as the Network Management System for IP-MPLS network, Wireless Data Network, managing the VoIP network, hosted PABX and IP phone services.

IP-MPLS technology is employed to offer Internet Protocol-Virtual Private Networks (IP-VPNs) for enterprise networking, which are in great demand when offering business centric networking applications, incorporating priority for business voice and time sensitive applications.

### WiMAX

WiMAX remains firmly in our sights, as the Company regards it as the future wireless backhauling technology that will serve us well into the future.

SLT works tirelessly to embrace these technologies and we are actively seeking the appropriate licencing from the Telecom Regulatory Commission of Sri Lanka (TRC) to be able to commission this technology as soon as possible. WiMAX's suitability to support



voice, high speed internet connectivity, e-mail, fax, data and services such as audio and video streaming makes it a key component of our core technology.

**Access Technologies**

SLT customers can tap into some really exciting and innovative services delivered through our access technologies, this year.

**CDMA**

Being a wireless access technology, CDMA is a very real alternative to the copper based wire line and herein lies a world of opportunity and excitement for the customer. CDMA has let us

(VMS), Multi Media Service (MMS), Push-to-Talk (PTT), Wireless Payphone, Location Based Services, Multi Part Conference Calling and IN Services and well over 30 other applications under the category of Supplementary Services.

The progress SLT has made in CDMA deployment belies the fact that we were the last entrant to the market.

**ADSL**

Deployment of the Company's broadband wireline technology, ADSL, continued apace in 2007.

We grew our customer base by 100% to reach 50,000 customers by year end 2007.

ADSL technology is capable of placing top of the line broadband services and exciting value added services at the command of the customer-services such as broadband Internet, VoIP Services, IP-TV, Video on Demand, e-Learning and Gaming, among others.

**Metro Ethernet**

Metro Ethernet is a triple play ready network providing fully integrated single port connectivity which conveys voice, data and video services. It is based on our state of the art IP-MPLS technology.

Our initial focus has been on key businesses and high end corporate customers where we use this technology to provide the specific end-to-end solutions they seek.



*SLT-Citylink, our fixed wireless brand continued to make great strides in the market recording a 104% growth over 2006. Innovative local promotions in the hinterland of Sri Lanka was key to its success.*

reach the remotest areas of the country where our copper infrastructure has yet to go. And, it has delivered a state-of-the-art mix of services such as Voice, Internet, Short Messaging Service (SMS), Pre-Paid Service, G# Fax, PC Fax, Virtual Private Network (VPN), Colour Ring Back Tone (CRBT), Voice Mail Service

## OUR COPPER BASED CONNECTIVITY IS AN IMPORTANT DELIVERY PLATFORM FOR BROADBAND SERVICES DELIVERED ON ADSL TECHNOLOGY

The deployment of Metro Ethernet covered 15 access rings in Colombo linking 95 buildings, as at year end 2007.

### SERVICES

With strong and emancipated core/ access technologies in place, and evolving as we progress, SLT is well positioned to offer the customer a range of quality services and solutions.

### Customer Services

#### Voice

##### Wireline Connectivity

Our copper based connectivity is an important delivery platform for broadband services delivered on ADSL technology. Hence the Company continued to expand the network further this year. As at year end 2007, 0.9 million connections have been reached in the country.

##### SLT Citylink CDMA

SLT employed a three phase roll-out plan for CDMA and by year end 2006, we had achieved 269,338 connections. The Company has been able to grow this figure to 259,662 for the year 2007 which is a growth of 104%.

##### SLT Passport

The Company's premier pre-paid card offering continued to benefit from wider access provided through tie ups between SLT and some leading Consumer Durable companies such as Singer Sri Lanka and Abans, and supermarket chains such as Keells Super and Cargills.

##### SLT MAXtalk

MAXtalk is our pre-paid international calling card and was introduced in answer to the needs of the price conscious consumer. Mobitel offers its subscribers the use of this card thus offering them lower IDD rates via their mobile phones.

MAXtalk operates on a VoIP platform and offers international calls to over 68 countries around the world. Call rates are competitive, to both fixed line and mobile phones and its 'footprint' in terms of coverage encompasses countries in Europe, the USA, Japan, Australia and Singapore. A differentiated tariff band enables the customer to widen this footprint to cover countries in the Middle East, South East Asia and 148 other countries.

MAXtalk can be used on any phone in the country.

##### Payphone Booths

The payphone remains a symbol of telecommunications most readily at hand for the consumer. SLT had targeted to set up 750 coin and card payphones in prominent public areas in all the major cities in the island.

An SLT payphone will accept a range of denomination in terms of coins as well as the Company's Passport and MAXtalk cards. It will also provide charge free access to emergency/SLT Service numbers viz - 118 and 119 (Police), 1241 (Faults Reporting), 1242 (Billing Inquiries) and 1929 (Child Helpline).



The payphone remains a symbol of telecommunications most readily at hand for the consumer.

**OUR CUSTOMER BASE CONTINUES TO GROW RAPIDLY. SLT IS THE UNCHALLENGED, DOMINANT PLAYER WITH A SHARE OF 60% OF THE INTERNET MARKET**

**SLT i-Gateway at Bandaranaike International Airport (BIA)**

We continue to provide passengers passing through the BIA's Transit Lounge with Internet and voice communication facilities on 24/7 basis, via our dedicated communication centre, SLT i-Gateway.

**Internet**

SLTNet is the largest Internet service provider in Sri Lanka. We cater to the needs of the wider community of Sri Lankans, be it residential or corporate in nature.

Our customer base continues to grow rapidly. SLT is the unchallenged, dominant player with a share of 60% of the Internet market.

SLT Internet customers enjoy International Roaming on dial-up as well as Wi Fi networks. In Roamers too could use SLTNet dial-up and Wi Fi services.

Many other facilities and services distinguish the SLTNet service. Features such as SLTNet On-line Call Waiting (OCW) which allows the customer to surf the web and/or download e-mail whilst receiving calls.

SLTNet's Adult Filter service is a boon to parents who have concerns about their children enjoying unlimited access to the Internet.

SLT also uses the Internet to make available a wide range of value added features to its phone customers, who can now access programme content on subjects such as current affairs, entertainment and leisure by sampling dialling short codes 1295 and 1298.

SLTNet offers a host of facilities and spin offs such as global Internet connectivity to Asia, Europe and the USA, which allows us to connect to the world's Tier 1 operators such as NTT, CSW, PCCW and Intelsat among others. Of course, SLTNet customers enjoy other benefits such as enhanced quality, performance, reliability and greater speeds for dial up and ADSL.

SLT also offers an Internet Pre-Paid Card, which is a great plus for the traveller who can enjoy access to the Internet at a flat, per-minute rate, without the inconvenience of passing through the whole process of application, activation and monthly billing. This Internet Pre-Paid Card has also enabled the infrequent Internet user, students and people on tight budgets, to make cost effective use of the Internet.



*The SLT brand which enjoys a near universal recognition and unmatched trust of every socio-economic group and every type of organisation in the country, is kept consistently contemporary, alive and closer to people. This is our dedicated communication centre at the BIA Transit Lounge.*

### **Broadband**

Today, SLT's islandwide broadband network enables high speed Internet access from the suburbs and rural areas to the urban areas of the island.

ADSL 2+ is the access technology carrying this broadband service. ADSL supports a downstream bandwidth of up to 23 Mbits/s and an upstream bandwidth of 1 Mbits/s.

Broadband access of this nature has enabled SLTNet to offer a set of volume based Internet packages beginning with the Entrée, which offers downloading capabilities up to 512 Kbps, uploading capabilities of 128 Kbps and a volume of 1 GB free, every month.

The Entrée package is completely affordable with a one time joining fee of Rs. 500/- and thereafter a nominal rental of Rs. 1000/- per month. An additional 250MB costs only another Rs. 250/-.

### **Pre-Paid Internet for Mobitel Customers**

SLT extended its Internet services to the customers of Mobitel, in yet another example of business convergence between the two institutions.

The SLTNet E-mail-to-SMS service allows Mobitel customers the facility of viewing their important e-mail messages via their mobile phones. This service is presently being provided to Mobitel, Dialog as well as Tigo customers.

Mobitel customers can now enjoy a pre-paid Internet account on-line via Mobitel SMS, a unique e-mail address (mobilenumber@sltmobitel.lk), a charge rate of half SLT's local call charge through a unique dial up number, available around the clock (1250), plus value added services such as web mail, web accelerator, web filter, on-line call waiting facilities and SLTNet Messenger.

Mobitel customers will also have the benefit of the SLTNet Pre-Paid Card being Wi-Fi enabled to permit them to use Internet facilities at Wi-Fi hotspots.

### **IP-TV**

This year, SLT received a media broadcasting licence, which now allows us to offer IP-TV facilities, which we hope to bring on line by end 2008. It will utilise our existing copper line network and apart from a special decoder, the customer will only require a TV set and a telephone line to access top grade TV programming.

SLT's aim is to make IP-TV accessible to all Sri Lankans across the country, thereby providing very real national benefits in the fields of education and infotainment across a much greater cross section of the population.

### **Business Services**

#### **Voice**

#### **SLT Wi-Fi Hotspots**

The Company continues to provide selected local hotels with Wi-Fi (Wireless Fidelity) Mobile Internet Zones, or Wi-Fi Hotspots as they are popularly known. The SLTNet Internet

Zone enables the hotels customers as well as their employees to be continuously on-line and enjoying access speeds of up to 2 Mbps.

#### **Internet**

The Company offers Internet leased lines at 64 Kbps, 512 Kbps and 2 Mbps, whilst our corporate customers can enjoy value additions such as mail server services and web and Domain Name Server (DNS) hosting.

#### **Services to ISPs**

The establishment of Regional PoPs covering all areas of demand in the island has helped SLT expand its Internet Network.

Also, the expansion of our International Internet Backbone connectivity to be able to offer in excess of 2.0 Gbps international bandwidth has been another major plus point in service to ISPs.

SLT ensures superior performance and premium quality through its restoration arrangements and geographical redundancies.

Many of the major ISP operators in Sri Lanka obtain Domestic Internet Exchange Service (SLTIX) from SLT.

#### **IP-Transit Service**

IP-Transit is a form by which wholesale Internet bandwidth is sold to Internet Service Providers (ISPs) and content providers. Pricing is typically offered on a megabit per second, per month basis (Mbit/s/Month) and requires the

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ENTERPRISE**

purchaser to commit to a minimum volume of bandwidth. Pricing for the bandwidth can be reduced significantly by purchasing larger volumes or extending the contract term.

The service is targeted at local as well as foreign ISPs in the South East Asian region. Major corporates and ISPs who have IP networks not belonging to SLT can obtain direct international IP connectivity from SLT's IP-Transit service.

**Peering**

Peering is a voluntary interconnection of administratively separate Internet networks for the purpose of exchanging traffic between the customers of each network.

Under its Direct Peering process, SLTNet interconnects with other ISP networks enabling a mutual exchange of traffic. Its Public Peering service allows any ISP to connect via a single port to multiple ISPs.

**Internet Data Centre (IDC)**

SLT pioneered the introduction of Data Centre Services with SLTiDC in 2004. Today, over three years further down the road, SLTiDC has become Sri Lanka's most sophisticated data centre offering world class data centre solutions to the corporate customer.

Ours is a classic facility, 80 square metres in extent, offering data housing, hosting and management.

In terms of data housing, we offer rack space and bandwidth, advanced physical security and uninterrupted power, network port and availability.

Our dedicated hosting services provide servers on rent, dedicated to customers, with their selected operating systems and web or application server. We also offer speedy and easier corporate business start-up.

The Centre offers a Shared Hosting Facility for the provision of shared resources such as mail & web servers where customers use their own domain name.

Managed services include Advanced Management and Security Tools for managed services, a selectable menu programme such as back-up, firewall security, monitoring and reporting and total customer support.

The Centre is housed in a state-of-the-art facility, within SLT's Head Office and features highly sophisticated structural, management and security systems.

**Business Solutions**

Once again this year, we lived up to our reputation as an unrivalled provider of truly integrated solutions across a staggering gamut of Sri Lankan business enterprise.

The intelligent solutions the Company was able to offer were a customised blend of a variety of services in the form of MPLS based IP-VPN connectivity, data centre services, high quality premium Internet bandwidth, international leased lines with an array of value additions such as mobility, managed services and disaster recovery.

### **Corporate Networks**

A wide range of business enterprises approach SLT for packaged services including voice, data, video, Internet, centralised communications options - in fact they looked to us to supply their total communications needs.

To ensure convenience to our customers, we have put in place account managers to look after our corporate clients.

This year, service level agreements were entered into with Singer Sri Lanka, LOLC, Asian Alliance Insurance, Millers, Janashakthi Insurance, Ericsson, Lanka Ashok Leyland, Hameedias, Browns Group, Asha Phillips Securities, the Upali Group and the Mount Lavinia Hotel.

A more detailed account of IP-VPN solutions can be found below in the ICT section of this report

### **Information and Communication Technology (ICT)**

SLT is honoured to have been chosen as network provider for many mega ICT projects being run on a national

scale. These mega networks open the door to tremendous opportunity for the Company to provide integrated solutions which are a composite of network/connectivity, hosting, applications, security and management, generating new streams of revenue.

### **SLT-Powering Lanka Government Network (LGN)**

SLT, as Sri Lanka's only integrated communication services provider was chosen to supply the Lanka Government Network (LGN) with its total telecommunications service needs as well as its total communications infrastructure requirements.

LGN is a Government initiative to familiarise public sector employees with the benefits of Information and Communication Technology (ICT) and to encourage them to apply ICT towards achieving better efficiency, enhancing the flow of information and improving standards of service they provide the public.

A key expected outcome is for LGN to interconnect public administration systems and processes in moving towards an environment of e-governance.

LGN is a strategic project under the Re-engineering Government programme being run by the Information and Communication Technology Agency (ICTA).

The IP-VPN solution provided by SLT connects Government offices to a unified network providing a host of products such as voice, video, broadband Internet, networking and hosting services. The clear goal is to take Government processes and procedures into the realm of modern technology.

In practice, Government offices can enjoy on-line access to a centralised IT system at any given time, enabling them to communicate with the Network Operating Centre, located at the LGN. Government offices can now begin to offer more on-line services to the general public such as on-line applications, on-line submission of forms, e-Pension services, on-line examination information, Tax information, and much more. These areas will in the future be integrated into the e-governance environment to ensure the people are served in a simpler manner.

### **SchoolNet**

SchoolNet, a venture by the Ministry of Education is an on-line educational system that seeks to promote efficiency and academic achievement in public schools across the country. It is beginning to revolutionise the way students learn, teachers teach, school administrators operate and parents get involved in the whole education process.



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*SLT is playing a major part to help in the transformation of education in Sri Lanka.*

- (01) SchoolNET will revolutionise the way students learn, teachers teach, school administrators operate and parents get involved in the whole education process. To date 1,000 schools are on-line and the number is growing rapidly.*
- (02) Nenasala is a concept that will foster distance learning, e-Learning and the use of the powers of the internet in rural Sri Lanka taking ICT to the masses. To date 200 centres are operational islandwide. The target is to grow them to 1,000.*
- (03) LEARN facilitates e-Learning, enhanced video conferencing and streaming, routing of inter-university voice and broadband internet access for academics in their respective universities in Sri Lanka*

SLT's solution is IP-VPN based and lets a unified network provide multiple products such as voice, video, broadband Internet, network services and hosting services.

Under this project, schools islandwide will be connected to SchoolNet VPN, using different access speeds based on current requirements. The target is to link up 5000 schools by the year 2010. To date we have brought 1,000 schools on-line.

The project allows the SchoolNet community prompt on-line access to educational software and enhances the effectiveness of teaching and learning. The impressive development in audio, video and computer assisted programmes along with computer mediated communications offer many possibilities for teachers to convert activities around interactive learning, watching videos, making on-line assessments and communicating in real time.

#### **Nenasala-Knowledge Centres**

SLT has partnered the Information and Communications Technology Agency (ICTA) to provide communications solutions for 200 Nenasala Centres islandwide.

The Nenasala concept (Nenasala means - global knowledge centre) envisages setting up 1000 centres across the country by end 2008.

Nenasalas follow a community model, where centres are established at a central location of a village such as a religious institution, public library or a community organisation. These centres then proceed to provide a range of services such as high speed Internet, e-mail, telephone, computer training programmes and other ICT related facilities.

The Nenasala concept seeks to foster distance learning, e-learning and the use of the powers of the Internet in rural areas of the country - taking ICT to the masses.

SLT's solution is supported by its IP-VPN platform.

#### **LEARN**

LEARN (Lanka Education and Research Network) is an initiative under the auspices of the Ministry of Education. SLT is the solutions provider for this programme.

Under this project, 13 universities around the country are linked with the University Grants Commission using SLT provided 10 Mbps IP-VPN links. SLT hopes to increase bandwidth in the near future.

Currently, SLT provides STM 1 connections of 155 Mbps to meet Internet access needs.



LEARN facilitates e-learning, enhanced video conferencing and streaming, routing of inter-university voice and broadband Internet access for academics and students in their respective universities. It also supports the Higher Education Management Information System (HEMIS).

The Company's involvement with this programme is in line with our commitment to meeting the requirements of students and academic bodies, with the ultimate goal of nation building and development in mind.

#### **NODES**

SLT provides connectivity solutions for the National Online Distance Education Service (NODES), an initiative under the Distance Education Modernisation Project (DEMP) of the Ministry of Education.

Our offer includes a WAN operating on fibre optic based Virtual Private LAN Service (VPLS) on our Metro Ethernet. The system connects the Multi Media Centres of NODES all across the country, facilitating distance learning.

NODES seeks to strengthen the distance learning infrastructure of Sri Lanka to a point where it could support instructional courses leading to Degrees, Masters Level Degrees, Diplomas and Higher Diplomas.

#### **Global Solutions**

SLT Hong Kong Limited our fully owned subsidiary commenced operations in May 2007.

A vital Point of Presence (PoP) entity, SLT Hong Kong is fully geared to play its part towards making SLT a truly global IP solutions provider. The new office will provide IP-Transit, Internet

Protocol - Virtual Private Network (IP-VPN), Internet Protocol Subscriber Line (IPSL) and international voice traffic transit services, VOIP and TDM to global telecom operators and corporates in Hong Kong.

With a blueprint for expansion of our global business firmly in hand, SLT is targeting the expansion of its current network to USA, China and East Asia. Since Hong Kong is the major gateway to connect mainland China with the rest of the world, SLT Hong Kong becomes a prime point of take off for business expansion into China.

For the long term, the Company is gearing to establish new PoPs in USA, Singapore and the UK, all of which are targeted for commencement during 2008.

It is pertinent to note that the major international submarine cable systems SLT is partner to, will prove pivotal in our bid to become a global IP Company.

#### **CUSTOMER SUPPORT INFRASTRUCTURE AND SERVICES**

##### **Delivering Quality Service and Maintenance**

##### **Regional Offices**

Improving Customer Care and Technical Support is a continuing initiative at SLT.

**THE MAJOR INTERNATIONAL SUBMARINE CABLE SYSTEMS SLT IS PARTNER TO, WILL PROVE PIVOTAL IN OUR BID TO BECOME A GLOBAL IP COMPANY**

The Company has a dynamic and proactive structure of offices and facilities that deliver our products and services in a timely and efficient manner to customers across the country.

Our cluster of offices in this context comprises Regional Telecom Offices (RTOs), (which after upgrade became Customer Service Centres, one stop shops for all customer needs), Outside Plant Management Centres (OPMCs), which handle the installation and maintenance of SLT's technical assets and our Teleshops - 27 of them spread across Sri Lanka.

For administrative reasons SLT is divided into four regions - Metro, Region 1, Region 2 and Region 3. The Metro region consists of Colombo and its suburbs, Region 1 consists of the Central, Western, Northern, North-Western and North-Central provinces, Region 2 consists of the Uva, Southern, Sabaragamuwa, Western and Southern provinces, while Region 3 consists of the Northern and Eastern provinces.

During the year under review, two Teleshops were opened; one in Nittambuwa and the other in Homagama.

**OPMCs**

SLT's network of Outside Plant Maintenance Centres (OPMCs) handle the installation and maintenance of the Company's technical assets in the respective regions. The OPMCs harness a variety of human and material resources with optimal effect in serving our customers in respect of their technical and maintenance issues.

To date SLT successfully operates 14 OPMCs around the country.

**Call Centres**

This service supersedes the former Operator Assist service. The Call Centres are located in Colombo, Kandy, Galle and Anuradhapura.

The centres offer state-of-the-art customer focused problem solving, over a wide area of query.

During the year under review, SLT took steps to streamline and develop infrastructure, personnel and processes. We introduced an e-Learning System and a Quality Assurance System, which have helped raise capabilities and standards significantly. The Company has also initiated a Process Review which is currently ongoing, which is expected to further raise the bar of our customer services.



*Our OPMC's harness a variety of human and material resources with optimal effect in serving our customers in respect of their technical and maintenance issues.*



- (01) Our call centres distributed in key points across the country offers state-of-the-art customer focused problem-solving over a wide area of query.
- (02) SLT Annual Report 2006 won the Gold Award in the Telecommunications Category at the Institute of Chartered Accountants of Sri Lanka Annual Report Awards.

### **Expanding Distribution Channels**

SLT sought to expand its sales distribution channels by venturing into an agreement with PC House a leading IT solutions provider, to market the Company's broadband products via 41 PC House branches across the country, including key areas in the North and East. Together with our own network of Teleshops and Regional Offices, this move gives our sales distribution activities a huge fillip.

### **ISO Badges of High Standard**

SLT was honoured to receive the highest international information security standard, BS7799/ISO 27001 certification for its islandwide broadband network operations including IP-VPN services, ADSL services, Business DSL services, ISDN services and our Internet Data Centre (SLT iDC).

SLT is the first Company incorporated in Sri Lanka to achieve this security standard and being listed in the prestigious Information Security Management System (ISMS) Registry.

SLT's Internet Protocol (IP) and Broadband (BB) divisions were also awarded ISO/IEC 27001:2005 for Standardisation, by the international organisation.

As an affirmation of our Company's trustworthiness, these accolades stand tall.

### **ICASL Award for Annual Report 2006**

Sri Lanka Telecom's 2006 Annual Report won the gold award in the telecommunications category at the Institute of Chartered Accountants of Sri Lanka's Annual Report awards held in December 2007.

**Procurement**

The Company adopted the Location Based Storage System (LBSS), which was applied across its main warehouses at Peliyagoda, Kotugoda and Maradana plus 10 sub-warehouses.

SLT found that inventory was not being optimised with large quantities of items stored and ultimately discarded unused.



- (01) We adopted the Location Based Storage System (LBSS), which was applied across our main warehouses. This has increased the efficiency of our inventory management.
- (02) Our directories appear in print, web, voice and CD formats whilst this year, we made them available on WAP and GPRS in recognition of the growing number of 3G users.

LBSS optimises use of space, in a properly planned storage system that has yielded returns in terms of better utilisation of storage space and more productive human resources through a saving of as much as 50% on manpower.

**THE DIRECTORY BUSINESS**

The Company's Rainbow Pages Directory has become the country's 'go to' reference publication, so much so that it claims positioning as Sri Lanka's 'National Business Directory'.

Easy to follow and locate colour coded indexing, trilingual content, innovative listings such as the specialised hotel segment and a doctor directory have made the SLT Directory business a valuable component of our business mix.

The Company also produces four Provincial Directories covering the Central-Uva, Southern-Sabaragamuwa, North Central-North Western and Northern and Eastern Provinces.

In terms of distribution, the SLT Directories can be found in most public venues such as Hotels, Post Offices, the Airport etc.

Our directories appear in print, web, voice and CD formats, whilst this year, we made them available on WAP and GPRS, in recognition of the growing number of 3G users.

A unique feature of the voice version of the directory is that it is shared by SLT, Mobitel and Dialog Telekom. For easy convenience for all users the voice service is offered in English, Sinhala and Tamil.