



BT Boosts Presence In China

New Service and R&D Centres to support regional and global customers

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BT announced today at the "New Champions" World Economic Forum,[1] the launch of a Technology and Service Centre based in Dalian and a Research & Development Centre based in Shanghai. Ben Verwaayen, CEO of BT Group, Francois Barrault, CEO of BT Global Services and Bill Lam, Vice President for North-East Asia announced both centres as a further demonstration of the importance of the Chinese market to BT.

BT's Dalian Technology and Service Centre will provide software development as well as service delivery and a variety of support services. China has a rich pool of software professionals, particularly in areas including software development, integration of software and hardware functionalities and the development of OSS/BSS (Operational and Business Support Systems). The Dalian Centre will allow BT to tap this pool of local software professionals in order to accelerate integration testing and cut the product enhancement lifecycle in a cost efficient way. In addition, many BT customers are using local resources who do not necessarily speak English as their primary language. As a result, help desk support in the local language is a key requirement.

In addition to the Dalian Centre, BT's R&D Centre in Shanghai will also work closely with the BT China teams to assist customers and partners in China in harnessing technological innovations and taking on challenges. It will also share technology and service breakthroughs garnered from BT's global experience from Chinese customers, suppliers and partners. The new Shanghai Centre will engage in research and development across a broad spectrum of technology areas, from defining new product and service concepts through to development of product prototypes.

Ben Verwaayen, CEO of BT Group said, "China is now a heavyweight in the global economy and many new and dynamic Chinese enterprises are looking for a partner that can consistently provide world class ICT services to assist their growth into international markets. BT is ideally placed to be that partner. In parallel, with more than 400 million rising consumers and the Olympics 2008 around the corner, many global customers are keen to take advantage of China as a key growth market. Those customers want a trusted provider that can support their business critical applications running on top of the network, while bringing a full set of security and performance commitments to their operations. The setting up of the Dalian Technology and Service Centre and the R&D Centre in Shanghai will help us guarantee that Chinese and global customers in China receive the same high quality of service we provide in the rest of the world."

China is quickly becoming one of the fastest growing markets in the world and BT is moving quickly to establish centres that will assist and participate in that growth. According to Gartner, the value of all trade into and out of China has jumped from \$510 billion in 2001 to \$1.4 trillion in 2005. By 2010, it is expected to reach \$2.7 trillion. [2] IDC's Worldwide Black Book forecasts that China's IT market will reach US\$45.95 billion in 2007, up 16% over 2006. China's IT market was the second largest in Asia in 2006, trailing only Japan. Through cooperation with local partners, BT currently serves networked IT services in China to some of the main global corporations and serves the global needs of an increasing number of Chinese enterprises. BT has previously announced a target to more than double its Chinese revenues by 2008-2009.

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Notes to editors:

About BT's Dalian Technology and Service Centre

The Dalian Technology and Service Centre has two major objectives. The first is to take advantage of the large supply of talented software engineers

to provide software development service for BT, with emphasis on open source software development, hardware/software integration, and enterprise applications. The second is to provide customer and project support for BT's customers in Asia. At a time when BT continues to grow its business in the Asia Pacific region, demand for communications solutions among customers also grows, particularly in the north eastern parts of the region. Apart from having an abundant supply of software talent, Dalian is also one of the few Chinese cities offering strong multi-lingual education in Chinese, Korean, Japanese and English. The centre will be able to effectively render services to customers in Greater China, Korea, Japan and the north eastern Asia Pacific region. It will quickly boost BT's customer service capability in the region.. BT has so far recruited around 60 employees for its Dalian Technology and Service Centre and more are expected to join as the business develops in the coming months.

About BT's Shanghai Research & Development Centre

At present, BT has an R&D centre in the UK and a research centre in Malaysia. The Shanghai research centre will be instrumental in boosting its innovation network in Asia and focusing more closely with customers in that region. Researchers based at the centre will undertake activities from initial idea and concept generation work through to the development of prototypes for new products and services across a broad spectrum of technology areas. BT also works with the Beijing University of Posts and Telecommunications (BUPT), taking the best-performing graduates into BT's research team based at Adastral Park near Ipswich (UK) for one or two years to work on joint BT/BUPT projects. BT is also collaborating with Huawei on network technology research. The BT R&D Centre in Shanghai will have around 17 developers and research scientists by the end of the year.

About BT

BT is one of the world's leading providers of communications solutions and services operating in 170 countries. Its principal activities include networked IT services; local, national and international telecommunications services; higher-value broadband and internet products and services and converged fixed/mobile products and services. BT consists principally of four lines of business: BT Global Services, Openreach, BT Retail and BT Wholesale.

In the year ended 31 March 2007, BT Group plc's revenue was 20,223 million with profit before taxation of 2,484 million.

British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on stock exchanges in London and New York.

For more information, visit www.bt.com/aboutbt

[1] The New Champions – World Economic Forum, is also known as “The Summer Davos 2007, China”. The World Economic Forum's “Summer Davos” takes place on 6-8 September in the Chinese city of Dalian. This new initiative of the Forum stems from discussions in Davos about the power shifts taking place that are transforming the business world. The meeting will establish an international community of the top 500 emerging global growth companies who are in part responsible for this shift in power. More information on <http://www.weforum.org>.

2 Gartner, Inc., "Dataquest Insight: What C&SI Providers Need to Know About Doing Business in China" published on 3 August 2007 by Tina T. Tang and Rolf Jester

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