

Qwest/Hostway Partnership

Driving Additional Value Through Online Services



Qwest Business Problem

- Customer demands for ISP services were increasing, and Qwest's offering lacked many capabilities customers wanted
 - Limited E-mail Storage Capacity
 - No Web Mail
 - Very Out-dated Web Design Templates
- Challenge – get to market quickly with an on-line portfolio that met or exceeded industry parity
- Qwest chose to partner with Hostway to best address business problem



Benefits of Outsourcing

- Low fixed investment
- Increased speed to market
- Decreased recurring expense
- Faster innovation

Overview of the Hostway Relationship

- Hostway provides private label e-mail and Web hosting for all Qwest broadband business customers who purchase Qwest's premier ISP product
- Qwest customers can purchase additional Qwest branded online services from Hostway on an a' la carte basis
 - Vanity E-mail
 - Additional Web Storage
 - E-Commerce Hosting Packages
 - On-Line PC Backup



Initial Results

- Strong customer satisfaction with new products
- Extremely low churn for customers on the Hostway platform
- Increased confidence in broadband product among Qwest Sales Consultants



Long-Term Strategy

- Continue to drive brand strategy to position Qwest as premier provider of online services
- Drive more customers to Hostway platform
- Implement more aggressive up-sell strategy to drive higher ARPU and deeper engagement

