COMPETITIVE CARRIER
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MAY 2000

STRETCHING ITS WINGS

Rick Ellenberger takes Broadwing where no carrier has gone before
An exclusive interview
Counting Crow?

Access lines are no longer relevant measures of success, so count something else

Access lines reflect a carrier's ability to win customers and market share, and have been an important performance measure. By indicating the level of local competition, on a larger scale this metric could be used to gauge the success of the 1996 Telecommunications Act.

The problem is in trying to make an apples-to-apples comparison, because carriers vary in the way they count access lines. Not only do competitive and incumbent local exchange carriers count access lines differently, but CLECs as a group are not consistent. With technology and regulation adding to the confusion, analysts question the utility of access lines as a metric for the future.

Traditionally, an access line means a pair of wires that connected a single end user to the nearest central office (CO) in the public switched telephone network. Although this definition already may be obsolete, the term access line still brings to mind a voice-grade access channel from the end user to the nearest network node.

The problem is what to do with the hundreds of circuits that have paying subscribers who do not use dial tone. Looking at a line from the position of the switch is inadequate in today's world. Non-switched lines between the service provider and the customer premises transmit a wide variety of data and video. The terms access line equivalents (ALEs) or voice-grade equivalents (VGEs) are used to account for these non-traditional lines. Nonetheless, transparency in counting lines across the industry remains elusive.

ILECs long have applied wide interpretations of FCC guidelines and CLECs have incentives to count access lines differently. When the CLEC industry was born in the 1990s, the young startups needed to demonstrate success to attract venture capital. In this period of negative EBITDA, access lines became an important measuring stick, leading to the complexity in access line counting practices. Unfortunately, these methodologies, which seemed useful in the beginning, are now hurting CLECs as industry-watchers clamor for conformity. Technology also has muddled the measure, since so many “lines” now can be aggregated on a subscriber loop.

Here are just a few examples of how a simple access line can grow out of control:

- **Trunking multipliers** — These are used by some carriers when counting certain lines. If a PBX trunk is a single copper pair to the end user but carries traffic to multiple users in a building, how many access lines should be counted? Some CLECs apply a trunking multiplier for this sort of line. If the purpose is to measure traffic, then a trunking multiplier might make sense, but it makes less sense when counting subscriber line charges. Similarly, if a CLEC has numerous Internet service provider (ISP) customers, it may be tempted to apply a multiplier; ISP lines are another example of how data-intensive lines complicate the issue.

Provide Turnkey Dark-Fiber Services to an ICP

Williams Communications in April won a $115 million deal to provide fiber, co-location and network maintenance services on its fiber network to CTC Communications Group Inc. As part of the contract, Williams will provide CTC with an “indefeasible right of use” for 8,300 miles of dark fiber.

The fiber acquired on the Williams network will expand CTC’s presence from the Washington, D.C.-Boston corridor to 30 major markets spanning the Central and Eastern US.

Williams says it will receive recurring monthly revenues from CTC for co-location and ongoing network maintenance services.

Target the Multi-Tenants with DSL

Edge Connections Inc., a DSL service provider, has launched Internet access, voice, data, video and e-commerce services to small- and medium-sized businesses in Atlanta.

Edge officials expect to make 30 multi-tenant office buildings “DSL-ready” by the end of May. There are roughly 300 Class A office buildings, representing 10,384 business tenants in the Atlanta metro area, which means carriers like Edge have a fertile field to play in.

The small-footprint DSL equipment delivers high-speed service in a building without construction, such as rewiring the riser with optical fiber or Ethernet cable, according to an Edge spokesperson. By leveraging the existing phone wires, the deployment process can make any building in the Atlanta area DSL-ready in roughly two hours, the spokesperson claims.

Jim McKenna, president and CEO of Edge, claims that businesses have waited weeks or months for similar service. “We hear repeatedly from local and mid-sized tenants in Atlanta’s multi-tenant office properties that DSL service has been hyped and promised but rarely delivered,” he notes.

Edge’s vice president of marketing, Ben Petro, claims the carrier can provide service to 75% of multi-tenant office buildings that have been inaccessible to other DSL providers.
Provide Follow-Me Calling Services

During the Comptel convention in February, KMC Telecom Holdings Inc. announced it would provide personalized directory and "follow me" calling services -- Emma and SmartAlex -- using advanced speech-recognition technology.

The Emma Telephone Receptionist acts as a full-time attendant and consolidates inbound calls to multiple locations at one company site. SmartAlex Business Line Services is a "follow me" application that provides a single access number consolidating business lines, cellular, paging and voice mail. Both services are based on the Voice Integrated Platform developed by Preferred Voice Inc. and Phillips Electronics NV.

The new Emma services are named in honor of Emma Nutt, Alexander Graham Bell's first operator, while SmartAlex "is a tribute to the father of the telephone," according to a KMC representative.

Screen Online Info for Subscribers

RMLNet Inc. says it will become the "first Internet company in the nation" to allow business and residential Internet users to control the content they receive from Net advertisers, marketers, content providers and e-commerce companies.

RMLNet will use PrivaSeek Inc.'s Persona software, which allows Internet users to establish permission-based, one-to-one relationships with selected companies. For example, consumers select the type of personal information they wish to be distributed over the Internet, and choose the type of advertising and e-commerce offers they want to receive. If any information is not relevant to the consumer's selected preferences, the Persona software screens it out. The technology "essentially serves as the personal negotiator" between consumers and the Web sites they visit, according to Larry Lozon, president and CEO at PrivaSeek.

At press time, RMLNet was about to begin offering the service. The ISP will integrate the software program into its Infohiway portal and search engine.

• High-density lines — If a carrier provisions a DS1 or DS3 line to a customer, it may count lines by factoring in how the customer uses that line. A DS1 could have up to 48 channels and a DS3 could have 672 channels. The customer could use any mix of voice and data. Does the DS3 count as one line, or as the number of voice lines, or as the potential number of total lines?

• DSL — Digital subscriber line seems straightforward at first glance. DSL, provided over a copper pair should be counted as one access line — right? If a DSL line is fractionalized, or voice is provided over DSL, the number of lines again becomes subjective. New line-sharing rules mandated by the FCC allow a carrier to provide DSL over the same line that another carrier uses to deliver voice services to the same customer. Who owns that access line depends on who you ask.

• Fixed wireless — Fixed wireless carriers do not provision copper or cable lines; therefore, they must come up with access-line equivalents, if they count access lines at all.

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Source: NPR
LEC has abandoned the use of the multiplier and at least one other established
CLEC is considering ending its use. Pressure from the financial community may
have played a role in the demise of the trunking multiplier.

Do you measure subscribers or do you measure the amount and type of traffic? If
access lines reflect market share, the easiest way to be consistent is to keep a conserva-
tive definition based on subscribers. The next question to address is data vs. voice;
with the gradual transition from a circuit-switched to an Internet Protocol (IP)-based
network, eventually data and voice traffic will be indistinguishable. Therefore, an
access line may or may not provide dial tone, but it generates subscriber revenue,
nevertheless.

Other metrics may challenge the hallowed position of the access line count; some
of these include gross profit over plant, EBITDA comparables and increased
emphasis on revenue per line or quality of the line revenue. Furthermore, the tradi-
tional, vertically integrated carrier may not be the carrier of the future. CLECs
focus on discrete business customer segments, specific tier markets, data-only and
wholesale-only strategies, to name a few. Increasingly, access line numbers alone
will not tell the whole story about market share.

Despite the maturation of the competitive carrier sector, these carriers will con-
tinue to use access lines as an operational measure. The gaming of this count,
however, is diminishing its value as a metric. CLECs should take the initiative in
defining and conforming to uniform, transparent counting methodologies. — By
Carol Shobbrook

Shobbrook is a research analyst at New Paradigm Resources Group Inc., a
Chicago-based research and consulting firm.

Court Those Librarians

Broadband has won over frame relay in Rhode Island. Digital Broadband Communications will
provide broadband services to 46 of Rhode Island’s public libraries under an agreement
with the state’s Cooperating Libraries Automated Network (CLAN).

The carrier expects to have all library sites up and running by June. “CLAN’s origi-
nal goal was to have an easily accessible, common patron database online, but Digital
Broadband’s network architecture allows us to offer even more capabilities to our patrons,
like online book renewal and distance-learning programs that require a fast, high-speed
connection to properly function,” says Peter Bennett, systems and network administrator
for the library network. “CLAN saved approximately 300% in costs by going with Digital
Broadband over other vendors who were only offering frame-relay solutions.”

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