THEY SAY IF YOU WANT TO make God laugh, show Him (or Her) a plan. These are apt words for anyone preparing to celebrate the 10th anniversary of the Telecommunications Act.

Today, competition — the goal of the Act — is alive and healthier than ever. But most of how it came about has been a total surprise. A snapshot of the industry shows a revolution-in-motion that would have astounded legislators of the 1990s, except maybe Al Gore, father of the Internet:

• **I want my TelcoTV.** Incumbent operators are beginning to roll out triple-play services to go head-to-head with cable companies, which are equally aggressive in offering voice and Internet service.

• **Can Quintuple-Play (whatever that is) be Far Behind?** Mobile operators are aligning with cable companies to take triple-play one step higher — offering quadruple-play bundled voice/Internet/video and wireless services.

• **Telcos of the world, throw off your wires!** RBOCs are shedding copper infrastructure to invest in more fiber, while beefing up their investments in wireless.

• **Alex Mandl — Call Home.** Smart CLECs are providing the infrastructure to support VoIP retailers like Vonage Holdings Corp., and are branching off into new and improved forms of fixed wireless (such as LMDS) that will bypass the wireline network altogether with high-speed broadband wireless connectivity.

Is this revolution an inevitable result of the Act? Far from it. Like all revolutions, this one’s unpredictable and has shown it quickly can outstrip policymakers’ efforts to keep up. Competition happened — but not in any way Congress foresaw.

Flashback to Feb. 8, 1996. President Clinton inks the Telecom Act. Common wisdom holds that the new law will unleash immediate head-to-head competition between phone and cable companies. AT&T, MCI and CLECs will join the fray, further opening the local market.

Well … the less said about these predictions of 1996, the better.

The real driver, and the common thread joining the many positive changes in our industry, has been, and always will be, technology. It wasn’t the Act, but rather the technological refinement of VoIP as a reliable voice alternative; of wireless as a ubiquitous, content-rich medium; and of broadband to deliver massive amounts of any type of service to any type of device that has made the United States the most advanced, competitive marketplace in the world.

The heroes of this revolution? They are thousands of innovators who developed transformative technologies, and the handful of savvy industry leaders who put innovation to work in the marketplace.

Now Congress is contemplating a rewrite of the Telecom Act (see article on Page 38). Our advice to legislators: Look both ways — technology could run you over once again.

To put the respective impacts of policy and technology in perspective, we’ve pulled together, on the following two pages, an annotated timeline — with editorial comments duly noted in italics — to highlight the past decade.

Terry Barnich is CEO and president and Craig Clausen is COO and senior vice president of New Paradigm Resources Group Inc. (NPRG), a Chicago-based research and consulting firm providing coverage and analysis of the increasingly competitive telecom industry.

By Terrence L. Barnich and Craig M. Clausen

And Congress Said, ‘Let There Be Competition’

An At-a-Glance Retrospective on the Telecom Act of ’96
Microsoft and Yahoo each announce plans to offer voice services through the Internet and their respective IM services, representing 275 million customers worldwide.

MCI accepts Verizon takeover bid ($8.5 billion), rejects Qwest's bid of $9.75 billion.

Out-of-Region Competition: Will the big boys duke it out?

May 2005

TO THE RESCUE: SBC announces acquisition of AT&T for $16 billion.

U.S. District Court overturns FCC Triennial Review rules that gave states authority to impose TELRIC, UNE rules.

Skype Technologies S.A. offers free VoIP service (PC-to-PC).

FCC issues Triennial Review Order; enshrines UNE-P rules allowing recombination obligations at TELRIC prices.

Comcast acquires AT&T Broadband (the former Media One assets) for $52 billion in stock.

U.S. Supreme Court upholds FCC pricing methodology (TELRIC).

Oops! Did We Do That? WorldCom announces its inaccurate posting of $3.85 billion in earnings. CFO/controller charged with fraud. Q.E.D. Ebbers becomes poster child for CEO greed.

March 2004

U.S. District Court overturns FCC Triennial Review rules that gave states authority to impose TELRIC, UNE rules.

April 2004

AT&T announces consumer VoIP retail rollout, affirming accordability of VoIP technology for startups and cable companies.

June 2004

 Solicitor General declines to appeal judicial rejection of UNE rules, effectively killing mass UNE-P deployment. AT&T and MCI, with 15 million UNE-P lines (half of all local lines), announce halt to further deployment.

Competition happened — but not in any way Congress foresaw.

January 2001

Vonage Holdings Corp. founded to provide VoIP service to the consuming public, and services 1 million-plus customers within five years.

February 2003

FCC orders phase-out of reciprocal compensation, distressing a large swath of CLECs.

RegTel Technologies S.A. offers free VoIP service (PC-to-PC).

December 2002

From Super-Regional to ... Not. Former Consolidated Communications Inc. executives buy the company back from McLeodUSA for $271 million; pocketing a profit of $90 million on the flip, while also getting their moneymaker back.

December 2004

FCC rules VoIP service under its jurisdiction, thus pre-empting state oversight over broadband voice services.

March 2005

MCi accepts Verizon takeover bid ($8.5 billion), rejects Qwest’s bid of $9.75 billion. Out-of-Region Competition: Who’s the big boys duke it out?

June 2005

Cable Companies report 500,000 VoIP customers.

July 2005

U.S. Supreme Court upholds FCC designation of broadband as an “information service,” thus freeing telcos and cablecos from nonaffiliate open access rules.

August 2005

Let’s Google: Google Unveils Google Talk — an Internet telephony service over its IM network.

Yahoo!

December 2005

Microsoft and Yahoo each announce plans to offer voice services through the Internet and their respective IM services, representing 275 million customers worldwide.