



February 22, 2018

VIA ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, NW
Washington, DC 200554

Re: WT 08-7

Dear Ms. Dortch:

Twilio makes the following update to the Commission on the continued practice of wireless carriers blocking millions of lawful text messages that their subscribers have opted in and paid to receive.

First, since the December 2017 FCC vote on the Restoring Internet Freedom order, Twilio has observed a significant increase in the number of lawful, consented text messages that are being blocked by wireless carriers. More than 33 million consented messages were blocked on Twilio's platform alone in the fourth quarter of 2017, and in the first six weeks of 2018, this amount had already been surpassed. At this trajectory, over the course of 2018, Twilio estimates that wireless carriers will block more than 200 million text messages that their wireless consumers have opted in to receive.

Second, wireless carriers have confirmed that these messages are being blocked in an effort to arbitrarily force certain messages (i.e. any messages an individual carrier deems "application to person" or "A2P") onto a CTIA common short code. As previously discussed in this docket, this "P2P-A2P" distinction has nothing to do with SPAM prevention, consumer consent, network protection, or network management. Rather, the "P2P-A2P" distinction enables carriers to employ content-based and volumetric blocking of text messages sent over NANP numbers. The financial benefits for CTIA and the carriers due to the carriers' paid prioritization blocking/filtering regime are unquestionable and a matter of public record. Indeed, CTIA's latest IRS Form 990 for FY 2015 is attached and notes that the common short code program was responsible for 40% of the association's \$65 million annual revenue. (*See attached Exhibit A.*)



Twilio estimates that its customers provision the vast majority of new short codes. Short codes are useful for those businesses and organizations that choose to use them. For others, however, short codes lack the conversational and geographic functionality needed by their business. In still other instances, businesses simply want to use their existing telephone numbers – known to their customers – for text messaging as well as voice services. Twilio strongly objects to the practice of forcing small businesses, non-profit organizations, public services and advocacy groups into using a short code - at 500 times greater cost - when there is no technological or innovative advantage in doing so.

By forcing traffic into the higher cost, lower functionality short code system, wireless carriers are engaging in anti-competitive practices to give themselves a market advantage, while stifling innovation among non-profit organizations, small businesses and individual entrepreneurs, and counter to the express wishes of their own wireless subscribers.

Third, at the end of January, AT&T CEO Randall Stephenson ran a full page *New York Times* ad calling for an "Internet Bill of Rights." Twilio's CEO Jeff Lawson responded with an open letter of his own posted on [medium](#). (See attached Exhibit B.) In his response, Mr. Lawson notes that despite the narrow pledge offered by AT&T in the open letter, AT&T and other wireless carriers currently "apply blocking, throttling, discrimination, and content-based degraded network performance to different kinds of their subscriber traffic," including the millions of text messages that consumers want to receive but which are being blocked by their wireless carrier.

Mr. Lawson also offered a counter proposal noting a true Internet Bill of Rights must: "protect and respect all forms of consumer communication that rely on the internet and software-driven technology; restrict blocking or throttling regardless of platform; protect consumer privacy; be transparent; and include clear enforceable rules and means to correct behavior that negatively affects consumers."

Twilio urges the Commission to maintain its authority as the proper agency to both prohibit and enforce the blocking by service providers of their subscribers' lawful communications content.

Respectfully submitted,

Emily Emery
Twilio Government Relations



EXHIBIT A

Form **990**
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form as it may be made public
Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047
2015
Open to Public Inspection

A For the 2015 calendar year, or tax year beginning 01-01-2015, and ending 12-31-2015

B Check if applicable:
 Address change
 Name change
 Initial return
 Final return/terminated
 Amended return
 Application pending

C Name of organization
CTIA - THE WIRELESS ASSOCIATION
% MICHAEL DONNELLAN
Doing business as
Number and street (or P O box if mail is not delivered to street address) Room/suite
1400 16TH STREET NW Suite 600
City or town, state or province, country, and ZIP or foreign postal code
WASHINGTON, DC 20036

D Employer identification number
52-1347628
E Telephone number
(202) 736-3200
G Gross receipts \$ 78,524,808

F Name and address of principal officer
MEREDITH ATTWELL BAKER
1400 16TH STREET NW
WASHINGTON, DC 20036

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
If "No," attach a list (see instructions)
H(c) Group exemption number ▶

I Tax-exempt status 501(c)(3) 501(c)(6) ◀ (insert no) 4947(a)(1) or 527

J Website: ▶ WWW.CTIA.ORG

K Form of organization Corporation Trust Association Other ▶

L Year of formation 1984 **M** State of legal domicile DC

Part I Summary

1 Briefly describe the organization's mission or most significant activities
SEE SCHEDULE O

2 Check this box if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	37
4 Number of independent voting members of the governing body (Part VI, line 1b)	36
5 Total number of individuals employed in calendar year 2015 (Part V, line 2a)	121
6 Total number of volunteers (estimate if necessary)	44
7a Total unrelated business revenue from Part VIII, column (C), line 12	35,548
7b Net unrelated business taxable income from Form 990-T, line 34	-34,871

		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1h)	10,982,524	11,222,675
	9 Program service revenue (Part VIII, line 2g)	44,596,473	45,411,040
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	3,819,901	3,250,474
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,424,209	5,203,464
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	62,823,107	65,087,653
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	2,417,492	2,142,709
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	24,203,165	23,350,312
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	16b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰		
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	28,056,475	30,395,287
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	54,677,132	55,888,308	
19 Revenue less expenses Subtract line 18 from line 12	8,145,975	9,199,345	
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	161,452,850	162,294,174
	21 Total liabilities (Part X, line 26)	26,868,506	21,683,567
22 Net assets or fund balances Subtract line 21 from line 20	134,584,344	140,610,607	

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	2016-11-07	Date		
	MEREDITH ATTWELL BAKER PRESIDENT & CEO	Type or print name and title			
Paid Preparer Use Only	Print/Type preparer's name TRAVIS L PATTON	Preparer's signature TRAVIS L PATTON	Date 2016-11-07	Check <input type="checkbox"/> if self-employed	PTIN P00369623
	Firm's name ▶ PricewaterhouseCoopers LLP			Firm's EIN ▶	
	Firm's address ▶ 600 13TH ST NW STE 1000 WASHINGTON, DC 20005			Phone no (202) 414-1000	

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns 1a					
	b Membership dues 1b	11,222,675				
	c Fundraising events 1c					
	d Related organizations 1d					
	e Government grants (contributions)					
	f All other contributions, gifts, grants, and similar amounts not included above					
	g Noncash contributions included in lines 1a-1f \$					
	h Total. Add lines 1a-1f ▶	11,222,675				
Program Service Revenue		Business Code				
	2a ANNUAL CONVENTION	900099	11,582,340	11,568,363	13,977	
	b CERTIFICATION	515100	6,915,000	6,915,000		
	c CTIA ORG	541800	32,862	9,807	23,055	
	d CSC PROGRAM	517000	25,931,118	25,931,118		
	e NEAD/LBTB	517000	949,720	949,720		
	f All other program service revenue					
	g Total. Add lines 2a-2f ▶		45,411,040			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ▶		1,556,512		-1,484	
	4 Income from investment of tax-exempt bond proceeds ▶		0			
	5 Royalties ▶		0			
	6a Gross rents	(i) Real	7,324,195			
		(ii) Personal				
		b Less rental expenses	2,394,870			
		c Rental income or (loss)	4,929,325		0	
	d Net rental income or (loss) ▶		4,929,325			
	7a Gross amount from sales of assets other than inventory	(i) Securities	11,993,279			
		(ii) Other		742,968		
		b Less cost or other basis and sales expenses	10,208,629		833,656	
		c Gain or (loss)	1,784,650		-90,688	
	d Net gain or (loss) ▶		1,693,962			
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18 a					
	b Less direct expenses b					
	c Net income or (loss) from fundraising events ▶		0			
	9a Gross income from gaming activities See Part IV, line 19 a					
	b Less direct expenses b					
	c Net income or (loss) from gaming activities ▶		0			
	10a Gross sales of inventory, less returns and allowances a					
b Less cost of goods sold b						
c Net income or (loss) from sales of inventory ▶			0			
Miscellaneous Revenue	Business Code					
11a MANAGEMENT FEES	900099	97,000	97,000			
b OTHER NET INCOME FROM SUBSIDIARIES	900099	177,139	177,139			
c						
d All other revenue						
e Total. Add lines 11a-11d ▶		274,139				
12 Total revenue. See Instructions ▶		65,087,653	45,648,147	35,548	8,181,283	



EXHIBIT B



jeffiel

Follow

Entrepreneur, CEO and cofounder of Twilio.

Feb 8 · 5 min read

Dear Randall

I'd like to take a minute to respond to your open letter calling for an Internet Bill of Rights. I thought I'd share some thoughts on innovation and competition, from one CEO to another.

At Twilio, we have publicly supported open and accessible communications principles for the last decade. In contrast to the apparent narrow support for an open internet that you've offered in your letter, we at Twilio believe that an open internet can only endure and thrive under a full set of net neutrality principles.

That's why Twilio has supported the framework established under the 2015 Open Internet Order as a significant first step for current and future policies. But it wasn't enough. Even after the Federal Communications Commission (FCC) established net neutrality, wireless carriers and internet service providers like AT&T continued to apply blocking, throttling, discrimination, and content-based degraded network performance to different kinds of their subscriber traffic.

In the world of text messaging, which was not explicitly covered under the Open Internet Order, AT&T and other carriers every year block millions of lawful text messages that millions of Americans, including your own subscribers, have opted-in to receive—vital messages that are important to the day-to-day lives of your subscribers.

I want to tell you a little more about the text messages you're preventing your subscribers from receiving. Here are just a few examples:

- AT&T is blocking parents from knowing their child has been dismissed from school early. Twilio powers applications that allow parents and teachers to communicate—and bridge the digital divide—in the majority of US public schools. You read that right. The majority of schools in the US rely on this kind of communication to keep parents informed about their children.

And AT&T is blocking the messages those parents have asked to receive.

- AT&T is blocking low-income Americans from getting medical care. Twilio powers appointment reminders for nonprofit organizations whose partner clinics serve more than one million low-income Americans. Non-profit organizations like CareMessage note that low income patients use text messaging 2–4 times more than those of higher income patients, but it's precisely those preventative health care messages that AT&T has decided to block.
- AT&T is blocking young people from registering to vote. AT&T is blocking constituents from contacting their elected officials. AT&T is blocking website users from protecting their private data through authentication codes. AT&T is blocking church members from receiving a note from their pastor.

There are dozens more stories about why blocking wanted communications is so harmful to the individuals who are depending on those messages. You can read them in Twilio's comments to the FCC filed over the last few years:

<http://bit.ly/twiliofcccomments>.

All this blocking happens because carriers, including AT&T, claim that because the protections of net neutrality don't apply to text messaging, it's the carriers who get to decide which text messages their subscribers can receive.

When the innovators and software developers who create new ways of using these legacy communication channels ask why their text messages are blocked, carriers urge them to use a carrier's own service, or agree to pay more for prioritized treatment by moving to the short code system. Short codes are literally 500 times more expensive than regular phone numbers and it can take months to obtain the subjective approval of each carrier, including AT&T. But after all that delay and expense, essentially paying for access to the fast lane, the messages that were being blocked get delivered, albeit at a significantly higher cost.

That practice of holding consumers' communication for ransom is why I say that without net neutrality, the Internet as we know it will become hostile to innovation.

For that matter, it's why open internet principles need to encompass more than just prohibiting providers from blocking websites.

With the advent of cloud communications, consumers are also using broadband to connect with ever more complex streams of online communications. Today's consumers connect with content that goes far beyond static websites. From access to cloud services, streaming, video chat and the networked devices of the Internet of Things, innovation in online communication has outpaced historical classification.

That's why I'm skeptical about your narrowly worded pledge to not block "online content".

In looking at your proposed Internet Bill of Rights, what isn't clear is a commitment on AT&T's part to not indiscriminately block important communications that your subscribers have opted in to receive, regardless of whether they're willing to pay extra or get explicit content-based approval that you as a carrier can grant or deny based on a whim.

It's hard to reconcile your pledge to not block content knowing that AT&T uses filters to read and decide which content your subscribers should or shouldn't receive via text messages. It's also hard to trust AT&T's pledge to not block content when AT&T subscribers are paying for unlimited text messaging on their service plan but are denied receiving all of the messages they've opted in to receive, all because AT&T is blocking private communication in hopes of forcing the sender of the messages to move their traffic to a more expensive "fast lane".

There's a sports metaphor to describe what's needed for real net neutrality. For a fair game, players have to agree on the rulebook, the playing field has to be even, and there has to be a referee.

The 2015 Open Internet Order represented a solid start in offering a version 1.0 of the rules, defining the playing field, and giving the referees room to maneuver. We at Twilio were hard at work to fashion a version 2.0 to provide even greater transparency across the internet playing field, but for now, this FCC has opted to go in another direction.

On that note, your proposal demonstrates something on which we both agree: the new state of play created by the FCC's decision to rollback the Open Internet Order is unacceptable.

To that end, I'd like to offer some important improvements to your proposed Internet Bill of Rights—improvements based on both the spirit of the Open Internet Order and the state of broadband-driven telecommunications:

- A true bill of rights must protect and respect all forms of consumer communication that rely on the internet and software-driven technology. The internet is much more than just static website content.
- A true bill of rights must restrict blocking or throttling regardless of platform. That means no more blocking internet data or text messaging simply based on the platform a sender chooses to communicate with consumers.
- A true bill of rights must protect consumer privacy. Carriers shouldn't be able to treat the content of their subscribers' communications as something they can introspect, opine on, and block based on reading the content of their subscribers' private communications.
- A true bill of rights must be transparent. It should be simple for consumers to understand their rights and seek a fast appeal if blocking or throttling has occurred.
- A true bill of rights must include clear enforceable rules and means to correct behavior that negatively affects consumers. Without enforcement provisions and appropriate oversight, the promises above are rights in name only.

A true Internet Bill of Rights would protect consumers, level the playing field for all participants, and provide transparency for both providers and consumers of communications. A true Internet Bill of Rights would enshrine and support the freedom to communicate.

Are you game?

Sincerely,

Jeff

Jeff Lawson