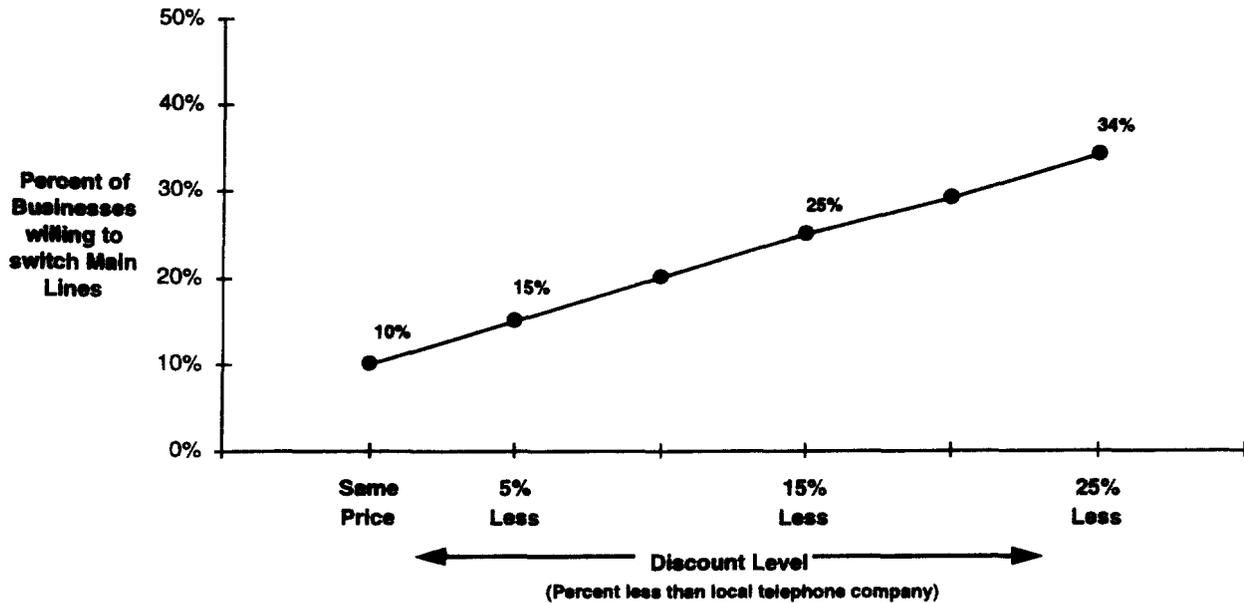




Impact of Discounts

Incumbent Long Distance Company with Announcement Only For 1 Year



(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

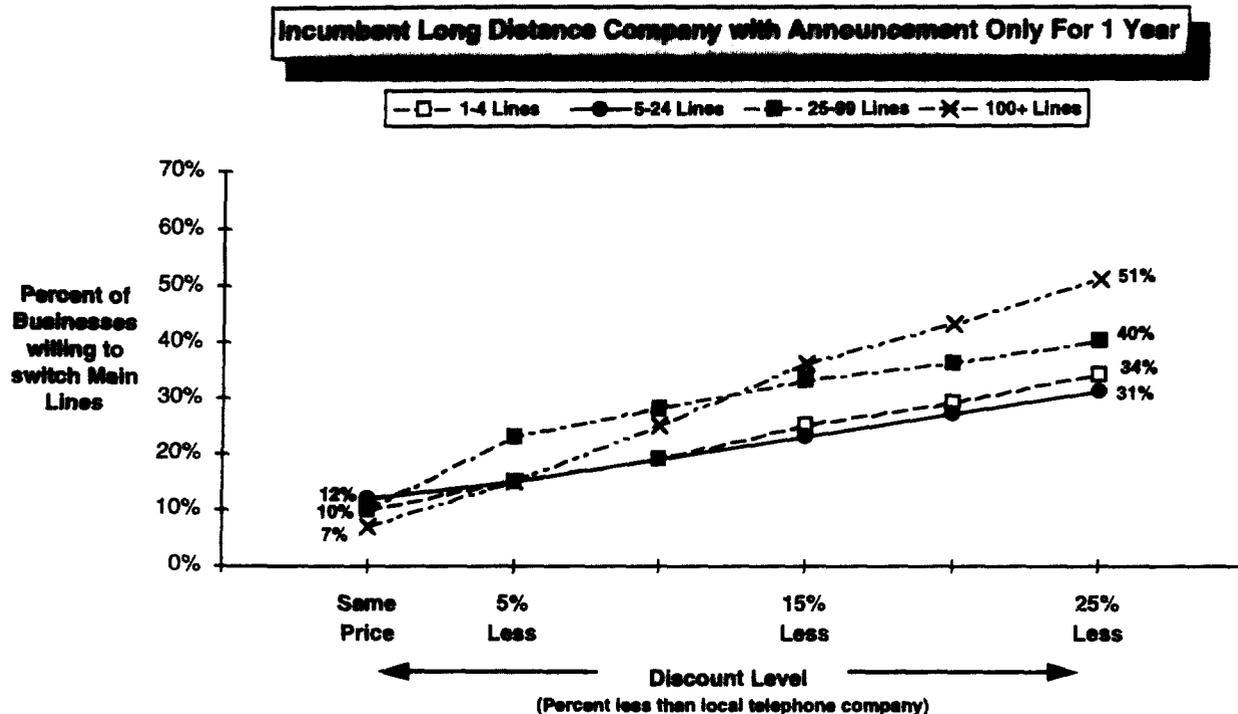
(Note: Measures for 10% Less and 20% Less were interpolated from data collected).

Compared to all other elements tested, discount on local and toll services has a higher impact on a business' willingness to switch. As the discount increases from 0% to 25%, the percent of businesses willing to switch increases by 24 points (if offered by a long distance company with a number change requirement). Even with a number change and no discount, there is a segment of business customers (10%) who are likely to switch from their current local telephone provider to their long distance provider.

In addition, without number portability, one-third (34%) of all businesses would be willing to switch their main lines if offered a 25% discount by their long distance provider.



Impact of Discounts



(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

(Note: Measures for 10% Less and 20% Less were interpolated from data collected).

The impact of discounts is greater among larger businesses. While fewer businesses with more than 100 lines (only 7%) would switch their main lines to an incumbent long distance company if the cost was the same as it is now, more than half (51%) would switch if the discount was 25% off their current costs, even with an announcement for 1 year.

Meanwhile, it appears that businesses with 25-99 lines are more susceptible to switch if even a small discount is included in the offer. While only 10% of businesses within this category would switch if the cost was at parity with their local telephone company, almost one-quarter (23%) would switch to receive a 5% discount.



Impact of Discounts

Incumbent Long Distance Company with Announcement Only For 1 Year

	Discount Level			
	Same Price	5% Less	15% Less	25% Less
Percent of Businesses willing to switch: (Based to universe of businesses with specific line type)				
Main Lines.....	10%	15%	25%	34%
Other Lines.....	11%	16%	27%	37%
DID Numbers.....	7%	19%	36%	43%
Percent of all lines that would be switched: (Based to universe of lines)				
Main Lines.....	2%	8%	14%	27%
Other Lines.....	7%	11%	21%	46%
DID Numbers.....	2%	4%	9%	13%

(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

When evaluating the effects of discount incentives on the willingness to switch different line types, the willingness to switch main lines and "other" lines increases linearly in response to discount increases. However, DID numbers are particularly affected by discount increases. While only 7% of businesses would switch DID numbers at parity, almost one-fifth (19%) would switch for a 5% discount.

While it appears that discounts have similar impacts on the number of businesses willing to switch main lines and "other" lines, there were substantial differences in the proportion of main and "other" lines that would be switched under each scenario. "Other" lines, which are typically used for outbound traffic, appear to be more vulnerable than main lines to discounts. In fact, if a 25% discount were offered and a number change required, nearly one-half (46%) of all "other" lines would be switched. As "other" lines make up approximately three-fourths of the total lines, Pacific Bell would lose a substantial portion of its business under this scenario.



Impact of Discounts

Incumbent Long Distance Company with Announcement Only For 1 Year

	Discount Level															
	Number of Lines				Number of Lines				Number of Lines				Number of Lines			
	1-4	5-24	25-99	100+	1-4	5-24	25-99	100+	1-4	5-24	25-99	100+	1-4	5-24	25-99	100+
Percent of Businesses willing to switch: (Based to universe of businesses with specific line type)																
Main Lines.....	10%	12%	10%	7%	15%	15%	23%	15%	25%	23%	33%	36%	34%	31%	40%	51%
Other Lines.....	10%	13%	12%	8%	15%	18%	27%	16%	26%	27%	42%	41%	36%	37%	49%	56%
Percent of all lines that would be switched: (Based to universe of lines)																
Main Lines.....	3%	5%	1%	1%	8%	6%	24%	3%	16%	13%	26%	6%	25%	19%	32%	22%
Other Lines.....	2%	7%	3%	7%	6%	13%	13%	10%	13%	20%	20%	20%	19%	27%	44%	46%

(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

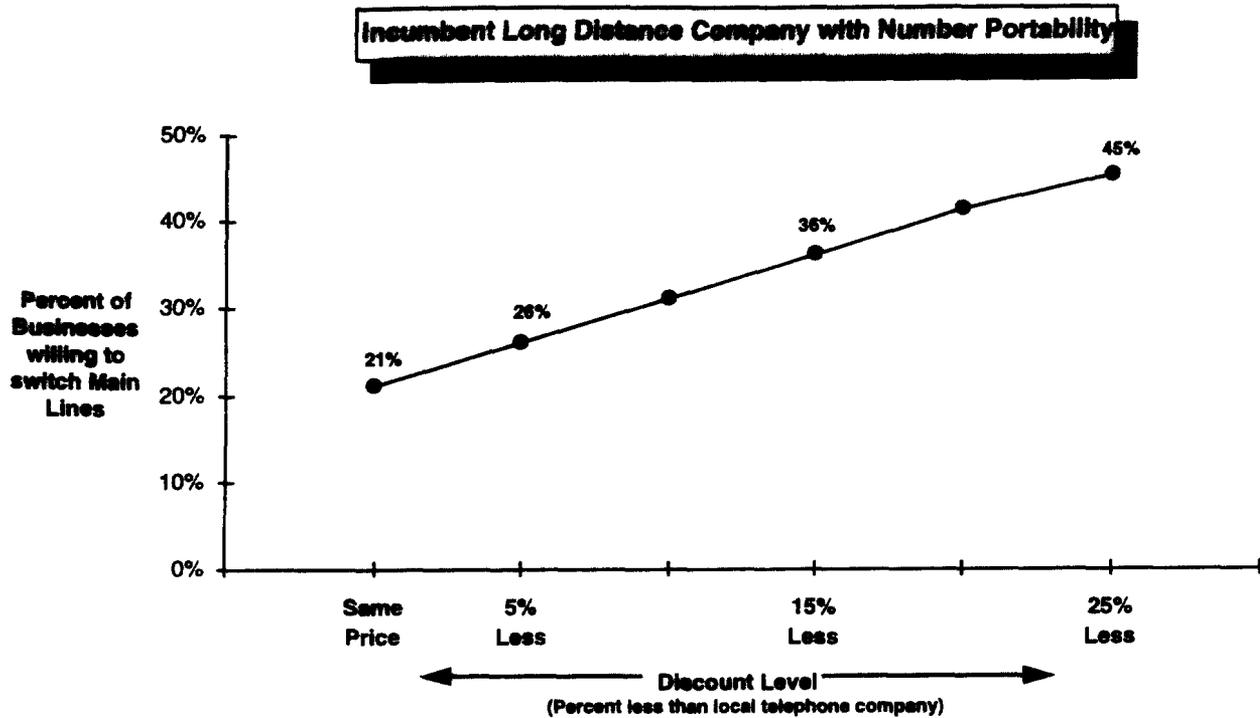
(Note: Data for DID Numbers are not shown as the sample sizes within segments are too small for analysis).

When analyzing the effects of discounting strategies on line type by business category, it appears that businesses with 25-99 lines are particularly susceptible to even a small discount. At parity, only 10% of these businesses would switch their main lines and 12% would switch their "other" lines, having a negligible affect on the actual lines switched. However, when offered a only 5% discount, the percent of these businesses willing to switch their main lines (23%) and "other" lines (27%) more than doubles.

Among businesses with 100 or more lines, the percent of businesses willing to switch doubles with 5% and 15% discounts. Further, the potential business loss for Pacific Bell would be substantial if a 25% discount were offered, as more than half of these businesses would switch their main lines and "other" lines. And while 22% of all main lines in this segment would be switched, almost one-half (46%) of this segment's "other" lines would be switched.



Impact of Discounts



(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

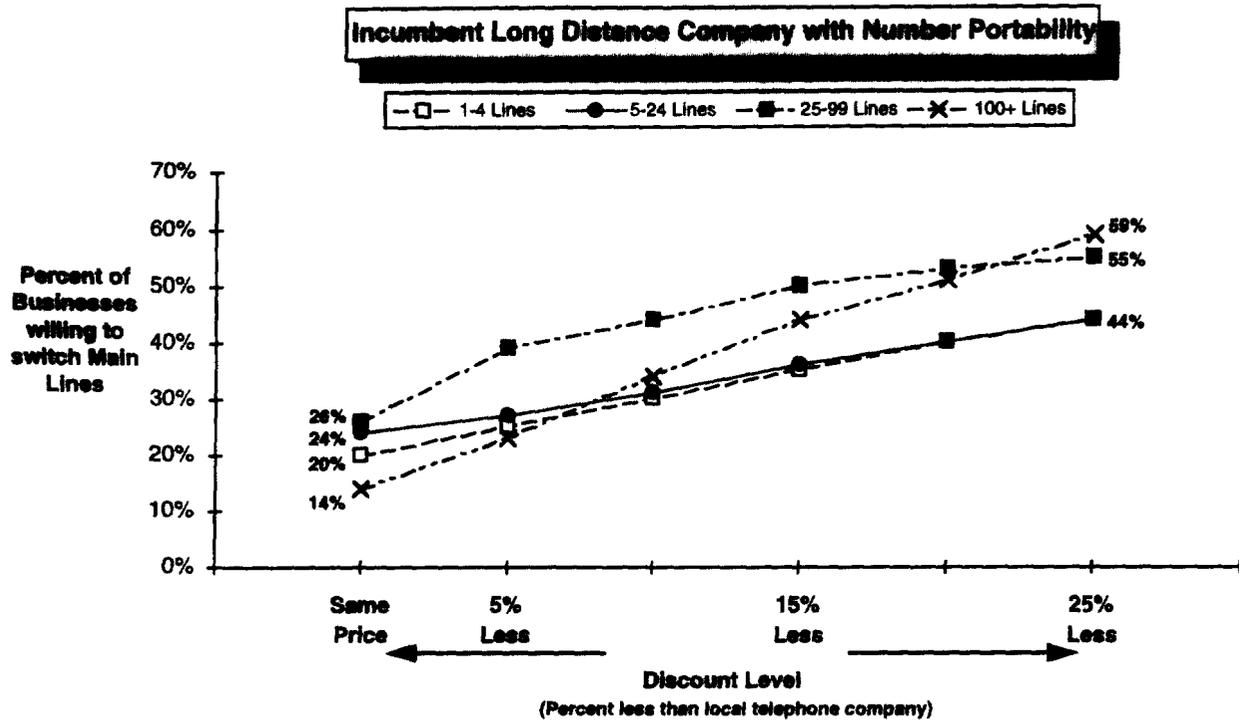
(Note: Measures for 10% Less and 20% Less were interpolated from data collected).

If number portability is enacted, and local, toll and long distance services are offered by the incumbent long distance company, one-fifth (21%) of businesses would switch their main lines without any discount.

The opportunity for alternate providers to gain substantial share by manipulating pricing is substantial, as the percent of businesses willing to switch their main lines increases to almost one-half (45%) if offered a 25% discount under this scenario.



Impact of Discounts



(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

(Note: Measures for 10% Less and 20% Less were interpolated from data collected).

With number portability, Pacific Bell stands to lose a substantial proportion of customers, especially among medium and large businesses.

Six out of ten businesses with 100 or more lines (59%) would be willing to switch if offered a 25% discount. Compared to a 25% discount and no number portability (see page 45), only 8% more large businesses are willing to switch if they don't have to change their number. Even with no discount the potential to lose about one quarter of all businesses exists with number portability.



Impact of Discounts

Incumbent Long Distance Company with Number Portability

	Discount Level			
	Same Price	5% Less	15% Less	25% Less
Percent of Businesses willing to switch: (Based to universe of businesses with specific line type)				
Main Lines.....	21%	26%	36%	45%
Other Lines.....	20%	26%	37%	46%
DID Numbers.....	16%	27%	44%	51%
Percent of all lines that would be switched: (Based to universe of lines)				
Main Lines.....	11%	19%	30%	48%
Other Lines.....	9%	16%	29%	56%
DID Numbers.....	10%	15%	25%	31%

(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

Unlike a scenario when a number change is required, under number portability, the percent of "other" lines that would be switched is about the same as the percent of main lines that would be switched (or greater with a large enough discount).

Similarly, in previous scenarios where number portability was unavailable, there was a greater resistance to changing DID numbers. However, with number portability, this resistance declines. For 15% less, one-quarter (25%) of all DID numbers would be affected, compared to 9% if a number change is required.

At worst case, with number portability and a 25% discount, almost half of all businesses would be willing to switch their main lines (45%) and "other" lines (46%), while one-half (51%) would switch DID numbers. If this occurred, Pacific Bell could expect to lose 48% of all main lines, 56% of all "other" lines, and 31% of all DID numbers.



Impact of Discounts

Incumbent Long Distance Company with Number Portability

	Discount Level															
	Number of Lines				Number of Lines				Number of Lines				Number of Lines			
	1-4	5-24	25-99	100+	1-4	5-24	25-99	100+	1-4	5-24	25-99	100+	1-4	5-24	25-99	100+
Percent of Businesses willing to switch: (Based to universe of businesses with specific line type)																
Main Lines.....	20%	24%	26%	14%	25%	27%	39%	23%	35%	36%	50%	44%	44%	44%	55%	59%
Other Lines.....	18%	23%	25%	14%	24%	28%	40%	23%	35%	38%	55%	48%	44%	47%	61%	62%
Percent of all lines that would be switched: (Based to universe of lines)																
Main Lines.....	9%	11%	13%	8%	15%	14%	44%	12%	27%	22%	53%	20%	37%	31%	58%	43%
Other Lines.....	6%	12%	7%	9%	9%	18%	19%	14%	19%	27%	32%	27%	25%	34%	54%	55%

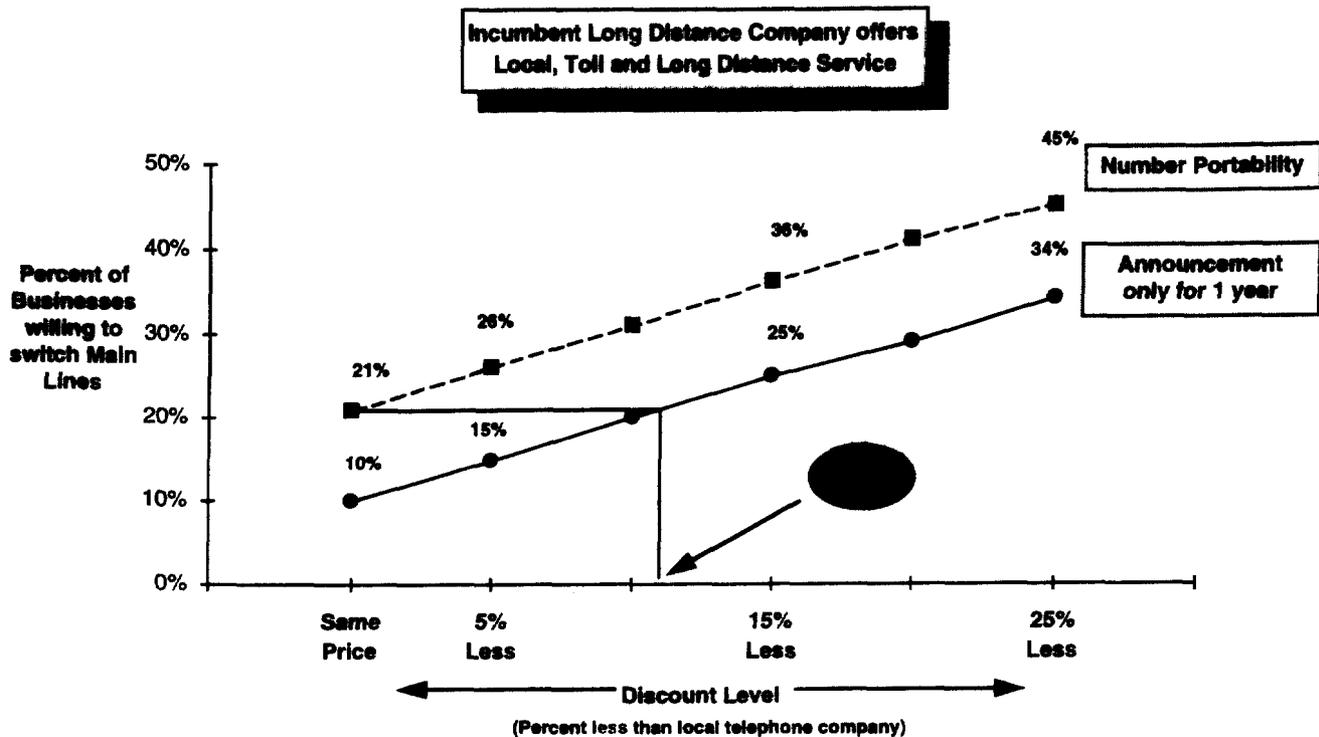
(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

(Note: Data for DID Numbers are not shown as the sample sizes within segments are too small for analysis).

If number portability was available, it appears that small and medium business customers (under 100 lines) are more vulnerable to switching in a parity pricing situation (from 20% to 26% will switch main lines). However, fewer large businesses (with 100 or more lines) will switch without a discount (14%).



Trade-off Between Service Discount and Number Portability



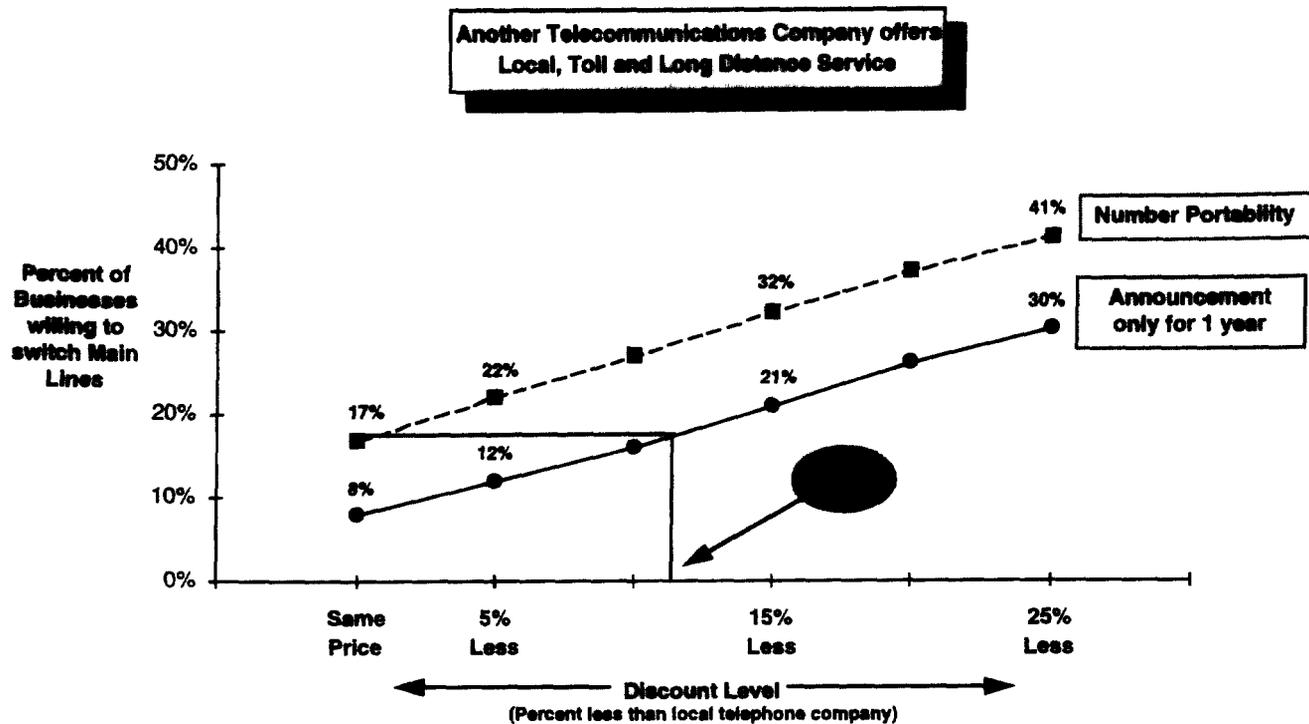
(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

(Note: Measures for 10% Less and 20% Less were interpolated from data collected).

The value of a main line incumbent number is equivalent to approximately a 12% discount on local and toll telephone services. In a parity situation (same price, number portability), one-fifth (21%) of all businesses would be willing to switch main lines. To garner the same proportion if number portability is not available, incumbent long distance providers will need to offer local and toll service for approximately 12% less than Pacific Bell.



Trade-off Between Service Discount and Number Portability



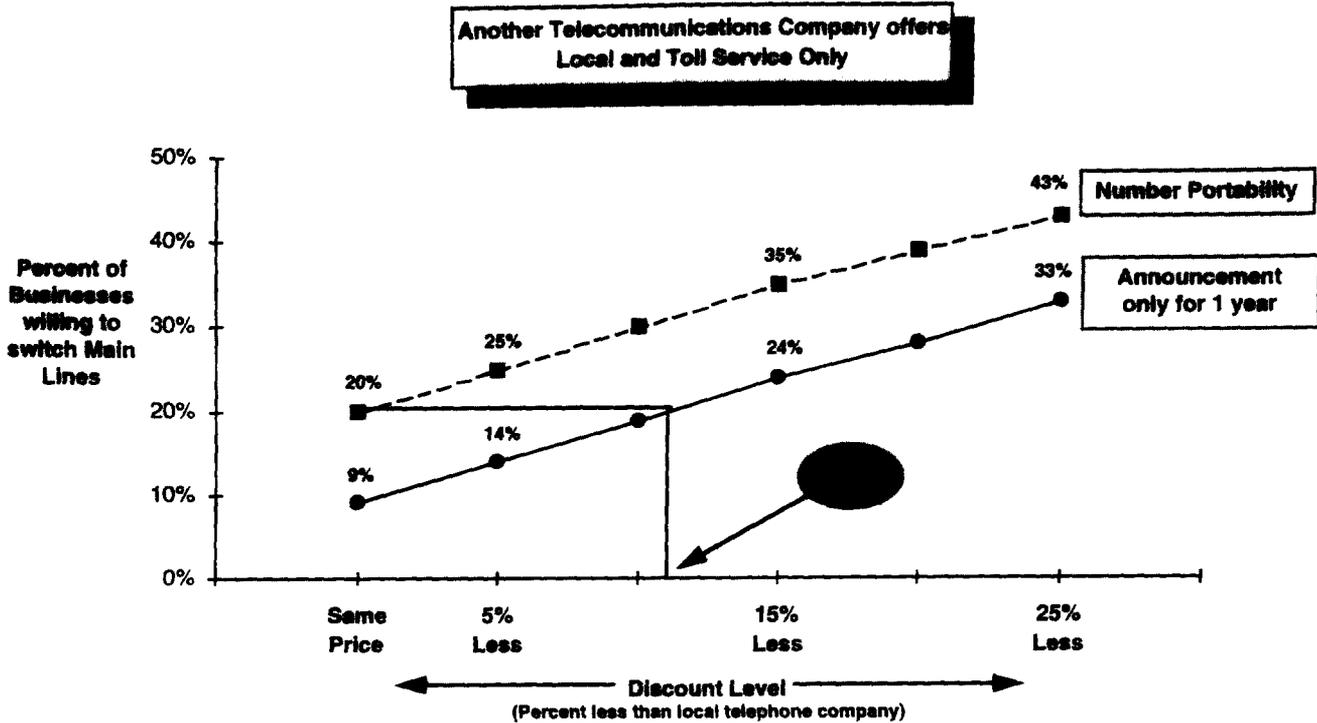
(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

(Note: Measures for 10% Less and 20% Less were interpolated from data collected).

Regardless of the "brand" of the company, approximately the same discount (11%-12%) is required to overcome the lack of number portability.



Trade-off Between Service Discount and Number Portability



(Percent of Businesses Scale: 4=75%, 3=50%, 2=25%, 1=0%)

(Note: Measures for 10% Less and 20% Less were interpolated from data collected).

Even if bundled services are not available, a 12% discount on local and toll services offered by another telecommunications provider with a number change will provide an equivalent potential market as offering no discount with number portability.



Value of Number Portability by Business Characteristics

Incumbent Long Distance Company Offers Service for 15% Discount *

Percent of Businesses Willing to Switch Main Lines

		<u>Announcement for 1 year</u>	<u>Number Portability</u>	<u>Change</u>
<u>Business Size (by number of employees)</u>				
• Small (1 - 9)	(n=179/82%)	25%	36%	+11
• Medium (10 - 99)	(n=170/16%)	22%	35%	+13
• Large (100 +)	(n=170/2%)	22%	38%	+16
<u>Number of Locations (in California)</u>				
• One	(n=338/84%)	25%	36%	+11
• Two or more	(n=181/16%)	26%	36%	+10
<u>Centralized Decision Making (if 2+ locations)</u>				
• Yes	(n=99/53%)	28%	38%	+10
• No	(n=60/ 47%)	22%	33%	+11

To answer the objective of which types of businesses will be most impacted by having to switch their telephone numbers, the proportion of businesses that would be willing to switch main lines with and without number portability (with all other elements held constant) was evaluated among businesses with different characteristics.

Looking at business size by number of employees, large businesses (100 or more employees) are more impacted by the availability of number portability than smaller business (+16 versus +13 or +11). However, this segment makes up only 2% of the overall business market.

The number of locations and decision-making practices do not have an impact on the value of keeping a telephone number.

* Results for additional discount levels included in Appendix



Value of Number Portability by Business Characteristics

Incumbent Long Distance Company Offers Service for 15% Discount *

Percent of Businesses Willing to Switch Main Lines

<u>Number of Lines</u>		<u>Announcement for 1 Year</u>	<u>Number Portability</u>	<u>Change</u>
• 1 - 4 lines	(n=206/ 68%)	25%	35%	+10
• 5 - 24 lines	(n=182/ 24%)	23%	36%	+13
• 25 - 99 lines	(n=57/ 4%)	33%	50%	+17
• 100 lines or more	(n=58/ 2%)	36%	44%	+8
<u>Number of Main Lines</u>				
• One	(n=210/ 51%)	22%	32%	+10
• Two or more	(n=309/ 49%)	28%	41%	+13
<u>Have T-1s</u>				
• Yes	(n=121/ 10%)	26%	38%	+12
• No	(n=398/ 90%)	25%	36%	+11

Although businesses with 25-99 lines are most impacted if number portability is available (+17), they are also more likely to switch without number portability (33%) than smaller businesses (5-24 lines=23%; 1-4 lines=25%). Interestingly, businesses with the most lines (100 or more) are the least impacted by the addition of number portability, as only 8% more will be likely to switch.

* Results for additional discount levels included in Appendix



Value of Number Portability by Business Characteristics

Incumbent Long Distance Company Offers Service for 15% Discount *

Percent of Businesses Willing to Switch Main Lines

	<u>Announcement for 1 Year</u>	<u>Number Portability</u>	<u>Change</u>
<u>Have Centrex</u>			
• Yes (n=124/ 14%)	27%	43%	+16
• No (n=395/ 86%)	24%	35%	+11
<u>Long Distance Carrier</u>			
• AT&T (n=287/ 58%)	23%	34%	+11
• MCI (n=84/ 17%)	26%	40%	+14
• Sprint (n=42/ 6%)	32%	44%	+12
• Other (n=106/ 19%)	27%	36%	+9

The existence of Centrex has a significant interaction with a business' willingness to switch its main lines. Businesses with Centrex are only slightly more willing to change their main lines than those without (27% versus 24%) if a number change is required. However, when that restriction is eliminated, Centrex users become much more willing to change main lines, showing an increase of +16 versus +11 for non-Centrex users. This may be due to the Centrex block (i.e., "good numbers") that many businesses get (e.g., 274-6600).

In terms of the current long distance company, MCI customers are the most impacted when able to keep their number, even though Sprint customers overall are more likely to switch. Businesses who are not using one of the Big 3 carriers put the least value on their number (i.e., show the least differential between an announcement and number portability).

* Results for additional discount levels included in Appendix



Value of Number Portability by Business Characteristics

Incumbent Long Distance Company Offers Service for 15% Discount *

Percent of Businesses Willing to Switch Main Lines

	<u>Announcement for 1 Year</u>	<u>Number Portability</u>	<u>Change</u>
<u>800 Numbers</u>			
• Don't have (n=319/76%)	25%	37%	+12
• Have, not used as main inbound number (n=102/13%)	25%	40%	+15
• Have, used as main inbound number (n=98/11%)	18%	28%	+10
<u>Advertise in Yellow Pages</u>			
• Yes (n=346/ 68%)	24%	37%	+13
• No (n=173/ 32%)	26%	35%	+11

Not surprisingly, the ability to keep the number has less impact on businesses who are using an 800 number for their main inbound number. As seen in the qualitative work, some businesses had started using an 800 number as a main number when 800 portability came into effect, to "protect" them from any potential number changes (e.g., area code split, company relocation).

Although Yellow Pages advertisers were expected to show much less willingness to switch numbers, this was not confirmed by the quantitative results, as the increase (+13) was only slightly higher than among non-Yellow Pages advertisers (+11).

* Results for additional discount levels included in Appendix



Impact of Other Elements on Likelihood to Switch Providers

Assuming that you had to change your telephone numbers if you switched service, how much would each of the following impact your likelihood to switch your local and toll telephone service to another company?

	TOTAL (% "much more likely")	Business Size (by number of employees)		
		Small	Medium	Large
Reimbursement of \$1,000 toward business stationary	39%	41%	31%	12%
Company planning to move/relocate	22%	22%	24%	29%
Customized announcement	21%	21%	22%	11%
New Yellow Pages Directory is due	9%	8%	12%	6%
	(n=519)	(n=179)	(n=170)	(n=170)

Since only the major variables that influence the switching decision were measured in the conjoint design, other potential "incentives" or situational factors were tested outside of the design.

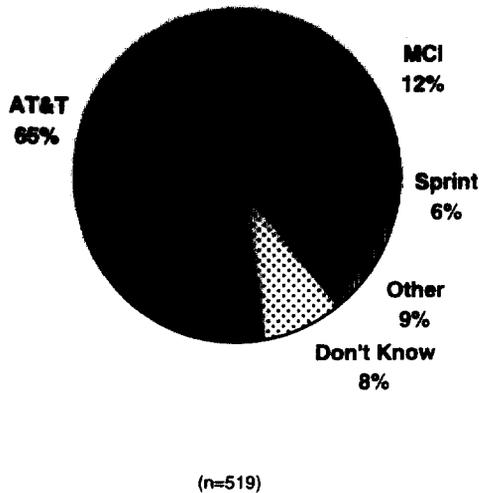
When asked how much a \$1,000 reimbursement for stationary re-printing costs would influence their decision to switch, over one-third (39%) of businesses said they would be "much more likely." However, this incentive was pertinent mainly to smaller business (under 10 employees).

Other factors tested did not have a substantial impact on the majority of businesses.



Preferred Provider for Local Access

Assuming you were planning to switch any of your local and toll service to another company and all companies were making basically the same offer, which company would you choose?



	Current Long Distance Company			
	AT&T	MCI	Sprint	Other
AT&T	78%	46%	26%	54%
MCI	5%	42%	2%	9%
Sprint	2%	3%	63%	1%
Other	7%	3%	2%	25%
Don't Know	8%	6%	7%	11%

(n=287) (n=84) (n=42) (n=105)

When asked the specific company they would be most likely to use for local and toll service (assuming they would switch from Pacific Bell), businesses' responses were similar to existing long distance usage. However, it appears that AT&T has the potential to gain in the local access arena, as more respondents (65%) indicated they would use AT&T for local and toll service than were currently using AT&T as a primary long distance carrier (56%) (refer to "Current Telecommunications Environment" section).

When examined by current long distance company, it becomes apparent that AT&T would gain share in local access primarily from companies who are currently using MCI or a smaller long distance company. Only four out of ten (42%) MCI companies would choose MCI for local access as well as long distance.



Appendix

- Additional Results
- Research Addendum
- Model versus Survey Comparison
- Sample Disposition
- Focus Group Recruitment Screener
- Moderator's Guides
- Telephone Recruitment Questionnaire
- Mail Survey Booklet



Number Portability Research Addendum

Both the residence and business research studies were conducted via a full-profile conjoint analysis, where respondents evaluated a series of different "product" configurations or scenarios. The scenarios were developed by combining the individual attribute levels that were determined to be relevant to the study into actual product offerings (see the Methodology section of the Final Report for a description of these attribute levels).

A fractional factorial design was used, where each respondent evaluated a subset of the total number of possible configurations. Given the attributes and levels identified for this study (brand/service bundling (3 levels); discount off of Pacific Bell (4 levels); impact on telephone number (5 levels)), a total of 60 (3 x 4 x 5) possible scenarios existed. However, to reduce respondent burden, each respondent evaluated 25 different scenarios, which were systematically selected to ensure that the attribute levels were exposed to respondents in a balanced fashion.

For each scenario that was administered, respondents indicated their interest in the competitive offering by responding to the following questions (dependent variables):

Residence

How likely would you be to consider switching to this company?

<i>Very likely.....</i>	<i>4</i>
<i>Somewhat likely.....</i>	<i>3</i>
<i>Not very likely.....</i>	<i>2</i>
<i>Not at all likely.....</i>	<i>1</i>

Business *

How willing would you be to switch any of these lines to this company?

<i>Very willing.....</i>	<i>4</i>
<i>Somewhat willing.....</i>	<i>3</i>
<i>Not very willing.....</i>	<i>2</i>
<i>Not at all willing.....</i>	<i>1</i>

What percent would you move? _____ %

* For the business market, the measure above was collected for each of the following line types: main lines, other lines, DID numbers.

After the data collection was completed, the conjoint analysis was conducted to derive the relative importance of each of the attributes and develop a model to estimate the proportion of consumers who would switch under any specific scenario.



Number Portability Research Addendum

The conjoint analysis was conducted using an Ordinary Least Squares regression analysis which featured the use of dichotomous or "dummy" variables. For each attribute level (independent variable), a dummy variable was created that indicated the presence or absence of that level within a specific product configuration. The OLS regression was then used to estimate the effect of those dummy variables on the dependent variable (i.e., their impact on the decision to switch providers).

Since full-profile conjoint analysis is conducted at the respondent level, the OLS regression was conducted for each respondent and estimates of the influence of the independent variables on the dependent variables were calculated for each individual. Then, a predictive model was developed that calculated the overall impact of any combination of independent variables.

The development of the models differed slightly between the business and residence studies because of the additional dependent variables used in the business survey and the need to weight the results to reflect the actual number of lines that would be switched. This process is described below for each study:

Development of Residence Model

Since no weighting was required for the residence results, the estimates for each independent variable were averaged across all respondents to calculate estimates for the total sample. Then, for each scenario (combination of elements) to be evaluated, the estimates (plus the constant) of the specific elements included in that scenario were summed. This calculation resulted in a value on the four-point scale (e.g., 3.28), which was then adjusted to reflect the following conversion factors:

Very likely.....4	75%
Somewhat likely.....3	50%
Not very likely.....2	25%
Not at all likely.....1	0%

After the conversion factors were applied, the "demand" or proportion of residences likely to switch under that scenario was determined (e.g., 57%).

In addition, the likelihood of switching among separate residence segments (e.g., work at home) was also evaluated. To do this, the respondent-level estimates for all respondents who qualified for a specific segment were averaged, then the specific scenario calculations were performed on the averaged estimates for each segment.



Number Portability Research Addendum

Development of Business Model

Three major differences existed between the residence and business studies that caused the business model to be created in a slightly different fashion. First, the business study had a total of 6 dependent variables – the likelihood of switching and percent of lines a business would switch for three different types of lines. Second, since each business had a different number of lines, weighting on this variable was required to determine the proportion of all business lines that would be switched. Finally, the business sample was stratified according to number of employees which required additional weighting to reflect the actual business population. To account for these differences, the following process was used to develop the business model after the respondent-level estimates were determined using the OLS regression.

The first dependent variable, likelihood of switching (percent of businesses likely to switch), was determined as follows. Because of the weighting required, for any scenario, each respondent's score on the four point scale was calculated, then the conversion factors were applied. The weighted average of these values was then calculated using the employee size weights, providing the percent of businesses likely to switch.

For the next dependent variable, percent of lines a business would switch, the OLS regression was performed and estimates created for each respondent as with the likelihood of switching variable. The two dependent variables for each type of line were combined as follows to determine the proportion of all business lines that would be switched.

First, the percent of lines a business would switch was calculated for any scenario using the respondent-level estimates for that dependent variable. This result was then multiplied by the likelihood of that business to switch (the first dependent variable) and by the total number of lines that each individual business had to determine the number of lines that a business would be likely to switch. The weighted average (by employee size) was calculated to produce the average number of lines switched under any scenario. This was divided by the average number of lines that business respondents reported to come up with the proportion of all business lines likely to be switched.

This entire process was repeated three times, one for each type of line. In each case, calculations were only conducted for respondents who had that specific type of line.

The attached spreadsheet provides an example of how the results were calculated for the business survey.

November, 1994

Dear Participant:

Thank you very much for agreeing to participate in this mail survey. As we mentioned on the telephone, we are conducting research on upcoming changes in the telecommunications industry, such as competition for *local* telephone services.

To help us truly understand how the issues involved with competition for local telephone services will affect businesses, we are very interested in your opinions, *whether you are interested in changing services or not*. Your opinions will serve as representative of businesses like yours, and therefore, your assistance is extremely important. To ensure the validity of the research results, it is important that *you* complete this questionnaire, that is, the same person who agreed to on the telephone.

Enclosed you will find the survey booklet called "Telecommunications 1995 and Beyond," and a separate "Dictionary of Terms." To complete the study, please:

- Start the "Telecommunications 1995 and Beyond" survey booklet, and make sure you answer all the questions.
- Before starting Section II of the survey booklet, please read the descriptions in the "Dictionary of Terms."
- In Section II, you are asked to evaluate a number of different scenarios. Although these scenarios may appear to be quite similar, it is very important that you respond to the questions following each scenario so that we can conduct the appropriate analysis.

When you have completed the entire survey booklet, place only the survey booklet in the postage-paid return envelope and drop it in the mail. We need to have the survey booklets back within the next week, so please fill it out and *return it as soon as possible*.

We have included \$2.00 in appreciation of your help with this study. Once again, thank you very much for participating.

Sincerely,



Pat Simmons
Project Director



Sample Disposition

Total Sample Used	9,912	100%	
Live Sample	3,395	34%	<i>of total sample</i>
Busy	142	1%	
No Answer	407	4%	
Device (Answering Machine)	989	10%	
Call Backs	1,825	18%	
Valid Referral Number	31	--	
Partial	1	--	
Dead Sample	6,517	66%	<i>of total sample</i>
Total Non-Usable	5,109	78%	<i>of dead sample</i>
Language Barrier	80	1%	
Not Available during study	372	6%	
Refused	2,350	36%	
Called 4 Times	511	8%	
Fax/Modem/Pager	57	1%	
Disconnects	656	10%	
Wrong Numbers	11	--	
Phone location not qualified	152	2%	
Invalid Referral Number	691	11%	
Other	229	4%	
Total Contacted	1,408	22%	<i>of dead sample</i>
Qualified	1,356	96%	<i>of total contacted</i>
Recruited	1,208	86%	
Terminates	148	11%	
Not Qualified	52	4%	<i>of total contacted</i>
Works for Competitor	38	3%	
Not Pacific Bell Customer	14	1%	
Total Recruited	1,208	100%	<i>of total recruited</i>
Total Returned	551	46%	<i>of total recruited</i>
Unuseable	19	2%	
Returned after cut-off	13	1%	
Completes	519	43%	<i>of total recruited</i>

Number Portability Research Addendum

Main Lines

Likelihood of Switching															Likelihood of Switching for Specific Scenario	
Respondent #	Employee Size	Constant	Provider/Services Provided				Discount				Impact on Number				LD Co. 15% less Remain Same	Converted
			Telecomm Co./		Telecomm Co./LD Company.						Annc. only		Transfer			
			Local only	Local and LD	Local and LD	0% less	5% less	15% less	25% less	Remains the same for 6 mos.	for 1 year	for 6 mos.	for 1 year			
1	0.05	2.52	0.08	0.08	-0.12	-0.72	-0.52	0.48	1.48	-0.12	0.08	0.08	-0.12	0.08	2.78	44%
2	0.49	2.12	-0.12	0.28	-0.02	-0.42	-0.12	0.28	0.68	1.28	-0.32	-0.12	-0.12	-0.72	3.66	67%
3	2.39	2.56	-0.06	0.24	-0.06	-1.56	0.84	1.44	0.84	-0.96	0.24	0.24	0.24	0.24	2.98	50%
WEIGHTED AVERAGE (by employee size)		2.40	-0.03	0.20	-0.07	-0.90	0.07	0.73	1.00	0.07	0.00	0.07	0.00	-0.13	3.09	52%

	Percent of Lines Business would Switch	Percent of Lines Business is likely to switch	Number of Lines	Number of Lines likely to be switched
	(calculated from separate regression estimates) (estimates not shown)	(adjusted for likelihood of switching)	(self-reported)	
	25%	11%	180	19.8
	100%	67%	15	10.0
	90%	45%	3	1.3
WEIGHTED AVERAGE (by employee size)	91%	48%	8.0	3.1

Average number of lines businesses have = 8.0

Average number of lines businesses are likely to switch = 3.1

Percent of all business lines likely to be switched = $\frac{3.1}{8.0} = 39\%$

Model vs. Survey Comparison

Scenario	Service Provider	Services	Discount	Impact	Model	Survey	Variance
1	Another Telecomm Co.	Local & Toll	25%	Annc. for 2 years	33%	31%	2%
2	Another Telecomm Co.	All	0%	Transfer for 1 year	7%	6%	1%
3	Your LD Co.	All	0%	Transfer for 2 years	10%	10%	0%
4	Another Telecomm Co.	All	25%	Transfer for 1 year	30%	31%	-1%
5	Another Telecomm Co.	Local & Toll	0%	Transfer for 2 years	9%	7%	2%
6	Another Telecomm Co.	All	0%	Remain same	17%	13%	4%
7	Your LD Co.	All	0%	Transfer for 1 year	10%	9%	1%
8	Your LD Co.	All	15%	Transfer for 1 year	24%	23%	1%
9	Another Telecomm Co.	Local & Toll	15%	Remain same	35%	38%	-3%
10	Another Telecomm Co.	All	25%	Transfer for 2 years	31%	30%	1%
11	Your LD Co.	All	0%	Annc. for 2 years	10%	9%	1%
12	Your LD Co.	All	15%	Transfer for 2 years	25%	24%	1%
13	Your LD Co.	All	5%	Annc. for 1 year	15%	14%	1%
14	Your LD Co.	All	25%	Annc. for 1 year	34%	32%	2%
15	Another Telecomm Co.	All	5%	Transfer for 2 years	12%	11%	1%
16	Another Telecomm Co.	All	15%	Annc. for 1 year	21%	19%	2%
17	Another Telecomm Co.	All	0%	Annc. for 1 year	8%	7%	1%
18	Another Telecomm Co.	All	15%	Annc. for 2 years	21%	21%	0%
19	Your LD Co.	All	5%	Annc. for 2 years	15%	15%	0%
20	Your LD Co.	All	0%	Remain same	21%	17%	4%
21	Another Telecomm Co.	Local & Toll	5%	Transfer for 1 year	13%	11%	2%
22	Another Telecomm Co.	All	0%	Annc. for 2 years	7%	7%	0%
23	Another Telecomm Co.	All	5%	Remain same	22%	22%	0%
24	Your LD Co.	All	25%	Remain same	45%	50%	-5%
25	Another Telecomm Co.	Local & Toll	0%	Annc. for 1 year	9%	10%	-1%

(Percent of businesses scale: 4=75%, 3=50%, 2=25%, 1=0%)