inclusion of systems integrators as universal service fund contributors would have virtually no impact on common carrier universal service contributions, and would provide no benefit to the public. By comparison, the cost to systems integrators would be enormous, and the cost and complexity of the Administrator's job would be increased substantially.[28]

V. THE IMPOSITION OF UNIVERSAL SERVICE FUNDING OBLIGATIONS ON SYSTEMS INTEGRATORS WOULD DETER SYSTEMS INTEGRATORS FROM OFFERING TELECOMMUNICATIONS

Finally, in the R & O, the Commission states explicitly that it does "not want contribution obligations to shape business decisions."[29] However, the double counting problem and double recovery by long distance carriers, accompanied by significant administrative costs and business disruption will almost certainly impact the business decisions made by most systems integrators, thereby bringing about the very result the Commission has said it seeks to avoid.

Many systems integrators will need to make significant changes to how they do business. They will need to separate and monitor charges to customers for telecommunications and allocate revenues between the inter- and intrastate jurisdictions. Moreover, many systems integrators will find that the double

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[28] The Commission's application of the *de minimis* standard provides no relief under such an inequitable situation. For the reasons set forth by Ad Hoc, IBM urges the Commission to reconsider this standard as it is applied to systems integrators. *See Ad Hoc Petition* at 12-14.

[29] *Id.* at ¶ 795.

payment significantly raises their cost of doing business, leading them to reevaluate the value of continuing to provide a service that cannot pay for itself.

In the end, however, it is the end user that will be the most compromised by these business decisions – either because the systems integrator raises the user's rates, or because the integrator ceases offering telecommunications altogether, having determined that the provision of telecommunications is simply not worth the added trouble and expense. Systems integration is appealing to many end users precisely because it allows them to focus on their core business by outsourcing certain internal operations, including information processing and the management of their telecommunications. This almost always results in increased efficiency and substantial cost savings to the end user. In addition, in many cases, the user cannot feasibly operate due to a lack of sufficient internal resources, and would benefit from the superior expertise offered by systems integrators. To the extent the Commission's decision causes systems integrators to forgo managing their customers' telecommunications functions, as part of a integrated services package, it denies customers the choices and efficiencies which they have today. These consequences are contrary to the Commission's overall objectives of promoting the broad availability of telecommunications in the marketplace, and contrary to its clear intent not to establish regulations that would cause an entity to change how it does business. These policy considerations alone should compel the Commission to find that systems integrators should not be subjected to the Section 254 universal service requirements.

CONCLUSION

For the foregoing reasons, the Commission should, consistent with Ad Hoc's request for relief, issue an order clarifying that systems integrators will not be required to contribute to universal service support mechanisms.

Respectfully submitted,

INTERNATIONAL BUSINESS MACHINES CORPORATION

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August 18, 1997

250.02/COM Recon

Certificate of Service

I, Andrew Baer certify that true and correct copies of the preceding Comments of International Business Machines Corporations in Support of the Petition for Partial Reconsideration of the Report and Order in CC Docket 96-45 were served this 18th day of August, 1997 via hand delivery to the following list.

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250.02/CRT Com Recon 8-18-97