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October 16, 1998

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Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

RECEIVED

OCT 16 1998

FEDERAL COMMUNICATIONS COMMISSION
SECRETARY

Re: Application of SBC Communications, Inc. and Ameritech Corporation for Authority to Transfer Control of Certain Licenses and Authorizations, CC Docket No. 98-141 -- Notice of Ex Parte Presentation

Dear Ms. Salas:

Pursuant to Section 1.1206 of the Commission's rules, Ameritech Corporation ("Ameritech") hereby submits this notice of an ex parte presentation in the above-referenced permit-but-disclose proceeding. On October 15, 1998, Christine Larson, Dick Hetke and Lynn Starr of Ameritech and Antoinette Cook Bush and Mark Del Bianco of Skadden, Arps, Slate, Meagher & Flom LLP met with Don Stockdale, Audrey Wright, Jake Jennings and Bill Dever of the Common Carrier Bureau and Bill Rogerson, Marilyn Simon, Johnson Garrett and Patrick DeGraba of the Office of Plans and Policy.

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Ms. Larson discussed the history and status of the Managed Services product line offered to Ameritech's 200 largest business customers by its Custom Business Services unit. She explained that Managed Services is a suite of products and services that essentially outsources the CPE and voice telecommunications needs of large customers. She further explained that Managed Local Access ("MLA") is one of four services in the Managed Services suite. MLA is a service that involves management and optimization of the customer's local access network and the management of the customer's internal and external telecommunications billing and accounting functions. MLA is only available to CBS customers as part of the Managed Services suite. Ms. Larsen confirmed that Managed Services were usually, but not always, purchased by customers through an RFP process.

In order to increase the attractiveness of the MLA offering, in late 1997 CBS expanded it to include the provision of resold local service. However, as Ms. Larson stated, this local resale component of MLA was taken by only one CBS customer (United Airlines) and has been discontinued because it was not successful as an offering. Ms. Larson stressed that there were never any plans to offer MLA or its resale component as a standalone offering to CBS's target customers or to any other customers. Finally, Ms. Larson clarified the differences between the MLA resale offering and the facilities-based National/Local Plan developed in connection

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with the SBC/Ameritech merger. Ms. Larson's presentation also included slides, copies of which are appended to this notice.

At the meeting, staff asked with whom CBS had been competing on the United Airlines contract. Ms. Larson has now confirmed that there was no formal bid process, although it is Ameritech's understanding that after CBS proactively solicited UAL's business, UAL contacted its two main telecommunications suppliers, AT&T and MCI, about making competing proposals.

Copies of this Notice of Ex Parte Presentation have been provided to the above-referenced persons and served on each known party to this proceeding. An original and one copy have also been submitted to the Secretary's office.

Respectfully submitted,



Antoinette Cook Bush
Counsel for Ameritech

cc: Don Stockdale, Common Carrier Bureau Bill Dever, CCB
Audrey Wright, CCB Jake Jennings, CCB
Bill Rogerson, Office of Plans and Policy Marilyn Simon, OPP
Johnson Garrett, OPP Patrick DeGraba, OPP
Dick Hetke, Ameritech Lynn Starr, Ameritech

Overview

- ✓ **Overview of Ameritech Custom Business Services**
- ✓ **What is Managed Services?**
- ✓ **What is Managed Local Access (MLA)?**
- ✓ **Why didn't large business customers purchase MLA?**
- ✓ **How is a national/local strategy different?**

Managed Services Offerings

Large business customers select packages to meet their needs.

Operations

- HelpDesk
- Order Process
- Trouble/Alarm Resolution
- Security Management
- Training
- CPE Inventory Database
- Vendor Management
- Performance Assurance

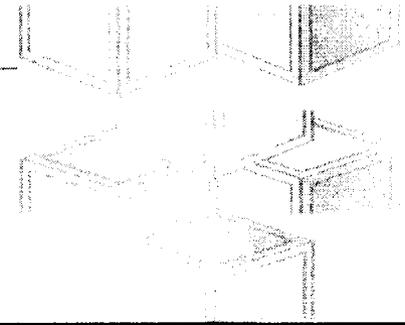
Optimization

- Traffic Engineering
- Facilities Analysis
- Capacity Planning
- Disaster Recovery Planning

Accounting

- Vendor Billing Analysis
- Vendor Bill Consolidation
- Vendor Bill Departmental Charge back Information
- Accounts Payable Management

Managed Local Access Services Offerings



Network Operations Management

- Ordering of Local Exchange Services
- Trouble Reporting & Resolution
- Service Level Reporting
- LEC Inventory Management
- *Provisioning of Local Exchange as a Reseller*

Network Optimization

- Network Design & Improvements
- Usage Analysis
- Tariff Shopping

Billing Services

- National LEC Bill Consolidation
- Billing Analysis
- Departmental Chargebacks
- LEC Payment

Managed Local Access was offered as an extension of Managed Services.

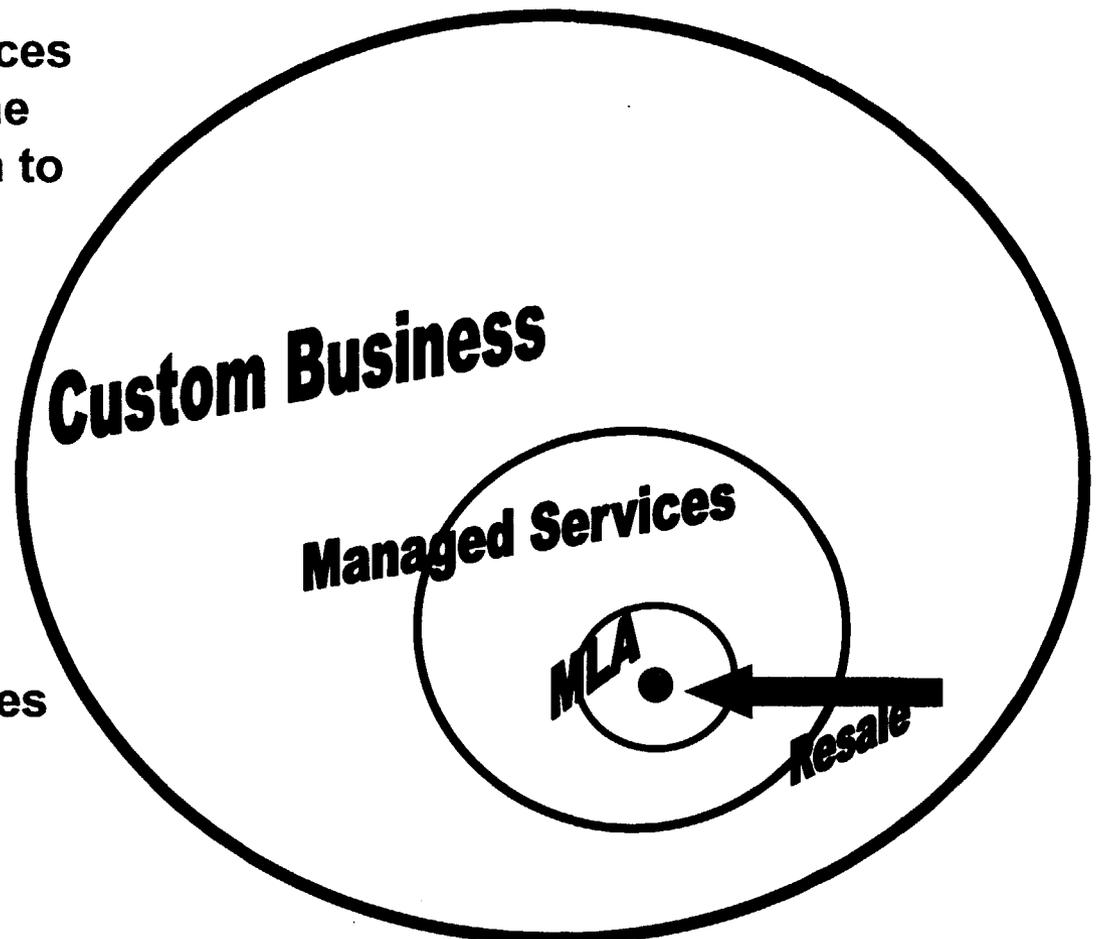
Managed Local Access Resale was a Product Enhancement

Idea:

- To expand Managed Services by selling (as a reseller) the telephone lines in addition to the management of the customer's network

Objective:

- Add value to Managed Services customers
- Sell more Managed Services faster
- Earn more revenue per customer



Why didn't large customers buy MLA resale?

- Discount was not sufficient to convince large customers to switch
 - Customers were/are seeing lower price offerings from facilities-based CLECs
 - Ameritech not viewed as national provider
- Limited product offering - not a full service solution
- Customers still needed additional telecom staff for large business; call center, data, Internet, etc. services
- Fewer service benefits than large CLEC/LD companies could offer

Ameritech discontinued MLA offering:

- Did not add to appeal of Managed Services - no material increase in business
- No ability to match facilities-based offerings of competitors

National/Local and MLA Resale: Different Approaches

	<u>MLA</u>	<u>National/Local</u>
Target Customers	Managed Services Customers	Step 1: Business Customers > \$200K/yr. Telecom spending Step 2: Mass Business, Residential
Universe of Target Customers	20-25 Large Businesses	2000-4000 large/medium business customers and residential customers
Offering to Large Business Customers	Resale Local Only	Resale and facilities-based Local, LD, Data, Internet
Scope of Offerings Size of Discount	10% off <u>today's</u> LEC price	Steeper discounts with volume/term commitment
Customer Staff Role	MLA replaces staff but for local only; still need staff for LD	Staff has additional carrier choice, or can fully outsource
Billing Capabilities	One bill with limited flexibility	Customized billing for large businesses
One Stop Shopping	Single contact for local, not one stop for all services	One Stop for all services
Service	Provides incumbent's offerings for local	Differential service levels <ul style="list-style-type: none"> ➤ Installation Intervals ➤ Network reliability/Quality ➤ Repair response times ➤ Integrated offerings ➤ Common services platforms/responsiveness

CERTIFICATE OF SERVICE

This is to certify that the attached document has been served by first class mail, postage prepaid, on this 16th day of October, 1998, on the following:

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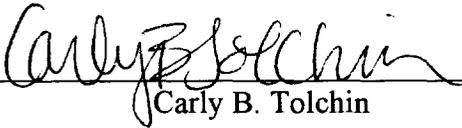
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