IV. OPERATOR SERVICES AND DIRECTORY ASSISTANCE

The FCC defines directory assistance as a service that “allows subscribers to retrieve telephone numbers of other subscribers,” and operator services as “any automatic or live assistance to a consumer to arrange for billing or completion, or both, of a telephone call.”

Competition in the provision of OS and DA began soon after divestiture. Both the FCC and state regulators have recognized this fact.

Today, numerous CLECs – including AT&T and MCI WorldCom – provide their own competitive OS and DA services. And CLECs readily may establish their own OS and DA services without the OS/DA UNE. The Communications Act and FCC rules guarantee CLECs non-discriminatory access to all LECs’ OS and DA databases and services, and directory listings. CLECs also may obtain OS and DA databases and services, and directory listings from numerous wholesale providers.

A. Competitive OS and DA Providers

Numerous companies provide competitive OS and DA throughout the BOCs’ and GTE’s regions. The largest CLECs – AT&T and MCI WorldCom – offer nationwide directory assistance service, which provides “telephone listings anywhere in the United States.” AT&T markets “00 INFO” nationally to its presubscribed customers. Both AT&T and MCI offer DA using 10-10-XXX dial-around patterns, which are accessible from any telephone in the nation. MCI WorldCom launched its “10-10-9000” directory assistance service in October 1998. AT&T has since introduced “10-10-ATT-00.”

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3 See, e.g., Implementation of Sections 3(n) and 332 of the Communications Act Regulatory Treatment of Mobile Services, Second Report and Order, 9 FCC Rcd 1411, 1489 (1994) (“Operator service providers (OSPs) compete with local exchange and long distance carriers.”). Numerous states have removed OS or DA, or both, from price-cap regulation, or have otherwise proclaimed these services competitive. See, e.g., Order Granting Petition, Petition of U S West Communications for Competitive Classification of its Directory Assistance Services, Docket UT-990259 (WUTC Apr. 28, 1999).


5 AT&T News Release, AT&T Tests New ‘00’ INFO Directory Assistance Service, Sept. 22, 1997. See also MCI Press Release, 10-10-9000 - Directory Assistance Made Simple; MCI WorldCom Delivers One Number for National Long-Distance Directory Assistance, Oct. 12, 1998 (“10-10-9000 is a national long distance directory that provides consumers with one number for all their directory assistance needs.”).


AT&T, MCI WorldCom, and Sprint also provide OS nationwide via toll-free 800 numbers. AT&T markets its service as “1-800 CALL ATT,” MCI as “1-800 COLLECT,” and Sprint as “1-800 ONE DIME.” Using any of these services, customers may place calling card, collect, bill-to-third number, and person-to-person services.

Many other CLECs provide their own OS and DA services or resell the services of someone other than the in-region ILEC. See Table 1. McLeod USA, GST Telecom, Cox, and Winstar all provide such services. Numerous wireless carriers also provide DA services that compete with ILEC services.

<table>
<thead>
<tr>
<th>Table 1. Major CLEC Providers of OS and DA</th>
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<tbody>
<tr>
<td>AT&amp;T</td>
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<td></td>
</tr>
<tr>
<td>MCI WorldCom</td>
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<td></td>
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<tr>
<td>Sprint</td>
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<tr>
<td>McLeod</td>
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<tr>
<td>ALLTEL Communications</td>
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<tr>
<td>GST</td>
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<tr>
<td>Cox</td>
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<tr>
<td>Omnipoint</td>
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<tr>
<td>WinStar</td>
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</tbody>
</table>

Various Internet sites – many of which provide DA services at no charge – are also a major source of competition. See Table 2. One consumer group – the Telecommunications Research and Action Center (TRAC) – recommends that customers “[u]se the Internet to search for numbers whenever possible and avoid all charges.” Switchboard.com is the most widely used directory service on the Internet, and was ranked as one of the top ten most used web sites by one study. It has signed agreements with several Internet portals and search engines to be their exclusive source for yellow

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11 InfoNOW is an exception; it offers 22 searches covering residential, business and government listings for a monthly fee of $9.90. G.R. Notess, Duplicative Databases: Yellow Pages from infoUSA, Database, Feb. 1999.


13 Switchboard.com Press Release, Switchboard Audience Figures Skyrocket, Feb. 25, 1998. Switchboard.com was “ranked as the number 10 web site as measured by Media Metrix, The PC Meter Company, during the month of January 1998. Switchboard’s total audience was 4,184,000, representing a reach of 11.1% of all users of the World Wide Web in that month.” Id.

<table>
<thead>
<tr>
<th>Table 2. Major Internet Providers of OS and DA</th>
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<tbody>
<tr>
<td>AT&amp;T’s Anywho Directories</td>
</tr>
<tr>
<td>Big Yellow</td>
</tr>
<tr>
<td>Bigfoot</td>
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<tr>
<td>WhoWhere People Finder</td>
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<tr>
<td>Zip2</td>
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</tbody>
</table>

In addition to simple directory assistance, several Internet sites provide call completion options that compete with ILECs’ OS. AT&T’s Anywho offers a Click2Dial

14 These include America Online, AltaVista, At Hand, Comcast, Cox, and GeoCities. See Switchboard.com Press Release, Switchboard to be Exclusive Provider of White Pages and Maps on GeoCities Community Site, Nov. 12, 1998.


feature, which enables users to complete calls to requested listings with software that AT&T provides for free at its site.\textsuperscript{17} In March 1999, Qwest and Switchboard.com announced plans to offer customers the ability “to automatically place calls from the Internet,” using “web-based click-to-conference technology as well as other Internet-based communications services.”\textsuperscript{18}

There are a large number of wholesale providers of OS and DA. See Table 3. These companies operate one or more call centers, and provide branded service to other carriers including many CLECs. The largest provides of such services include Excell, Teltrust, InfoNXX, Metro One, and HebCom.\textsuperscript{19}

Excell is the outsourcing agent for AT&T’s new nationwide directory information service, AT&T-00-Info.\textsuperscript{20} Teltrust can “supply nationwide origination and termination services with a variety of live agent and automated network platform services, configured to each client’s needs.”\textsuperscript{21} Teltrust provides services to numerous IXCs (e.g., US Long Distance, and Qwest Communications) and CLECs.\textsuperscript{22} InfoNXX markets its service as being “a true alternative to telephone company directory assistance.”\textsuperscript{23} Metro One describes itself as “a leading provider of EDA [enhanced directory assistance] for the telecommunications industry” and as having “thirteen significant EDA contracts with six different carriers to provide EDA in numerous U.S. metropolitan markets.”\textsuperscript{24} Metro One customers include AT&T, AirTouch, and Sprint.\textsuperscript{25} Quest411 offers other carriers the ability to “[a]ccess high quality national listings without the need to develop and maintain your own national database.”\textsuperscript{26}

\textsuperscript{17} See AT&T Website, http://www.click2dial.att.com/.
\textsuperscript{19} See Insight at 3.
\textsuperscript{22} Teltrust, Inc., SEC Form S-1 A, July 8, 1998.
\textsuperscript{24} Metro One Telecommunications, Inc., SEC Form 10-Q, Nov. 16, 1998.
\textsuperscript{25} Insight at 56.
\textsuperscript{26} Company promotional material.
Table 3. Major Wholesale Providers of OS and DA

<table>
<thead>
<tr>
<th>Provider</th>
<th>Services Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Century Telecommunications</td>
<td>Provides Directory Assistance, call branding, call completion, collect calling, third party billing and busy verify/interrupt services.</td>
</tr>
<tr>
<td>Excell Agent Services</td>
<td>Provides Enhanced Directory Services including extended searches, call branding, call completion, driving directions and yellow pages DA.</td>
</tr>
<tr>
<td>Frontier Communications</td>
<td>Provides OS/DA from its Rochester, N.Y. call center for more than 100 other telecommunications companies.</td>
</tr>
<tr>
<td>HebCom</td>
<td>Provides enhanced directory services including extended and reverse searches, call branding, call completion, movie listings, local event information, directions, road assistance, weather reports, yellow pages DA, preferred vendor and concierge capabilities.</td>
</tr>
<tr>
<td>InfoNXX</td>
<td>Provides enhanced directory services including extended and reverse searches, call branding, call completion, restaurant guides, movie listings, local event information, emergency road service, weather reports and yellow-page searches.</td>
</tr>
<tr>
<td>Metro One</td>
<td>“Enhanced Directory Assistance” providing extended and reverse searches, call branding, call completion, driving directions, information on local events, movie listings, road assistance, weather reports and yellow pages DA capabilities.</td>
</tr>
<tr>
<td>Quest411</td>
<td>“Quest411 Nortel’s national DA service . . . provides ready access to more than 120 million listings.”</td>
</tr>
<tr>
<td>Teltrust</td>
<td>“FYI National Directory Assistance” provides extended and reverse searches, call branding, call completion, driving directions and yellow pages DA capabilities.</td>
</tr>
</tbody>
</table>

Sources: See Appendix C.

Numerous CLECs provide competitive DA to their end user customers through arrangements with wholesale providers. GST Telecom provides directory assistance using services obtained from Metro One Telecommunications. Cox provides directory assistance using services obtained from Teltrust. Winstar provides directory assistance services obtained from Frontier.

CLECs do not need large call volumes to obtain OS and DA from wholesalers. As one industry study notes, wholesalers “will quote prices for data listings or records. Quotes are usually based on a cost per 1000 records, and prices are fully negotiable. Typical quotes for raw data may range from $0.25 per record to fractions of a cent per record.” When CLEC GST hired Metro One, Metro One stated, “[w]e expect initial EDA call volumes to be relatively small, but we look forward to growing as it expands business.”

As a result of this diverse competition, ILECs have lost significant volumes of OS and DA traffic. For example, in SBC’s region, directory assistance call volumes have

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29 See Frontier Partners with WinStar Communications for Operator Services, PR Newswire, Oct. 17, 1996.

30 *Insight* at 41.

decreased nearly 30 percent since 1995, and operator assistance calls have dropped by over 50 percent, even though access lines have grown during this time. See Figure 1. In BellSouth’s territory, in-region call volumes for operator assistance have declined over 60 percent in the past eight years, even though access lines have grown in this time. BellSouth estimates that it carries only 30 percent of total in-region operator assistance calls. Bell Atlantic lost approximately 60 percent of its wholesale DA calls between 1994 and 1997. See Figure 2. This occurred even though the number of interLATA calls in Bell Atlantic’s region increased during this time, as did the entire market for wholesale DA services.\textsuperscript{32} These trends clearly indicate that consumers are using alternative OS and DA providers instead of the ILECs.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{sbc_call_volumes_vs_access_line_growth.png}
\caption{SBC Call Volumes vs. Access Line Growth}
\end{figure}

\textsuperscript{32} See Frost \& Sullivan at 4-13.
B. CLECs’ Ability To Provide OS and DA Services

1. Access to OS and DA Databases and Services and Directory Listings. ILECs provide OS and DA using databases derived from customer records. Directory assistance databases contain customer names, numbers, and addresses; operator services databases contain customer billing information (e.g., whether a customer will accept collect calls or third party billing).  

Section 251(b)(3) of the Communications Act requires all LECs to provide CLECs with “nondiscriminatory access to . . . operator services, directory assistance, and directory listings.” Pursuant to this section, the FCC adopted Rule 217, which requires all LECs to “permit competing providers to have access to and read the information in the LEC’s directory assistance databases.” This guarantees CLECs non-discriminatory access to the OS and DA databases of all local exchange carriers. With assured access to these databases, CLECs may establish their own OS and DA call centers, using their own operators, computers, and equipment. AT&T has indeed conceded that “compared with other ILEC network elements, CLECs have greater opportunity to establish, themselves or by contract, work centers for providing operator and/or directory assistance services.”  

Even if CLECs choose not to establish their own call centers, Rule 217 requires LECs to provide CLECs access to “operator services and directory assistance services . . . in their entirety, including access to any adjunct features (e.g., rating tables or customer

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34 47 CFR §51.217(c)(ii).

35 AT&T, Remand Proceeding on Rule 319 at 50 (FCC filed Feb. 1999).
information databases) necessary to allow competing providers full use of these services. LECs are required to provide these services on a branded or unbranded basis so that CLECs may substitute their own brand-name announcements for those of the LEC.

In light of these provisions, the only ostensible purpose of the OS/DA UNE is to enable CLECs to obtain what Rule 217 already grants them, but at a far lower, TELRIC-based price, and under the FCC’s rate structure rules for UNEs.

Yet CLECs clearly do not need the OS/DA UNE to provide these services. As described above, there are numerous competitive suppliers of OS and DA databases and services, and directory listings. The rise of these competitors has been facilitated by the Supreme Court’s decision to permit the wholesale copying of LEC white pages listings. The largest suppliers of directory listings today include Metromail, VoltDelta, InfoUSA (formerly American Business Information), Dun & Bradstreet, R.R. Donnelley, Axicom Corporation, and The Berry Company. AT&T has for years obtained directory listings from such sources.

These companies supply name, number, and address information on a local and nationwide basis. They make considerable efforts to provide up-to-date and accurate listing information. InfoUSA invests $30 million per year to compile its yellow and white page listings database, which are updated daily, and the company “will soon be

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36 47 CFR §51.217(c)(iv).
37 See id. § 51.217(d).
39 See Insight at 3; Axicom Website, http://www.acxiom.com/infobase/ (“Axicom InfoBase is the most comprehensive collection of US consumer, business, property and telephone data available.”).
40 AT&T spokesman Michael Keady has stated that the company has “gotten better about” finding listings from non-ILEC sources in the past few years. L. Gornstein, New Competition, Services Coming to Telephone Directory Assistance, The Orange County Register, Feb. 16, 1998.
42 See, e.g., G.R. Notess, Duplicative Databases: Yellow Pages from infoUSA, Database, Feb. 1999 (DirectNET’sInfoNOW provides “access to the same database used by [ILEC] directory assistance, this live access connects to a database that is updated daily.”); InfoUSA Website, http://kickapoo.infousa.com/ab_iusa/item/ (InfoUSA makes “16 million phone calls to verify the information.”); Insight at 42 (“[MetroMail’s] database receives continuous updating through electronic gateway access to the ILEC’s independent telephone companies data.”).
able to update [its] customers daily, weekly, or monthly via e-mail.”\textsuperscript{44} Many of these companies provide information on a per listing basis, or supply entire databases on magnetic tapes or CDs.\textsuperscript{45}

Finally, the underlying components of the OS and DA databases – customer records – increasingly are supplied by competitors themselves. CLECs are adding new business customers at an even faster rate than ILECs,\textsuperscript{46} and are capturing many residential customers as well. CLECs already control well over 1.5 million White Pages directory listings nationwide.\textsuperscript{47} As CLECs’ share of local customers increases, they will increasingly become a critical source of data for all carriers. As one analyst notes, “[a]s local competition continues to increase, the question becomes which LEC maintains the listings for a geographic area?”\textsuperscript{48} Moreover, ILECs have strong incentives to share databases with CLECs, to obtain reciprocal access to CLECs’ databases in order to publish complete white pages and provide more useful DA service.

2. Other Facilities Used to Provide OS and DA. Apart from databases, the key ingredients of OS and DA services are employees (operators), real estate, and computers. These are not intrinsic parts of ILECs’ telecommunications networks, and ILECs have no particular advantage in obtaining them. Teltrust, “a leading independent outsource provider of a broad range of enhanced call processing and calling card services to the domestic telecommunications industry,” states that there is an “absence of substantial barriers to entry in the call completion, national directory assistance, third-party verification and calling card services markets.”\textsuperscript{49}

OS and DA can be provided on a nationwide basis through a single call center, or with a handful of regional centers. Teltrust operates “four state-of-the-art megacenters”\textsuperscript{50} that serve the entire country. HebCom operates five regional call centers that serve the U.S.\textsuperscript{51} Excell operates six call centers, each serving the entire US.\textsuperscript{52} McLeod USA operates one national call center.\textsuperscript{53} InfoNXX provides nationwide service using four call centers.

\begin{itemize}
\item \textsuperscript{44} InfoUSA Website, http://kickapoo.infousa.com/ab_iusa/item/1,1051,3,00.html.
\item \textsuperscript{45} See \textit{Insight} at 41.
\item \textsuperscript{46} See, e.g., J. Grubman, Salomon Smith Barney, \textit{Review of First Quarter CLEC and RBOC Line Growth}, May 6, 1998.
\item \textsuperscript{47} See United States Telephone Association, \textit{Competition in the Local Loop}, Dec. 9, 1998 (Does not include totals for GTE and US West).
\item \textsuperscript{48} \textit{Insight} at 35.
\item \textsuperscript{49} Teltrust, Inc., SEC Form S-1 A, Jul. 8, 1998.
\item \textsuperscript{50} \textit{Insight} at 54. Teltrust operates three call centers in the Salt Lake City area and one in Clearfield, UT. Teltrust Press Release, \textit{Teltrust Announces Relocation of Corporate Headquarters}, Jun. 29, 1998.
\item \textsuperscript{51} \textit{Insight} at 59.
\item \textsuperscript{52} Id. at 52. Excell operates call centers in Mesa, Peoria, Phoenix and Tempe, AZ; Las Cruces, NM; and Rockledge, FL. Excell Agent Services Website, \textit{Employment Opportunities, Current Openings}, http://www.excellagent.com/.
\item \textsuperscript{53} \textit{Insight} at 70.
\end{itemize}
centers. Call centers can be established in relatively short periods of time. In June 1994, CFW contracted with AT&T to provide DA even though it had “no directory service, no land and no employees” at the time; by December of that year it had built a building and hired employees, and began providing service in February 1995. As discussed above, nationwide OS and DA can also be provided with a single web site. CLECs such as AT&T and Qwest are already providing, or have plans to provide, web-based OS and DA services.

Service centers must be staffed with operators. ILECs obviously exercise no control over this labor market. Both “AT&T and MCI employ their own operators.” Teltrust employs over 900 operators. In March 1999, Excell announced an “aggressive hiring campaign,” to hire 2,000 new operators in order to meet the demands associated with being named the outsourcing agent for AT&T’s new nationwide directory information service, AT&T-00-Info.

The major hardware and software components of OS and DA are operator platforms, database applications, and search engines. The market for such equipment is undeniably competitive. There are at least three vendors that make all three components: Nortel, Volt Delta, and PC Plus. In addition, IBM produces operator platforms and search engines, and Metromail makes database applications. Alcatel and Lucent also make one or more of these components.

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54 InfoNXX has call centers in Bethlehem, PA; Oakville, CT; Riverside, CA; and Tuscon, AZ; InfoNXX Website, http://www.infonxx.com/overview.html.
56 B. Wolfe, Directory-Assistance Options Have Your Number 1 Here's How to Get It, The Courier-Journal (Louisville, KY.), Feb. 15, 1999, at 1C.
57 Id.
59 Insight at 76.
60 Id.