Appendix A.
Articles on Anti-Competitive Impact in Long Distance Market for Larger Business Customers

Front News

Users blast WorldCom merger Net integration, customer-service nightmares feared in $115 billion Sprint deal.

DAVID ROHDE
10/11/1999
Network World
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NEW YORK - Call it a hit on Wall Street and a bomb on Main Street.

Users last week ignored the celebration of **MCI** WorldCom's planned $115 billion buyout of **Sprint** and denounced the deal as potentially eliminating one of their most cherished options - an independent supplier of high-quality frame relay, IP, ATM and voice networks.

The gargantuan merger - the biggest ever in any industry - faces a minimum year-long review by antitrust and telecommunications regulators. And there was no immediate indication whether **MCI** WorldCom would drop or even change any of **Sprint** 's voice and data offerings, except for selling off its Internet backbone to gain the regulators' blessing.

Yet users and analysts fear that the combined company - to be called simply WorldCom - could face innumerable obstacles if it even attempts to integrate its collection of at least six frame relay networks and three ATM networks, in addition to the two Internet backbones. One criticism being raised is that the **MCI** WorldCom/ **Sprint** combo will tighten up contract terms and become stingier about negotiating lower prices because there won't be two firms competing against each other anymore.

"What we're concerned about is that it's going to mean we can't [pit] them against one another," says George Sullivan, senior network architect at Northrop Grumman in Bethpage, N.Y. Sullivan uses **MCI** WorldCom packet data services, and **Sprint** voice and private lines. Sullivan says he fears a repeat of a recent changeover of **MCI** WorldCom account teams "which didn't go as smoothly as it should have."

"I don't see what it's going to gain for us," agrees George Hallenbeck, until recently the telecommunications director at Marsh & McLennan and now an independent consultant writing requests for proposal for other users. "I need to see these two companies supplying their basic core services independently. I need to have an alternative source of supply."

Some **MCI** WorldCom customers were enraged that, in their view, **MCI** WorldCom CEO Bernard Ebbers had again turned his attention to a megamerger rather than customer service.

"In my opinion, they can't deal with the networks they have. I can't imagine what will happen with a new one," says Mark Collins, manager of network services and telecommunications for Bunzl USA, a plastics distributor in St. Louis.

For their part, **Sprint** customers said they feared a rerun of billing and customer service problems that resulted after WorldCom swallowed **MCI** . "This merger really gets my goat," said one in an e-mail to Network World. Said another who also asked not to be identified: "What I think about this deal is unprintable."

And Network World Fusion's forum on the merger crackled with denunciations of Ebbers for corralling **Sprint** . "Will someone please take away Bernie's checkbook?" pleaded one network professional who said he has worked at various companies and always migrated them to **Sprint** .

Unlike WorldCom's 1997 acquisition of **MCI** - which brought together WorldCom's UUNET unit and more than 100 local fiber networks with **MCI** 's long-distance prowess - the reasons for this deal seemed to have little to do with enterprise networking.

The merger does give **MCI** WorldCom one of the nation's top consumer wireless networks - **Sprint** PCS, which covers 280 local markets around the country. Ebbers also extolled **Sprint** 's recent heavy investment in licenses for the wireless Multimedia Distribu-tion Service. That potentially gives the company a way to bypass Bell company local loops to reach homes for voice and data traffic, just as AT&T is trying much the same thing for residential users located away from its cable plant.

But on the business-services side, the deal seemed to catch **Sprint** flat-footed. Officials of both merging companies made little effort to hide the fact that they hadn't even begun to discuss how to sort out their fast-packet and IP networks. A **Sprint** spokeswoman said that even **Sprint** Chief Technical Officer Marty Kaplan couldn't shed much light on the merger: "I'm pretty much certain he hasn't had the opportunity to talk to anyone at **MCI** about their plans on this," the spokeswoman said.

Some experts labeled the merger nothing more than a brazen play to restore disappearing profit margins in the long-distance business - which for consumer calls are now little more than a penny per minute after **MCI** WorldCom or **Sprint** pays the Bell-company access charges on both ends of a 5-cent call.

Now **MCI** WorldCom will have more freedom to set prices without seriously reacting to any competitor other than AT&T, says Frank Dzubeck, president of Com-munications Network Archi-tects, a consulting firm in Washington, D.C. **MCI** World-Com wants to buy **Sprint** simply because **Sprint** 's pioneering consumer offers "were forcing everybody to be honest," he says. "But any textbook that you go to will say you can't do this."

For new deals with large enterprise nets, **Sprint** is pricing even lower than the 4- to 5-cent deals now becoming common industrywide - as low as 3 cents per minute with a dedicated access line, Dzubeck says. And **Sprint** has been more flexible on liability, termination and other contract clauses than **MCI** WorldCom, says Hank Levine, a Washington, D.C., attorney who negotiates user contracts. Both Dzubeck and Levine fear that such attractive deals may be harder to get if the merger goes through.

So you're my dance partner

Top **MCI** WorldCom and **Sprint** officials say the combination of their companies will enhance their ability to bundle services for consumers and businesses. And the deal would give **Sprint** the big-city fiber rings in the U.S. and overseas it has lacked. Such rings strengthen a carrier's ability to offer end-to-end services.

But some users said a better idea would have been for **Sprint** to ally with BellSouth, which made a losing bid for **Sprint** . That's because even carriers such as **MCI** WorldCom and AT&T, which have local fiber rings, don't cover nearly as many locations as the Bells do. "If anything, the [long-distance] carriers seem to be losing the cooperation of the local exchanges," says Northrop Grumman's Sullivan, pointing out that many of his manufacturing facilities are located far from city centers.

Regulators and even **Sprint** employees were reported to be feeling the same way. "[**Sprint** employees] were hoping to become the long-distance division of someone else," Levine says. "They would have held more of the cards in that situation. Now the **MCI** WorldCom people are smiling and waiting. They're survivors of this jungle. And the **Sprint** people are going, 'Oh, damn.' "

Sprint officials admitted the mood inside their company was tense. "I can't say that everyone is totally accepted and comfortable with it," says Peggy Arnone, product manager for **Sprint** 's highly respected frame relay class-of-service offering.

Arnone has directed the recent, ultra-quiet rollout of **Sprint** 's voice over frame relay service as another convergence alternative to **Sprint** 's ATM-based Integrated On-Demand Network (see story, page 16).

MCI WorldCom said **Sprint** would get six board seats and **MCI** WorldCom would get 10, and **Sprint** CEO William Esrey would become the combined company's chairman. But that's a move long-time WorldCom watchers labeled an old tactic to ease a CEO of an acquired company - like competitive local carrier MFS or **MCI** - out of the picture.

If the Federal Communica-tions Commission and the European Union approve the merger, they are widely expected to require the combined company to sell off **Sprint** 's Internet backbone, which scales from OC-3 to OC-48 among 15 top U.S. cities. But few analysts believe that's the only thing **MCI** WorldCom will eliminate. **Sprint** has incumbent local telephone networks in 18 states, mostly in smaller towns. "[Ebbers] doesn't want that, with all the state regulatory problems. He's going to sell it off, too," says Dzubeck.

Levine goes further, predicting a sale of **Sprint** 's regular long-distance network as well. "He doesn't need **Sprint** 's points of presence, and he does not need **Sprint** 's fiber," says Levine. "He just wants the customers."

By contrast, the companies' total of six frame relay networks - four at **MCI** WorldCom, two at **Sprint** - may be retained. **MCI** WorldCom officials, having shelved an integration program as a result of the carrier's recent frame relay outage, have held out the possibility of offering users one network as a backup to another in a package.

"Anytime you migrate and merge, you're just asking for trouble," says Cathy Gadecki, a TeleChoice analyst. But Gadecki is skeptical the two companies can position one network as a backup to the other.

"You need to be connected to different software stacks, which means you need to be connected to two different switches," Gadecki says. "It's a nice marketing story, but I don't think it's terribly real."

As an alternative, **MCI** WorldCom and **Sprint** are likely to point to some common vendors as an argument that they can integrate their networks. But that argument won't wash, say experts, because those vendors are themselves largely the product of mergers.

For example, the legacy **MCI** frame relay network and the newer of **Sprint** 's two frame networks are both based on Nortel Networks gear. But the equipment comes from the two different halves of Nortel: the **MCI** net consists of Bay Networks routers, and the **Sprint** net is based on Passport ATM switches from the original Nortel.

"The fact that they're under the same roof doesn't guarantee any more compatibility between the two networks," says Stephen Von Rump, a former **MCI** WorldCom data services marketing chief and now chief operating officer at videoconferencing vendor VTEL.

Another concern for users is that staff levels at the new WorldCom would likely drop, despite Ebbers' protests that the merger would provide new growth opportunities for employees. "You've got so much overlap here it's ridiculous," Dzubeck says.

At **MCI** , "the only people who have stayed are the lifers," says Deb Mielke, a former internetMCI and **MCI** System-house official who now runs a Dallas consulting firm. She predicts a massive outflow of **Sprint** executives.

That prospect frightens some users. " **MCI** WorldCom staff levels are so low that we are constantly fighting to get jobs accomplished," Bunzl's Collins says. "I constantly have orders that are wrong or haven't even been placed weeks after the request was made. The technical understanding of the network doesn't exist; I have even had their people cutting each other down and admitting that they have no idea what is going on with the network."

Mort Rahimi, vice president of telecommunications at Northwestern University, says that if the field of dominant long-distance carriers is reduced to two, it may be time to unleash the regional Bell operating companies on the long-distance market to ensure continued competition. "We don't want to get back to the days of Ma Bell, with only one provider," he says.

For others, the merger would create unique problems. For example, the federal government's current comprehensive telecommunications contract, called FTS 2001, has two vendors: **MCI** WorldCom and **Sprint** . If the merger closes, it would violate a 1980s congressional mandate against dealing with one telecom vendor, Dzubeck says.

"The General Services Administration can't let this occur," he says. "They're going to have to basically go back and recompete [the contract]."

Senior Editor Tim Greene contributed to this story.

A whole lotta duplication

MCI WorldCom's and Sprint's local and wireless networks generally don't overlap, but when it comes to frame relay, the firms have many assets to sort out.

Locations of major network operations and customer-management centers:

• MCI WorldCom	• Sprint
Cary, N.C.	Atlanta
Dallas	Manasquan, N.J.
Tulsa, Okla.	Overland Park, Kan.
(international networks)	Reston, Va.
	(international networks)

WorldCom's WAN power

Although the deal will not make WorldCom the largest long-distance carrier or wireless services provider in the country . . .

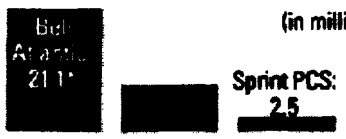
1998 long-distance revenue

- AT&T: 48.3%
- MCI WorldCom: 26.9%
- Sprint: 10.3%
- Other: 14.5%

Total revenue: $96.1 billion

Current wireless services subscribers

(in millions)



*Includes subscribers from recent mergers with GTE and Vodafone Airtouch.

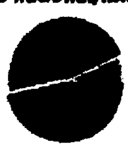
. . . the new company will dominate the ATM services market and go toe-to-toe with AT&T for the lead in providing frame relay services.

1998 national/international ATM services revenue:

- AT&T: 36.6%
- MCI WorldCom: 32.9%
- Sprint: 29.1%
- Other: 1.4%

Total revenue: $295.3 million

1998 national/international frame relay services revenue:



- AT&T: 46.8%
- MCI WorldCom: 26.5%
- Sprint: 20%
- Other: 6.7%

Total revenue: $3.6 billion

SOURCES: IDC, FRAMINGHAM, MASS; MCI WORLDCOM; SPRINT

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New No. 3 carrier? . . . Not so obvious

DAVID ROHDE

10/18/1999

Network World

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MCI WorldCom CEO Bernard Ebbers and **Sprint** CEO William Esrey are certain to tell federal regulators that their proposed merger is OK because a lot of new long-distance carriers are ready to become major national players.

But for enterprise users, finding a new No. 3 carrier to replace a swallowed-up **Sprint** in bids and contracts isn't going to be that easy, analysts warn.

"Corporate users will be worse off as the Big Three become the Big Two," says a report issued by Forrester Research. "With one less national network pro-vider, users will be faced with fewer service choices and network diversity options."

That means they will search for new options, and the single best-positioned carrier to present itself as a third challenger to AT&T and the merged WorldCom company is Qwest, says Mark Zohar, a senior analyst at Forrester. But although Qwest recently completed its national network, the carrier still may not be suited for the comprehensive voice and data long-term contracts users commonly negotiated with AT&T, **MCI** and **Sprint** , analysts say.

For example, although Qwest has a growing frame relay business, it only began offering a managed router option in July, and then only through a third-party network-management house. Zohar predicts that Qwest won't bring a full suite of managed services in-house until it completes its merger with US West, whose Interprise data-networking division manages numerous enterprise networks.

And until very recently, Qwest did not have an IP-based virtual private network (VPN) service, despite all its focus on IP communications. Still, Network World has learned that Qwest has selected the Nortel Networks Contivity family of VPN routers for a service called Qwest Managed CPE VPN that is now in beta testing. The service will support up to 5,000 tunnels at sites equipped with the high-end Nortel Contivity 4500, Qwest officials confirm.

Another candidate for comprehensive user contracts is Cable & Wireless, which purchased the internetMCI portfolio last year after **MCI** WorldCom spun it off on regulators' orders. But other than the Internet backbone, "they need to acquire greater reach and greater [points of presence]," Zohar says. "They're still not perceived as being a national infrastructure provider."

Cable & Wireless officials concede that, ironically, before the internet- **MCI** purchase, the company had pulled back on its data business. "It was largely in the voice business, and its focus was in the [small and midsize enterprise] segment," says Art Medici, senior vice president for marketing at Cable & Wireless North America.

A third possibility is all-IP player Level 3 Communications. But even though Level 3 offers private lines and Internet access, most of its services have been aimed at carriers or, as its literature describes, "businesses that drive the majority of their revenue over the Internet."

"I'm totally confounded by Level 3 at this point," Zohar says. "Are they going to stick to a network-layer wholesale model, or are they going to get into retail?" In addition, a Level 3 spokesman confirms that its long-awaited public voice-over-IP service, when introduced by year-end, will first be available on a wholesale basis to carriers. Other second-tier candidates have likewise had a wholesale focus or have lacked national coverage (see graphic, page 33).

One possibility may open up if the merged **MCI** WorldCom/ **Sprint** sells off not only its Internet backbone, as expected, but also pieces of its legacy voice and data networks.

The good news is that Zohar expects the second-tier carriers to move quickly to fill the void. As the Forrester report dryly puts it: "Over the next 18 to 24 months, expect WorldCom to be more focused on integrating networks and lobbying government agencies than delighting corporate customers."

TOP OF THE NEWS

MCI - Sprint combo looms Proposed mega-merger draws applause but raises fears

Stephen Lawson and Nancy Weil
10/11/1999
InfoWorld

THE **MCI** WORLDCOM buyout of **Sprint** proposed last week may bring better service bundles to enterprises in the long run, but users and analysts worry that the turmoil of the massive buyout may fall on customers' heads.

If approved by the Federal Communications Commission (FCC), which last week expressed some concern about its effects, the $129 billion buyout will also raise the spectre of yet more consolidation in a quickly changing market.

Although communications options are set to expand over the next few years -- eventually to include Internet service, long distance, online applications, and IP telephony, among others -- the acquisition initially would lead to two national carriers, AT&T and **MCI** WorldCom, with 80 percent of the U.S. market.

A telecommunications manager at one large company expects the merger to help bring down costs -- but not overnight.

"Having another very large provider out there will help keep AT&T's pencil sharp," said Virgil Palmer, director of telecommunications and networks at Air Products and Chemicals, an AT&T customer, in Allentown, Pa.

However, for customers of **MCI** WorldCom and **Sprint** , things may get worse before they get better.

"Their organization is still in turmoil from the acquisition of **MCI** ," said Dave Brown, IS manager at the New York Times, an **MCI** WorldCom customer, in New York. "We've had quite a bit of churn in our account team," he said.

The turnover at times has affected the quality of **MCI** 's service and support, Brown added.

One analyst said the acquisition may leave some enterprises with a tough set of choices.

"It's going to be harder for large enterprises, particularly those that have been careful to split their traffic because they are looking for an alternative vendor," said Rosemary Cochran, an analyst at Vertical Systems Group, in Dedham, Mass.

"A lot of large customers have an alternate vendor for network services, where it's possible, so this gives them fewer options," Cochran said. "There are only so many combinations you can have."

The New York Times' Brown said that although he plans to keep **MCI** WorldCom as a vendor he is now looking for a backup, particularly because a failure of **MCI** 's frame-relay network earlier this year disrupted service for more than a week.

One such user has hedged bets between **Sprint** and **MCI** WorldCom.

Mike Lieberman, president at Net Wright, has contracts for services with both **MCI** WorldCom and **Sprint** . His company, with offices throughout Wyoming, develops wide area networks for customers and also offers consulting and Internet services. It is critical that his company has connectivity, which is why Net Wright has contracts with both.

Lieberman has strong views about having to rely on one provider: "Should **Sprint** join with **MCI** WorldCom, I (and others) really get hosed. The merger may be wonderful for the wireless business, but it's the pits for [the] Internet."

Other observers agreed that further consolidation could hurt.

" **MCI** WorldCom will argue that the long-distance market is wide open and that there has been competition for 15 years," said Melanie Posey, an analyst at International Data Corp., in Framingham, Mass. "At the same time, sure, it's an open market, but you've got AT&T with 40 percent of the market and then **MCI** WorldCom- **Sprint** with 40 percent. On the face of it, that looks more like a duopoly than anything."

The buyout agreement also came just days after Global Crossing completed its acquisition of Frontier Communications.

Still, it will be difficult to predict the FCC's final ruling, Posey said. Interpreting the Telecommunications Act of 1996, which was designed to open up competition, "is not like a courtroom where there's precedent and case law," Posey noted.

FCC Chairman William Kennard released a statement last week questioning the merger plan.

"The parties will bear a heavy burden to show how consumers would be better off," Kennard said.

Meeting regulators' demands may require yet more adjustments, observers said.

Sprint 's wireless holdings are widely viewed as its primary attraction to WorldCom, which currently lacks that piece of the puzzle. **MCI** WorldCom wants a strong wireless component as a way to be able to offer complete bundled services, Posey said.

However, getting to that point will require concessions on the parts of both **MCI** WorldCom and **Sprint** to appease regulators, according to analysts. **MCI** WorldCom most likely would readily agree to certain concessions, analysts said.

"If they have to divest of the U.S. long-distance part of **Sprint** , they wouldn't mind," said David Brown, a telecommunications consultant at Schema, in London, adding that **MCI** WorldCom is not interested in **Sprint** for long-distance service anyway but has been primarily attracted to **Sprint** 's wireless and overseas holdings.

Although the deal would create a huge company, Schema's Brown said it would not necessarily crush new upstarts. "It would decrease competition quite significantly in the U.S., but equally, there are a lot of players and new ones coming in all the time," he said.

What has been established, though, is that carriers have drastically lowered long-distance prices in the years since the Telecommunications Act was passed.

As a consequence, if the monolithic WorldCom is indeed created, "I wouldn't see any benefits coming to users right away," said Jeff Phillips, an analyst at Telechoice, in Owasso, Okla. "Rates are pretty darn low right now in long distance. I don't believe we'll see lower prices."

Like Posey, Phillips believes one possible outcome of the emergence of a handful of dominant players in the telecommunications market could be the bundled-service model with long distance, Internet, wireless, and other services rolled into one package with a set price.

What fiercely competitive carriers will do to provide more services at a lower cost may have an impact on enterprises as well -- but probably to their benefit.

"The service providers don't want to have to depend on each other for access to the customer," said Cathy Gadecki, also an analyst at Telechoice.

"It's likely that within five years [in large enterprises at first] you'll have a connection into your location from every one of the big carriers," Gadecki said.

"It'll give you connectivity to a wider set of applications and services," Gadecki added.

MCI WorldCom, in Jackson, Miss., is at www.wcom.com. **Sprint** Corp., in Westwood, Kan., is at www. **sprint** .com.

Nancy Weil is a Boston-based correspondent for the IDG News Service, an InfoWorld affiliate. Jana Sanchez, London bureau chief for the IDG News Service, contributed to this report.

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users decry big mci / sprint deal

Network managers fear WorldCom mergerwill reduce bids, harm customer service
Matt Hamblen
10/11/1999
ComputerWorld
Page 1

By Matt Hamblen

Wall Street was dazzled. But corporate network managers said they're worried that **MCI** WorldCom Inc.'s proposal to buy **Sprint** Corp. for $129 billion will mean fewer choices and worse customer service.

"This merger is negative for every single business user in the U.S.," said Lisa Pierce, an analyst at Giga Information Group Inc. in Cambridge, Mass. "Instead of three bids for prices and network designs, you will get only two."

The combination of the No.2 and No.3 long-distance telecommunications carriers, to be called WorldCom, would have about $50 billion in revenue and would be a formidable rival to AT&T Corp. But the deal still must pass regulatory muster, which won't come easily.

Although **MCI** WorldCom would grab **Sprint** 's wireless business, it might have to dump **Sprint** 's Internet components to get government approval, several analysts said.

But users aren't happy about the Big Three long-distance carriers turning into the Big Two. "I've got some concerns for the loss of competitiveness with one less provider," said George Mavris, manager of operations at Citgo Petroleum Corp. in Tulsa, Okla., and an AT&T customer. "One less player means a little less leverage at the bargaining table."

Analysts said having only WorldCom and AT&T to choose from means companies seeking a backup network for protection in disasters will have only one choice.

Poor Integration

Another big concern is customer service. **MCI** WorldCom has been notoriously poor at integrating the **MCI** and WorldCom networks since that merger was approved a year ago, said Pierce. She added that customer service agents and technicians were replaced, and many clients she works with saw billing errors and installations that didn't happen.

Having made 60 acquisitions under the WorldCom name, **MCI** WorldCom CEO Bernard Ebbers' "interests are definitely in mergers and acquisitions, and the company is not interested in building their own customer base," said Glenn Seidman, director of technical services at Complus Data Innovations Inc. The Hawthorne, N.Y., company was burned by the **MCI** WorldCom frame-relay network outage in August [News, Aug. 23].

"They have nonexistent customer service," Seidman said.

The Chicago Board of Trade lost all electronic trading during the outage and complained about not getting clear answers for days about the problem. "We look forward to an improved relationship with the new company," a spokeswoman said.

"Bernie Ebbers fell asleep during the frame outage. And while any company deserves to make a mistake, they just didn't have any emergency plans," said Russ Hilliard, president of Internet USA, an Internet service provider in Kearney, Neb. He said **MCI** WorldCom's failures on the frame outage have cost him nearly $100,000, and he hopes regulators take the carrier's handling of the problem into account when reviewing the merger.

John Sidgmore, vice chairman of **MCI** WorldCom, said the lessons from the outage will help the company improve customer service. "We will deal with customers, we'll learn, and service will be better as a result,"Sidgmore said.

Several customers expressed hope that **Sprint** 's reputation for high-quality customer service will rub off on WorldCom. But Brian Janus, owner of Ruralnet1.com, an Internet service provider in Oskaloosa, Kan., gets service from both companies and said neither one is good.

During the frame-relay outage, Ruralnet1.com lost its T1 service from **MCI** WorldCom, and negotiations are under way for a suitable refund. Meanwhile, the company's subscribers use **Sprint** lines for local access. But "every time you call **Sprint** for service, you get a recording saying it is experiencing heavy call volume. Neither company runs customer service the way I would," Janus said.

Brian Moir, counsel at the International Communications Association, a major business user group in Dallas, said the frame-relay disaster was handled poorly by Ebbers and **MCI** WorldCom. "There was a stark difference in the **MCI** WorldCom handling of its outage compared to that of AT&T's outage a year earlier," Moir said. "AT&T was friendly, and **MCI** WorldCom was not."

Moir said Ebbers' haste in acquiring companies hasn't allowed **MCI** WorldCom to integrate the networks of those companies -- a problem that may get worse when MCIWorldCom tries to integrate the larger **Sprint** network.

Hank Levine, a Washington attorney who helps Fortune 100 companies negotiate contracts with carriers, described **MCI** WorldCom as "obnoxious" for businesses to deal with; **Sprint** , he said, is "more user-friendly." w

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Behind The News **Financial Update**
Telecom Merger Could Hurt Competition -- Customers Fear MCI Worldcom- Sprint Combination Will Stifle Innovation And Impede Service
Bob Wallace
10/11/1999
InformationWeek
Page 177

MCI WorldCom's proposed $128 billion merger with **Sprint** has some customers and industry analysts concerned about what this latest and largest example of carrier consolidation means for competition, innovation, and ongoing customer support.

If the deal is approved by regulators and shareholders, it will create a $50 billion telecom company and leave IT managers with just two major long-distance providers- **MCI** and AT&T. **MCI** WorldCom (WCOM-Nasdaq) and **Sprint** (FON-NYSE) expect the deal to close by mid-2000 at the earliest.

"This is definitely a bad idea because it's going to hurt price competition and will keep the pair from introducing new features or services" because they might have to change them if the merger goes through, says Jim Fey, director of PMI Mortgage Insurance Co. in San Francisco, an **MCI** WorldCom customer. "Let's hope they're not allowed to merge."

Industry analysts share Fey's concerns. "An AT&T- **MCI** / **Sprint** duopoly will hurt users' chances of getting the two to compete on price," says Lisa Pierce, a director at Giga Information Group. The merger could also slow innovation, Pierce says, noting that, in the past, the Bell operating companies stalled innovation until competitors entered their markets.

The merger is far from a done deal. FCC chairman William Kennard expressed concern last week, saying: "Competition has produced a price war in the long-distance market. This merger appears to be a surrender. How can this be good for consumers?"

One analyst says customer service at **MCI** WorldCom and **Sprint** will suffer while the deal is pending. "Once a deal like this is announced, the players become so involved in the post-merger world that there's little if any focus on maintaining customer service and support, not to mention delivery of any new features or services," says Christine Heckart, director of consulting at TeleChoice, a research company.

The merged company, to be called WorldCom, would have to reconcile **MCI** WorldCom's three frame relay networks and **Sprint** 's two. Says Giga Group's Pierce, "When there's overlap, some networks have to be shed, and that doesn't sit well with users of whatever is cast off."

October 11, 1999

News & Analysis
Users Wary Of Mega-Deal
Chuck Moozakis
10/11/1999
InternetWeek
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MCI WorldCom's $129 billion deal to buy Sprint can only increase the menu of voice, data and wireless services available to MCI WorldCom's business customers. But if history offers any lessons, those services may not come cheap, or with the quality and reliability the carriers promise.

If the deal passes shareholder and regulatory muster, the resulting $50 billion company-to be known as WorldCom-will narrow the market share gap with AT&T in services such as long distance voice and frame relay. WorldCom also could control 65 percent of Internet traffic and leverage Sprint 's strong nationwide wireless presence. Its other offerings would include local loop telecom service in 18 states, last-mile data, Web hosting and other business applications.

Responding to the blockbuster merger announcement last week-which came after MCI WorldCom fended off a competing bid by BellSouth-customers and analysts questioned whether the combined entity could successfully fuse its sprawling and disparate networks. Skepticism is especially high following MCI WorldCom's 10-day frame relay service outage in August, which the carrier blamed in part on problems merging the MCI and WorldCom data networks.

Regulators and opponents of the deal are skeptical about whether it will benefit consumers and businesses. Most experts think the combined entity would have to divest some Internet infrastructure to get regulatory approval.

"This is the worst possible combination for long distance customers and business customers," said Giga Information Group analyst Lisa Pierce. "With only two big, national companies left in the long distance arena, it will create a duopoly, and there will be no incentive for either MCI or AT&T to offer better pricing."

IT managers have expressed frustration about the consistency and quality of service they have been receiving amid the telecom merger frenzy, and they reiterated those fears last week. " MCI needs to pay more attention to customer service," said one major MCI WorldCom customer, a manager at a large apparel company who requested anonymity. "It's great if you want to own the world, but if you don't have satisfied customers, it won't work. Service definitely suffered when WorldCom bought MCI , and what's going to happen now?"

In fact, in an InternetWeek poll last month to gauge IT manager satisfaction with merged telecom carriers, almost a third complained of declining customer service. A little over 20 percent said their customer service was somewhat worse since their carrier merged with another, while 8 percent described service as significantly worse.

"I'm concerned that, as with any other merger, it will take attention away from customers for a while," said Mark Endry, CIO of software developer J.D. Edwards, a large MCI WorldCom customer. "But I feel it will go smoother than the MCI WorldCom deal. We lived through that, so I think we can live through anything."

Both **MCI** WorldCom and **Sprint** are rolling out major network architecture and service upgrades aimed at giving customers a single conduit for voice, data and other services. **Sprint** 's ATM-based network is called the Integrated OnDemand Network (ION) while **MCI** WorldCom's, which uses ATM and other technologies, is referred to as On-Net.

"There's a big question in how ION gets fleshed out with On-Net," said TeleChoice Inc. analyst Jeff Phillips. "The biggest objective is back-office and billing integration. They're still trying to get their legacy **MCI** and WorldCom networks to work together."

Others are more bullish, at least about the prospects of ION, in which **Sprint** has invested $2 billion. The carrier just last month made ION available to T1 business users nationwide, flipping the switch on 17 service nodes. Two-year-old On-Net is now used by more than 10,000 customers, according to **MCI** WorldCom.

ION could be central to a combined new offering, according to one market watcher. "I can see **MCI** WorldCom accelerating the deployment of ION."

MCI WorldCom, which would hold 37 percent long distance market share if the acquisition goes through, and AT&T, at 43 percent market share, are currently the best options for IT managers at multinational companies, analysts said. Upstart Qwest, for example, holds just 2 percent long distance share. For this reason, pricing may not be as competitive as it might have been had **Sprint** remained independent, observers said.

The prospects for frame relay are less clear. **MCI** WorldCom would have to combine its four existing frame relay networks with the two current **Sprint** networks, all of which operate in parallel to ION and On-Net. They'd also have to consolidate equipment from multiple vendors such as Cisco and Telcordia Technologies, which **Sprint** has tapped for ION. **MCI** WorldCom currently is evaluating how it plans to transport frame traffic, and could move to an IP alternative if reliability issues can be addressed, according to Fred Biggs, **MCI** WorldCom's chief technology officer.

Sprint also would bring to **MCI** WorldCom its highly respected digital wireless PCS system, which now serves more than 4 million customers nationwide. AT&T, by contrast, provides wireless service to 11.4 million subscribers.

Bigger = Better?

MCI WorldCom CEO Bernard Ebbers assured customers that bigger indeed will be better.

"This merger will create nothing less than the most dynamic, most growth-oriented communications company in the world," Ebbers said. The new company will have more than 140,000 employees and operate in 65 countries.

Ebbers said the company expects to realize annualized savings of $2 billion in 2001-the first full year of operation-and $3 billion by 2004. The savings would accrue in part from more efficient management and maintenance of the combined networks.

Sprint chairman William Esrey will become chairman of the combined company. Ebbers will be president and chief executive officer, while current **MCI** WorldCom chairman Bert Roberts will sit on the new board. The **MCI** , UUnet and **Sprint** brand names will be retained, but how they will be marketed has yet to be determined.

Some customers seemed resigned to the proposed merger-which would be far and away the largest ever.

Fred Peltz, senior technical services analyst at Purina Mills Inc., said, "I don't think this merger will make us feel anything different. **MCI** would be hard-pressed to duplicate the [frame relay outage] we just experienced, and we believe they have learned a great deal from that."

Sprint customers said they will wait to see how things play out.

"We don't have any concern, as long as they keep those electrons flowing," said Michael Fenne, founder and CTO of Pixelon Inc., a distributor of broadcast-quality video. "I don't foresee any change. We're buying specific throughput and specific circuitry, so even if they make big changes to ION, we have a specific backbone provision."

MCI WorldCom and **Sprint** customers will have at least a year to consider their options as regulatory bodies examine the merger. Although Ebbers brushed aside concerns that federal regulators would quash the merger as anticompetitive, FCC chairman William Kennard reacted sharply to the proposed union, saying the carriers will have to show very specifically how the deal will be good for consumers.

"Competition has produced a price war in the long distance market," Kennard said in a statement. "How can this be good for consumers? The parties will bear a heavy burden to show how consumers would be better off."

If the deal does go through, the merger would cap a frenzied three-year period in which hundreds of billions of dollars have changed hands in mergers of U.S. carriers. International players such as Deutsche Telekom and France Telecom-each of which would sell its 10 percent stake in **Sprint** as part of this deal-could also make a raid in the United States.

Ellis Booker and Christine Zimmerman contributed to this story.

October 11, 1999

Sprint Buy Gives MCI WorldCom More Muscle
Mary Mosquera
10/15/1999
CMP TechWeb

The $115 billion merger of **MCI** WorldCom and **Sprint** will create a more aggressive competitor, leading to further consolidation among telecommunications players just to compete, analysts at the Yankee Group said Friday.

But consumers and business customers will reap the benefits of a provider with deep pockets and the ability to deliver a broad range of products with more focus on technical quality, said the telecom analysts who are preparing a report on the record-breaking merger, "Telecom Fusion: The World Is Getting Smaller." However, the consolidation will limit customers' suppliers.

MCI WorldCom may have pursued **Sprint** for its wireless assets, but data is the future, the Yankee analysts said. And in the meantime, long distance is still the cash cow as the merger marries the nation's No. 2 and No. 3 long distance carriers.

The created company will be able to deliver bundled local, long distance voice, wireless, data, and paging to a mixed business and residential customer base. As a byproduct, the merger may give regional local phone carriers more ammunition for regulators to let them into long distance, the Yankee analysts said.

"This is not a done deal. Besides getting regulators' approval, it will just take time for these companies to get together. During that time period, a lot will be happening in the industry -- mergers and the RBOCs getting long distance that will have to be addressed by the combined company," said analyst Boyd Peterson.

For the merger to benefit the public interest, the Federal Communications Commission will most likely require **Sprint** sell its Internet backbone assets, which may get picked up by BellSouth or GTE, the Yankee report said. The combined **MCI** WorldCom- **Sprint** will maintain over 4,000 ISP backbone connections, representing up to 70 percent of the Internet backbone market, and own and operate six of the eight largest traffic-exchange points on the Internet, creating an unhealthy balance of power.

In global markets, **MCI** WorldCom will continue to buy rather than lease to build its network, so it is unlikely the merged company will retain Global One, **Sprint** 's consortium with France Telecom and Deutsche Telekom, Peterson said. The company's most significant competitor is AT&T and British Telecom's Concert, which will be the choice of international corporations because of its reach, despite any inefficiencies from having two parents, he said.

Even after they integrate, a big question will be how the merged company handles corporate and product branding. Each company is recognized for different attributes -- **MCI** WorldCom driven by the financial markets, **Sprint** more by technology, Peterson said. Under what brand will the new company roll out products, he said.

Among the outstanding issues, given regulatory approval, is integrating culture and employees, especially for MCI WorldCom, which was built through about 60 acquisitions. "How often can people go through this arduous, stressful process of integration and still keep their focus on business," analyst Eileen Eastman said.

Discussants on the NetworkWorld Fusion online forum on the Sprint - MCI WorldCom merger

Name:	E-Mail Address:
Adam Gaffin	agaffin@nww.com
David Welch	david.welch@rjconsult.com
Jeff Raddatz	jraddatze@ixl-comm.com
Gary C. Newman	gcn2@juno.com
Danny	dannyw4@ibm.net
Dan Broussard	broussard.dan@bld.bls.com
Chris Duncan	chrisdduncan@yahoo.com
Casey Letizia	casey@creditguard.org
D.J Horner	djhorner@earthlink.net
Yash Soni	YSONI@AOL.COM
Chris Miller	cmiller@uciemail.com
Bill Montgomery	gabrielbm@yahoo.com
John Wilcox	writer-editer@juno.com
Bob Morrison	bob@morrisongroup.net
Ken	No E-Mail
WPT	slothindustries@hotmail.com
Tom B.	tbirkal1@nycap.rr.com
Brad T.	No E-Mail
Daria Bihus	daria1227@excelonline.com
Hank Nussbacher	hank@interall.co.il

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Forum ■ nwfusion.talk ■ MCI/Sprint merger

The merger between MCI and WorldCom has generated numerous challenges in network integration, billing and customer service. Now MCI WorldCom is buying Sprint. What do you think the prospects are for the new mega-merger? Are you sorry to see Sprint get swallowed up? Do you think MCI WorldCom can integrate Sprint's data networks and create a powerful end-to-end offering, or will the giant new company -- to be called WorldCom -- be permanently saddled with separate systems and networks?

■ Adam Gaffin - 12:58pm Oct 5, 1999 EST (1.) Reply agaffin@nww.com
Online editor

Some background

Here are some background resources on the takeover:

Users on edge as MCI WorldCom grabs Sprint
MCI WorldCom and Sprint have agreed to merge - and now face the enormous challenge of convincing users that they can pull it off without the usual period of postmerger chaos. Network World Fusion, 10/5/99.

MCI WorldCom, Sprint confirm $129 billion merger
The boards of MCI WorldCom and Sprint today have approved a definitive merger agreement under a deal valued at approximately $129 billion. Network World Fusion, 10/5/99.

MCI financial and stock info
Including 15-min. delayed stock price.

Sprint financial and stock info
Including 15-min. delayed stock price.

■ David Welch - 03:43pm Oct 5, 1999 EST (2.) Reply

Dangerous Liaisons david.welch@rjconsult.com

I really don't think that this is a good idea. WorldCom has not been able to cohesively put together offerings from its own backyard. Have you ever tried to bundle MCI Long Distance for you business along with UUNet Internet Access along with Remote Intranet Access. They can't that done, and then they want to put Sprint's offerings on top of that? I also think that this could have a very bad effect on the Public Internet as much of the bandwidth is in the hands of a company whose primary function in life is marketing, not the improvement of products and services.

DW

500 Book Titles

■ Jeff Raddatz - 09:33pm Oct 5, 1999 EST (3.) Reply

Lack of customer service at Worldcom jraddatz@ixc-comm.com

Having been a past employee of Brooks, Worldcom, MCI Worldcom, I couldn't keep up with a current business card. My customers felt very ignored. The lack of customer service made me change to a company that puts customer service in front of company acquisition. You can talk network all you want; but without support, you may as well buy tin cans and a string.

■ Gary C. Newman - 03:08am Oct 6, 1999 EST (4.) Reply

Corporate Consolidation gcn2@juno.com

This merger mania gets more wild every day, not just in the telecomm world - try big oil (Mobil-Exxon, BP-ARCO). The question I ask is, with all the companies joining forces, all the conversion of corporate operations, how does any productive work get done? It isn't the employees' or customers' best interest. Why would it be in the stockholders' interest? It justs gets harder for customers to deal with the company. When AT&T bought Alascom (the IXC in Alaska), I went through 6 months of conversion hell - the company gave us an unheard of "pain and suffering" rebate of $6000. We got cutoff letters for bill non-payment when they hadn't even sent the bill. Who knows, maybe each major industry will be owned by a single company someday? Oh, joy. And popular wisdom says Government is inefficient?

▶ Danny - 07:54am Oct 6, 1999 EST (4.1) Reply

MCI / Sprint is definitely not a good idea dannyw4@ibm.net

While MCI built itself by defining competition as a minimal discount under AT&T rates, **Sprint was usually the one major provider that really** provide **price leadership**. Look no further than Sprint's consistent winning of the largest of long distance service contracts - the Federal Government's FTS deals, while MCI and ATT lagged behind as the higher priced second provider in the two big federal deals. **This buyout** would **destroy that competition**, as well **as severely reduce competition** in critical **internet and data service markets**.

Whether you're an individual consumer of telecom services or a Fortune 500 consumer of services, this deal doesn't look like good news.

■ Dan Broussard - 09:21am Oct 6, 1999 EST (5.) Reply

No new IP for Bernie broussard.dan@bld.bls.com

There is no way regulators will let MCIWorldCom keep the Sprint IP backbone. Do so would give them control of nearly **60% of the Internet** here in the states---not very competitive.

This at least gives other carriers an opportunity to take Sprint's customers since merger and reorganization will be the SprintMCIWorldCom theme for the next three years...and service will fall inbetween the cracks.

■ Chris Duncan - 01:41pm Oct 6, 1999 EST (6.) Reply

Bernie Ebbers with Personal Agenda?

I believe that Mr. Ebbers has a personal agenda in the telecom industry. Any sensible executive would sit back and survey what he has now and where he needs to go. Instead his philosophy is to keep on with mergers and acquisitions and let good products and services fall to the wayside. I think that acquisitions is his driving force; he has his second yacht named acquisition and it seems to fit his profile. I am glad that I left that company and pursued other career opportunities.

Chris

■ Casey Letizia - 02:06pm Oct 6, 1999 EST (7.) Reply

Will someone please take Bernie's checkbook casey@creditguard.org

For the last 5 years companies that I've worked for have been victimized by Ebber's "aquisition over service" business model. I've migrated clients and employers from LDDS, Worldcom, MCIWorldcom for lack of perfromance and service. I thought that I'd found a safe haven in Sprint. I'm not paranoid, the guy really IS after me.

■ D.J. Horner - 02:18pm Oct 6, 1999 EST (8.) Reply

FCC: listen to the public and negate this merger djhorner@earthlink.net

I have been a customer of Sprint all of the 90s. Their product and customer service has always been very responsive to the market. I went with Sprit because I did not want MCI. MCI is deaf to the public's response of their product. The merger is a disappoint to me (the satisfied consumer) and a loss to free enterprise. MCI has not shown the ability to handle the problems of integration of systems for the intenet. Nor does it sound like it knows that customer satisfaction must be of the highest priority. I hope the FCC listens to the public and negates this merger.

■ YASH SONI - 09:11am Oct 7, 1999 EST (9.) Reply

Network Amalgamation YSONI@AOL.COM

Adam, Realistically speaking, MCI-WC has had a gargantuan task on it's hands consolidating it's past acquisitions and has hence left some of these "as-is" over the recent past. Consolidating the functionalities of different OPS, Engineering and Provisioning/Install crews supporting entirely different Frame Relay/ATM networks has been no small task and in all fairness, is extremely complicated under the best of circumstances. Couple in the typical carrier mind-set which places highest priority on revenue generation by rapid deployment of fat pipes globally to meet customer demands for a end-to-end managed/owned facility based network connectivity scenario, we emerge with a situation where the focus I think in MCI-WC is not quite on quality engineering but rather on speedy roll-outs of access points/more bandwidth. On a related point, Sprint has 2 FR networks (the PSN and PSN2, based on the ADN TP 4900 and the Nortel Passport switch) and an ATM backbone, to boot. "Leveraging synergies by consolidating these clouds" with those already present in MCI-WC is a nicely worded MARCOMM type of statement which can be stated with a lot more ease than it can be implemented.

In short, Pandora's box just got a whole lot bigger and messier for the parties in question. The solution: There is no simple one, but one does exist! Assuming the FCC does okay the merger pursuant to certain divestitures/spin-offs by both parties, MCI-WC and Sprint will need to recognize the urgency of focusing critical resources at all levels (ops/engg/project management/executive level)to come up with a Multi-Generation plan for this consolidation, working in close cohesion with the best and brightest personnel that their switch vendors' teams have. The process is slow and tedious but can start to bear fruit in as little as 9-12 months from initialization. My personal take on the chances of this happening: Very, very slim at best.

To wrap up, I recommend that users do due diligence, as before, when choosing any carrier's service offerings whether FR/ATM/IP VPN/Managed Router services. Backup solutions that use a different carrier and possibly a differnt service are of key importance for your most critical sites.

■ **Chris Miller - 09:23am Oct 7, 1999 EST (10.) Reply**

Sprint was the one good one left.... cmiller@uclemail.com

We have been a customer of MCI and AT&T in the past. The reason we use Sprint as our service provider for IP, Frame Relay and Long Distance is they have a customer focus, good products and competitive prices. MCI and AT&T lack at least one of those factors. MCI lacks more than one. We moved away from MCI in the past because we were unhappy with them in the extreme. Now it appears they are being shoved back down our throats, all so a few top executives can make some more millions. Hopefully the FCC will see the error of this merger and put a stop to it. I doubt it, but we can hope.

■ **Bill Montgomery - 12:19pm Oct 7, 1999 EST (11.) Reply**

Can Esrey upgrade WorldCom? gabrielbm@yahoo.com

I think many people are missing the point of this merger. The value of the network, real estate and hardware is much less than the value of Sprint. The difference is the people.

By naming Esrey as head of WorldCom, it appears that Ebbers is sending the message that business as usual is gone. Sprint Quality (there really is such a thing) and the lessons learned in producing it will be an expectation of the new WorldCom head.

Esrey and Ebbers are smart enough to realize that properly trained and motivated people are essential to the bottom line. Good people will be retained, poor performers will be looking for employment. When has it ever been different? Why should it be different? This is a capilist state!

Competition? This merger comes on the heals of much larger corporations attempting to enter the Long Distance market. As the Global Market expands huge corporations such as BT, Microsoft, Deutsche Telecom will be entering the local/long distance market. Don't worry, your long distance charges will be below cost for some time.

Once the spin-offs happen to appease the FCC, the telecom industry will, for the first time, have two competing mega-corporations. Innovation will be at an all time high, cost to the consumer will continue to get lower as local and long distance rates are subsidized by new technology.

Remember, for every negative article you see, there are ten positives that never get written!

■ John Wilcox - 12:36pm Oct 7, 1999 EST (12.) Reply

Service is already unacceptable writer-editor@juno.com

When it was just WorldCom, service was great. After the MCI merger, things went downhill...and off a cliff. Earlier this year I added a cell phone. When I called in to activate it, their recording said it would take 1-2 days, but it took 8. After several days, I decided to go with another carrier, but in the rest of those 8 days I could not get through to anyone. Just this week I called to complain that a change in service had not been implemented. It took me 3 days to get through, only to find out that it takes 2 months to implement a change in service! What do you suppose things will be like after the merger with Sprint?

■ Bob Morrison - 08:51pm Oct 8, 1999 EST (13.) Reply

Major MCI Worldcom Sprint Headache

bob@morrisongroup.net

As a telemanagement company, I can tell you, we deal with "carriers" customers every day. I'd say 99% of all referrals we get into MCI Worldcom cusomers are due to 1) Billing errors 2) Not getting the quoted rates 3) Cannot read the billing statement 4) Now who is my rep today? 5) Why when I call for customer service, I never get the same person twice 6) how can I get out of this contract?

With the Sprint merger, this will benifit my company due to MORE HEADACHES. Without a sales pitch, visit www.morrisongroup.net

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■ Ken - 03:03pm Oct 13, 1999 EST (14.) Reply

Sprint Internet No e-mail Address

I work for the Internet side of Sprint and all we are hearing is that things are going on "business as usual". However, for anyone with an ounce of intelligence it is apparent that there are going to be drastic changes with the Sprint Internet business, starting with the sale of our backbone either to Qwest or another large IP player. I now have a hard time selling IP connections to my customers without knowing where that traffic will be in 12 months.

■ WPT - 03:12pm Oct 15, 1999 EST (15.) Reply

Why customers may now flee from Sprint/MCI? sloth industries@hotmail.co

Over the past seven years, I have dealt with AT&T, Sprint, and MCI. Of the three, SPrint consistently proves to provide superior services at the most competitive pricing. Below are some observations I have made:

COMPETITIVE BIDDING in RFP Processes: In every competitive bid I consulted, MCI was never even close in the race and consistently lost out due to pricing and poor RFP presentation. The final battle was always between Sprint and AT&T with the incumbant winning (greatly reducing pre-RFP pricing). In one recent RFP, a MCI team responded to a question, "We don't the answer. This portion of the RFP response was composed by the WorldComm side of the house." MCI was cut on the first round.

BILLING SERVICES: I always found Sprint billing to be the most flexible and easiest to customize. AT&T continues to improve their billing processes to a very nice package today. Inept MCI-WorldComm continues to have problems integrating their multiple billing systems. MCI's highly advertised "on-line billing service" doesn't even work for their own internal billing folks much less for the customer. Thank god MCI has decent billing specialist... otherwise MCI would have NO customers. This merger would just add another system integration to confuse MCI and consumers.

ACCOUNT TEAMS: Sprint always seemed to have a concise and consolidated account team which was well tuned to the rest of the corporation. AT&T does have divisional problems, but the industry experience overcomes many organizational issues. MCI doesn't know which way is up. Account teams seem to be disconnected with the customer as well as their own internal organization. The Sprint merger will further make MCI a dysfunctional organization.

CUSTOMER SUPPORT: Again in my opinion only, SPrint tended to lead the industry. AT&T proves to be frustrating if you don't have direct in-roads to support. Unless you have an outstanding account team, MCI support was extremely lackluster. Outages would occur and MCI would not provide answers. MCI's data network technical competence often comes under scrutiny by customers. Check out performance uptime of the data networks. Yes, all carriers experience outages and AT&T did have a system-wide FramRelay meltdown in 1998. However, MCI has had two major meltdowns within a 60 day period (FrameRelay Aug 99 and little publicized SMDS outage July99). MCI handled both of these outages very poorly with unacceptable explanations or retribution. There is very little direction that indicates MCI's customer support will improve as they will be more concerned on how to we integrate all the networks, people, and systems.

CLOSING: FCC should not even consider approving this merger. The current split of major telco companies is excellent for competition. The flight of customers from MCI is already forming and several senior IT executives are already considering leaving Sprint if merger is approved. With this trend, AT&T will once again become the only reasonable choice for major Corporations. There are more than a few companies that already plan to leave MCI for AT&T within the next year. FCC::::Don't Let the industry slide backwards with this merger.

■ Tom B. - 03:43pm Oct 15, 1999 EST (16.) Reply

Service and competition tbirkal1@nycap.rr.com

I just switched to Sprint LD and got a Sprint PCS phone, after MCI ripped off my girlfriend to the tune of about $200. Their clueless sales reps told her that, sure, she could get MCI on the line at the place she was housesitting, but MCI never made the change, the local carrier was too lame to figure out it, and she's left holding the bag. So we switched, and now it hardly matters, right? After all, it's all one company now (FCC, take not on the competitive issue here). I might switch back to MCI just to get the bonus miles for coming back, but I'm going to start using net phones and 10-10 services for my calls just to keep from sending/wasting more money at WordSprintMCIComWhatever.

▶ BradT - 02:03pm Nov 1, 1999 EST (16.1) Reply

10-10 "retaliation" no e-mail

Yes, but WHICH 10-10 service.

MCI seems to own more than their fair share, either directly or indirectly.

■ Daria Bihus - 12:38am Oct 21, 1999 EST (17.) Reply

Number 3 Carrier?...what's the problem daria1227@excelonline.com

Someone please correct me if I am wrong, but I am under the impression that EXCEL Communications was the number 4th largest long distance company before the merger. So wouldn't that make EXCEL # 3 now after the merger??? Please correct my math if I am wrong...or my information.

■ Hank Nussbacher - 06:33am Oct 21, 1999 EST (18.) Reply

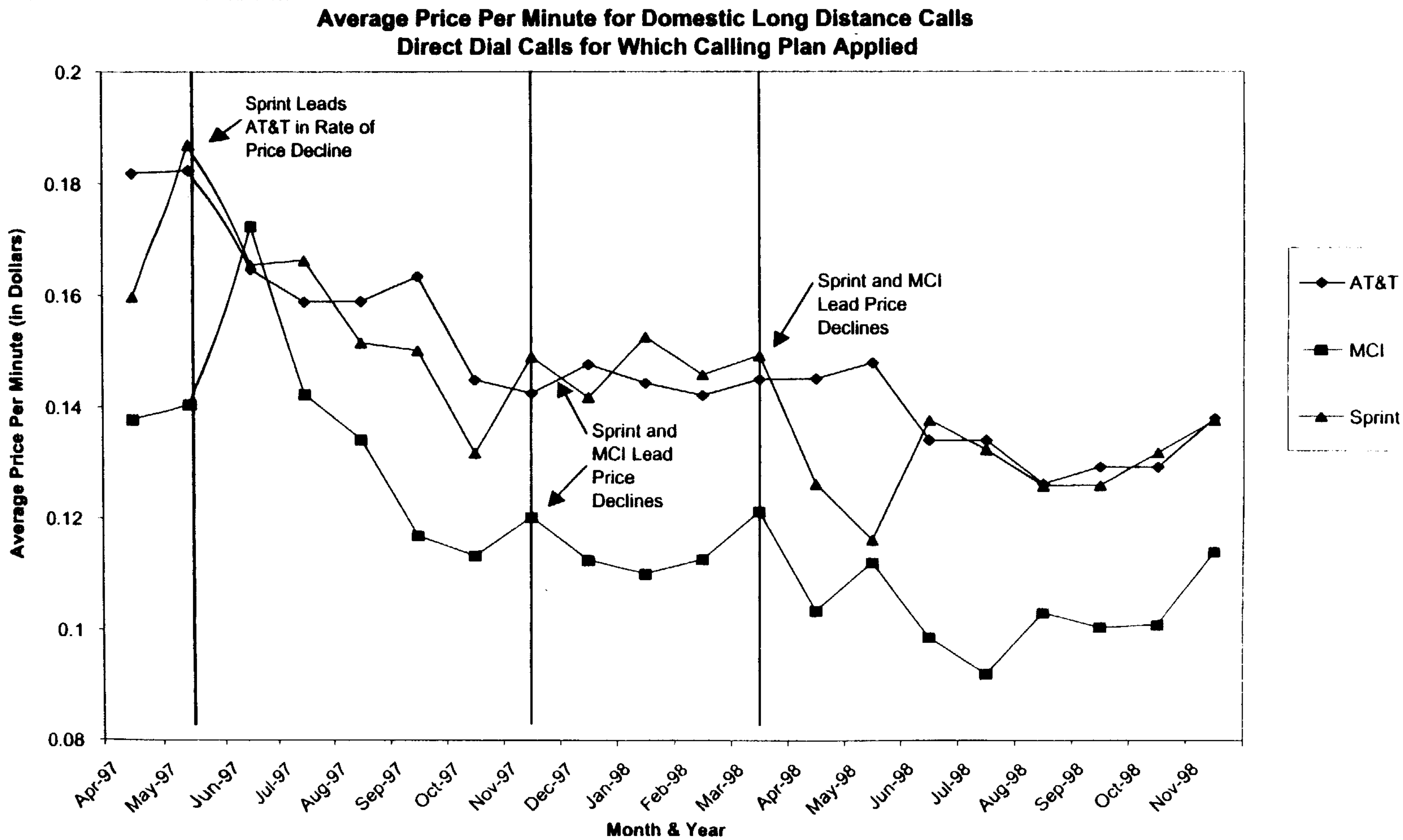
How will WCOM come up with $115b? hank@interall.co.il

Q: How will MCI/Worldcom come up with the $115b for Sprint?

A: 7 cents a minute for the next 2.3 million years.

Appendix B.
Sprint and MCI WorldCom Have Led Recent Price Declines in Long Distance Services

Sprint and MCIWorldCom Have Led Recent Price Declines in Long Distance Services (1 of 2)



Source: PNR, MarketShare Monitor National Tracking Survey, 1999
(from Testimony of James F. Rill, U.S. Senate Committee on the Judiciary, Hearing on

Sprint And MCIWorldCom Have Led Recent Price Declines in Long Distance Services (2 of 2)

- On July 19, 1999, Sprint Became the First Carrier to Cut Prices For Domestic Evening Calls to 5 Cents Per Minute By Introducing The "Nickel Nights" Calling Plan.
- Three Weeks Later, on August 10th, MCI Launched the "MCI 5 Cents Everyday" Campaign, Which Offers Consumers a Rate Of 5 Cents Per Minute on Evening and Weekend Calls.
- AT&T Responded On August 30th By Offering 7 Cents Per Minute On Domestic Calls Anytime of Day.

Sources: Sprint Press Release, *Sprint Introduces Nickel-Minute Calling Every Evening*, July 19, 1999; Shu Shin Luh, *MCI Ups the Ante For Long Distance*, New York Times, August 10, 1999; Saul Hansell, *AT&T Joins Rivals By Lowering Rate For Long Distance*, New York Times, August 31, 1999.