

EX PARTE OR LATE FILED

MCIWORLD.COM

Bradley C. Stillman
Senior Policy Counsel
Strategic Advocacy

ORIGINAL

1801 Pennsylvania Avenue, NW
Washington, DC 20006
202 887 3340
Fax 202 887 3116

April 19, 2000

ORIGINAL

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RECEIVED

APR 19 2000

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

CC Docket No. 99-333

Dear Ms. Salas:

On April 19, 2000, Dan Kelley of HAI, Inc., Robert Mercer of Broadview Telecommunications, Richard Metzger of Lawler, Metzger and Milkman and I along with Craig Dingwall of Sprint and Renee Callahan of Wilkie, Farr and Gallagher met with William Rogerson, Claudia Fox, Daniel Shiman, Christopher Libertelli, Donald Stockdale, Henry Thaggert and Eric Einhorn regarding the above referenced matter.

In the meeting we discussed the declaration submitted as part of the Application for Consent to Transfer Control filed on November 17, 1999, dealing with the ways technological changes are influencing telecommunications markets. The attached presentation was used during this meeting.

In accordance with section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), an original and one copy of this memorandum are being filed with your office.

Sincerely,


Bradley Stillman

cc: William Rogerson
Claudia Fox
Daniel Shiman
Christopher Libertelli
Donald Stockdale
Henry Thaggert
Eric Einhorn

No. of Copies rec'd 0+1
List ABCDE

Technological and Market Trends

Daniel Kelley

HAI Consulting, Inc.

Robert Mercer

BroadView Telecommunications, LLC

April 19, 2000

Technological Change

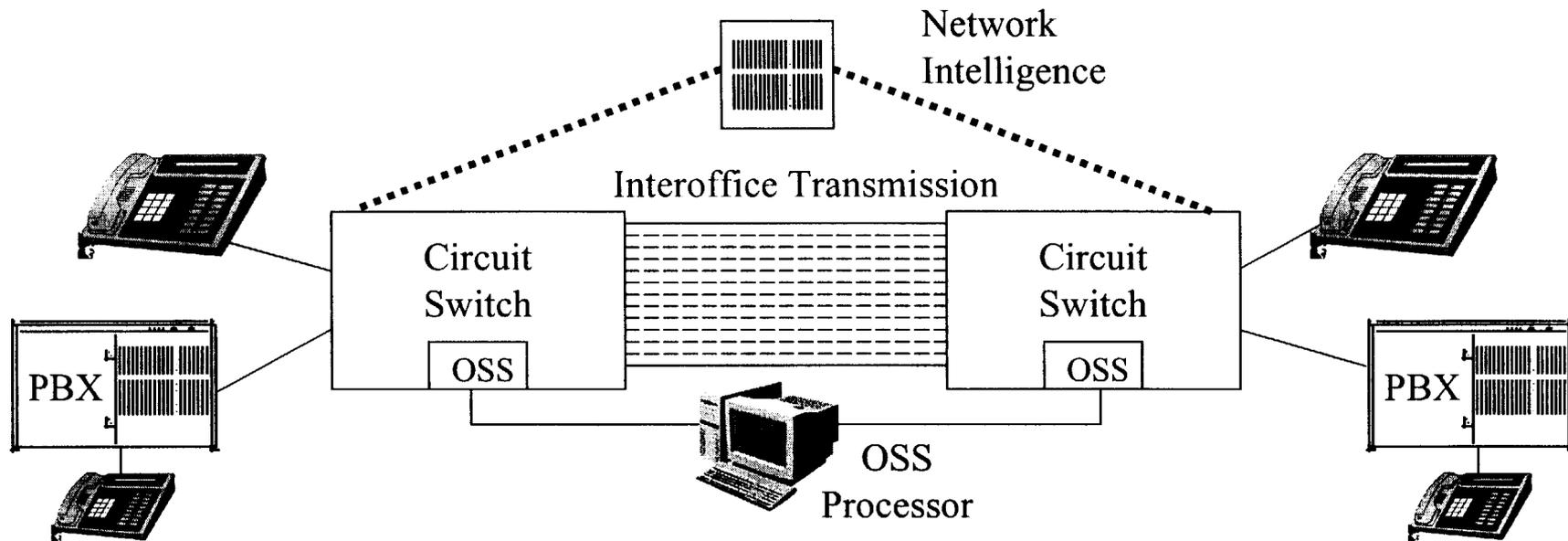
- The telecommunications industry is experiencing rapid technological change
- Examples
 - Analog to digital microwave to single mode fiber
 - WDM to DWDM
 - Circuit switching to packet switching to integrated networks
- Market push instead of technology pull

New Facilities-Based Entrants

- New entrants are deploying networks that differ radically in structure and technology from traditional, circuit switched networks
- New networks are able to offer broadband data, narrowband voice and a host of other applications such as video imaging

Network Paradigms

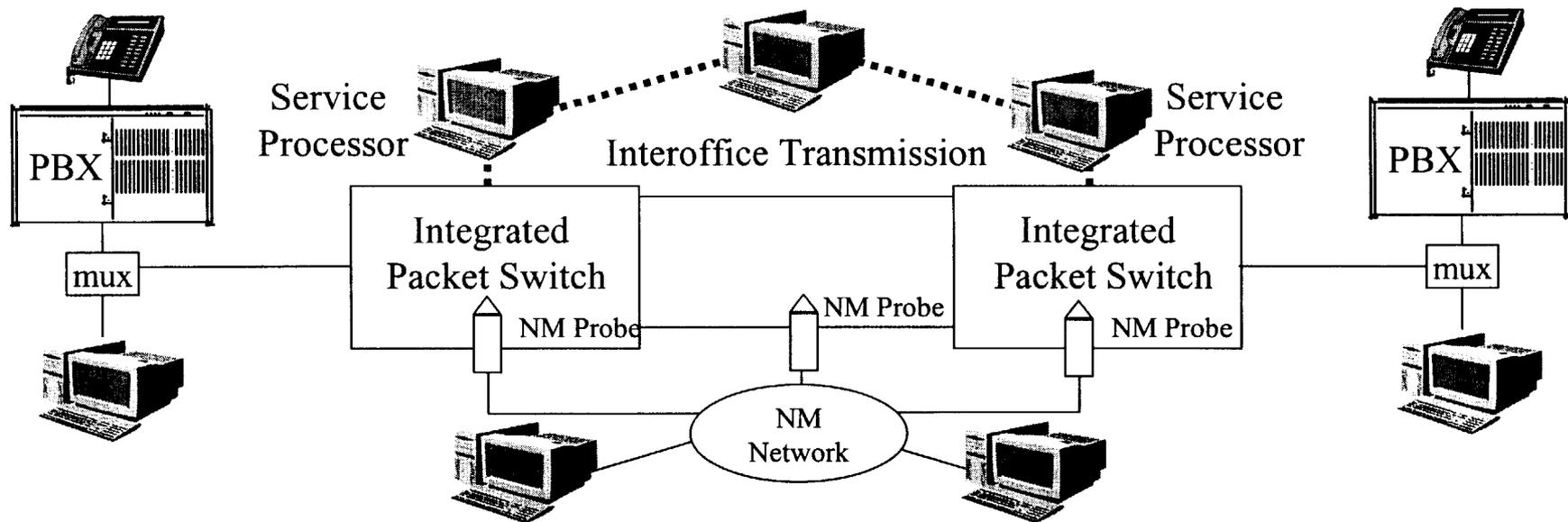
Legacy Networks



- Single service orientation - voice
- Circuit switching - 64 kbps circuits
- Circuit-oriented transmission - 64 kbps circuits
- External intelligence limited to voice features
- Operations Support Systems (OSS) built into network equipment
 - OSS-specific processors

Network Paradigms

Emerging Networks



- Integrated service orientation
- Fast packet switching - variable speeds
- “Pipeline” transmission - no circuit definition
- Service defined by service processors (gateways)
- Network management probes built into devices
- External, general purpose network management network
 - OSS is software in network management (NM) processors

Advantages of New Networks

- New entrant networks are suited to a fluid, dynamic marketplace
 - Legacy carriers are scrambling to catch up
 - Network implementation proceeding quickly
- New networks accommodate voice as well as explosive growth of data and other broadband traffic
 - Less expensive technology
 - More efficient operation
 - Flexible
 - Scalable
 - Widely-deployed

Technological Change and Merger Analysis

- New entrants are able to offer an array of services that consumers, both residential and business, want and traditional networks are not designed to provide
- New networks also have substantial capacity available for providing, directly or indirectly, traditional services, including residential voice
- Coordination among firms is much more difficult when technology is changing
- Technological change and convergence in local markets will be discussed next week

Conclusions

- The merger is taking place in a world experiencing rapid technological change
- Technological change is both reducing entry barriers into long distance and making inter-firm coordination more difficult
- Looking only at traditional, circuit-switched telecommunications services presents an incomplete and misleading view of the market