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January 13, 2004

Via Electronic Filing

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W., Room TW-B204
Washington, DC 20554

Re: Notice of *Ex Parte* Presentation: CC Docket Nos. 01-92, 96-262 and WC Docket
No. 02-361.

Dear Ms. Dortch:

Yesterday, January 13, 2003, Hossein Eslambolchi, Robert Quinn and I met with Commissioner Kevin J. Martin and his senior legal advisor, Daniel Gonzalez. AT&T discussed generally the status of technology surrounding all communications over internet protocol and reiterated its position that its phone-to-phone IP telephony services must continue to be exempt from arcane, uneconomic and bloated switched access charges. AT&T reviewed the network evolution of services provided over IP and how the Commission's "wait and see" policy concerning IP telephony services has been an incentive to carriers to invest in advanced network architectures. The attached document was used as an outline of that discussion.

Consistent with the Commission rules, I am filing one electronic copy of this notice and request that you place it in the record of the proceedings.

Sincerely,

A handwritten signature in black ink that reads "Patrick H. Merrick".

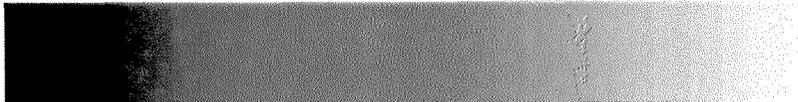
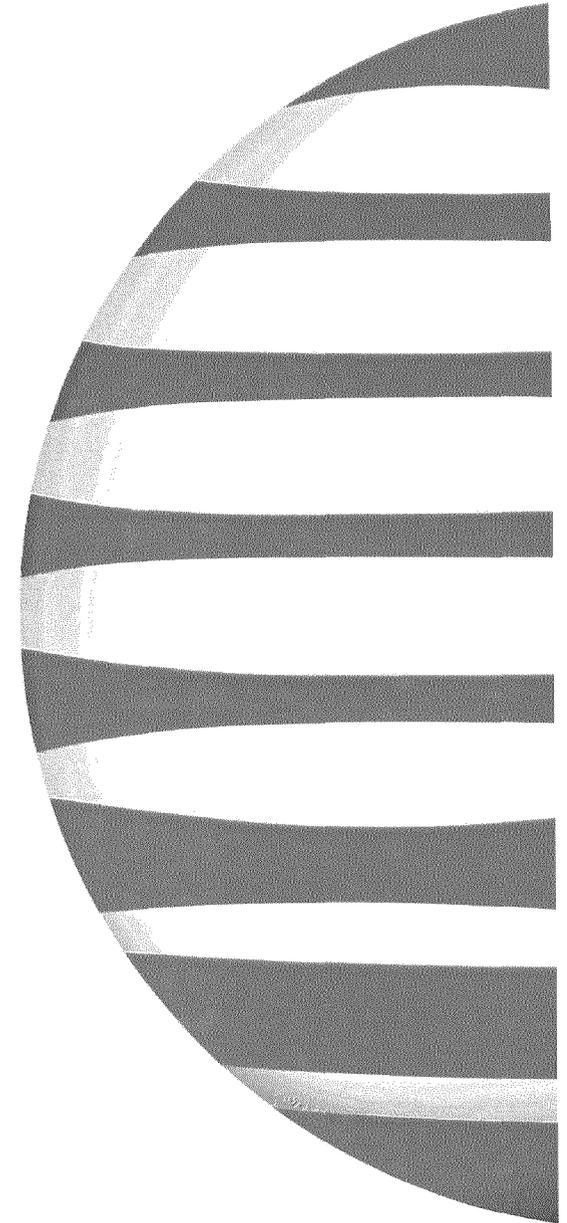
Attachment

cc: Commissioner Kevin J. Martin
Daniel Gonzalez

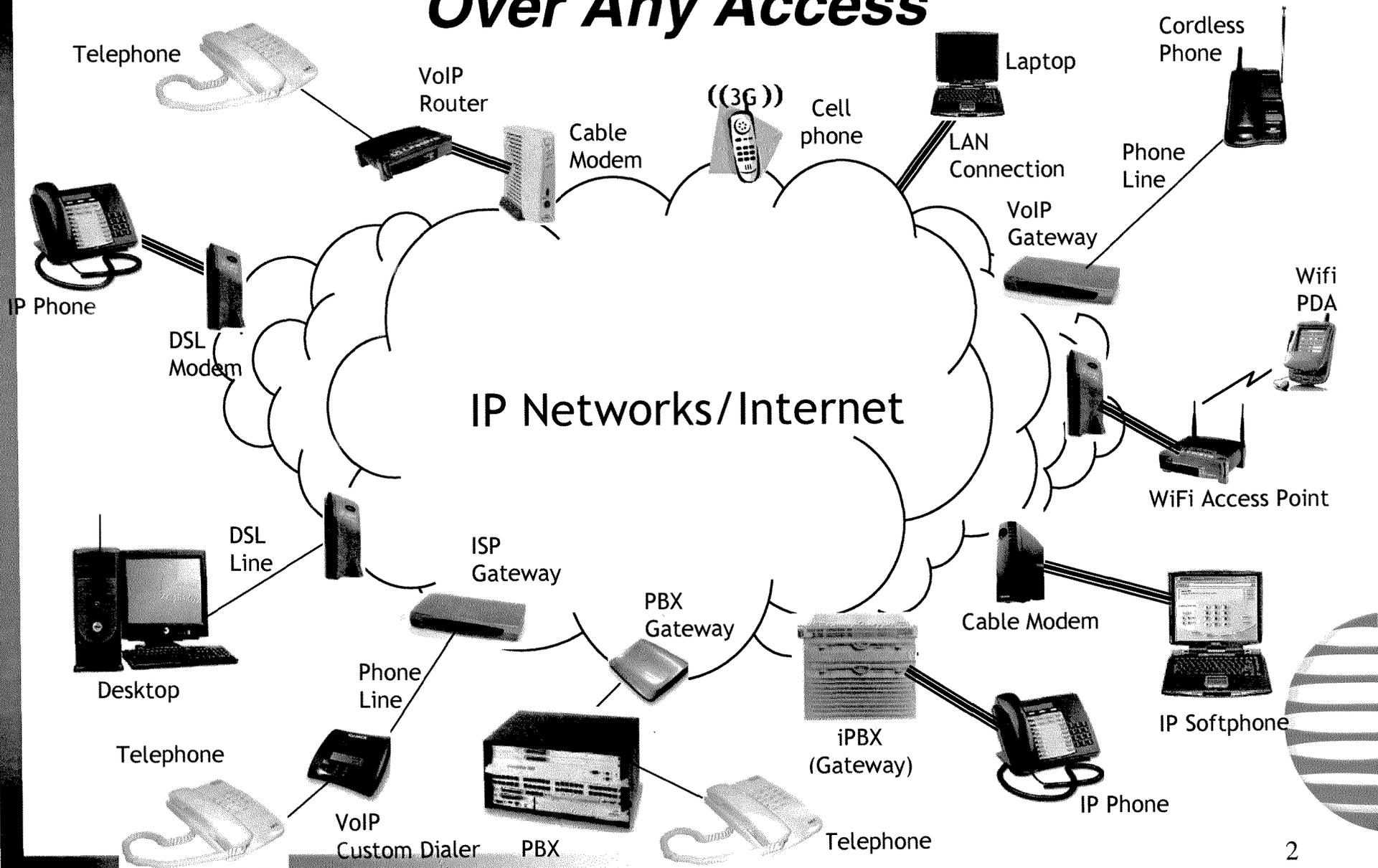
Services over IP Network Evolution

Hossein Eslambolchi

***AT&T CTO & CIO and
President - AT&T Global Networking
Technology Services***



Power of IP: Any Device to Any Device Over Any Access



Some Industry Trends

- **Data / voice distinction is blurring**
 - The Internet is increasingly being used for voice and data, including AT&T's phone-to-phone IP telephony
 - Many corporate packet networks run VoIP and TDM combinations
 - LD and Local providers run VoIP for an increasing portion of total traffic
 - Cable operators are offering VoIP and cable telephony services
- **Voice is becoming an application over IP networks**
 - The industry architecture for VoIP is to treat the voice packets and the signaling as applications on an IP network
 - Innovative IP-based applications (call routing, integrated messaging, ...) are written for the IP network
 - Phone numbers are going to be location independent
 - Phone calls are going to be distance independent
- **Device functionality is converging**
 - Emergence of devices such as cell phones that are PDAs, SIP telephones that are also Java computing devices, WiFi handsets that are SIP endpoints
 - Protocol conversion is happening directly in many CPE devices, not just "computers"

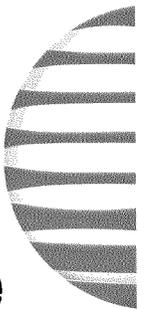
It is quickly becoming difficult to discern what a "phone call" is in the traditional sense



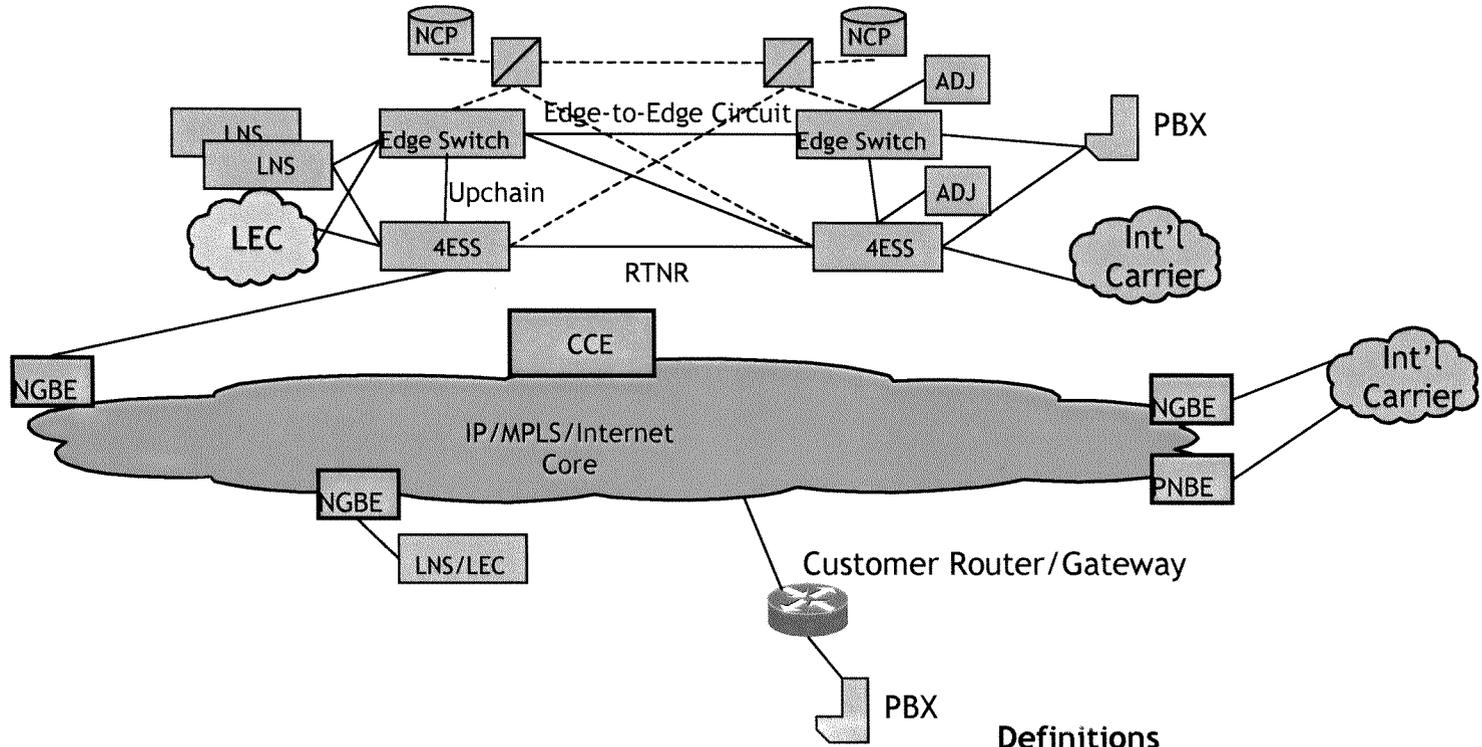
AT&T's Approach to VoIP

- **Voice over IP – The early days**
 - Learnings to improve reliability, operations and scalability
 - Network efficiency and availability of cost-based termination
 - Integrated access types
- **Voice over IP – Today's build-out**
 - Infrastructure capital savings
 - Executing the build-out with equipment and systems on par with carrier-quality
 - Reach to native IP endpoints (cable, DSL, private line, VPN, IP-PBXs)
- **Services over IP – The Target: seeds planted for the industry's future**
 - Value-added services based on direct IP connections to the network
 - A software-based platform for innovative third-party applications, devices and access types

AT&T is on a migration path to provide value-added services on a reduced cost infrastructure



VoIP – The Early Days



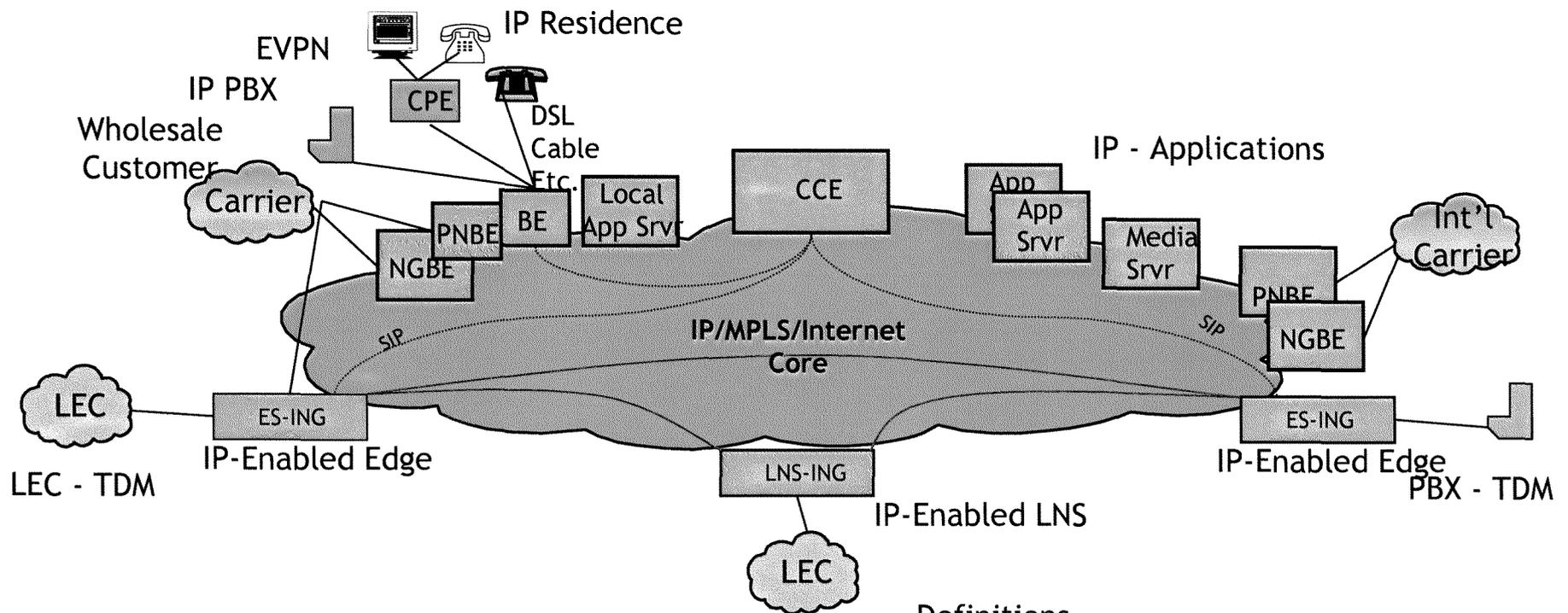
**Advanced Voice Features Across TDM
VoIP transport with hop-on/hop-off**

Definitions

- BE - Border Element
- CCE - Call Control Element
- ING - Integrated Network Gateway
- NGBE - Network Gateway Border Element
- PNBE - Peer Network Border Element



VoIP – Today's Build-out



Interconnect local, toll & international switches with IP
 Replace Adjuncts with Media Servers to reduce capex
 Interconnect private VPNs with public VoIP services

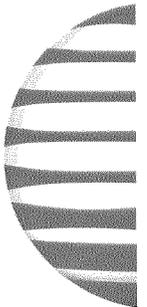
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Voice Transformation to IP

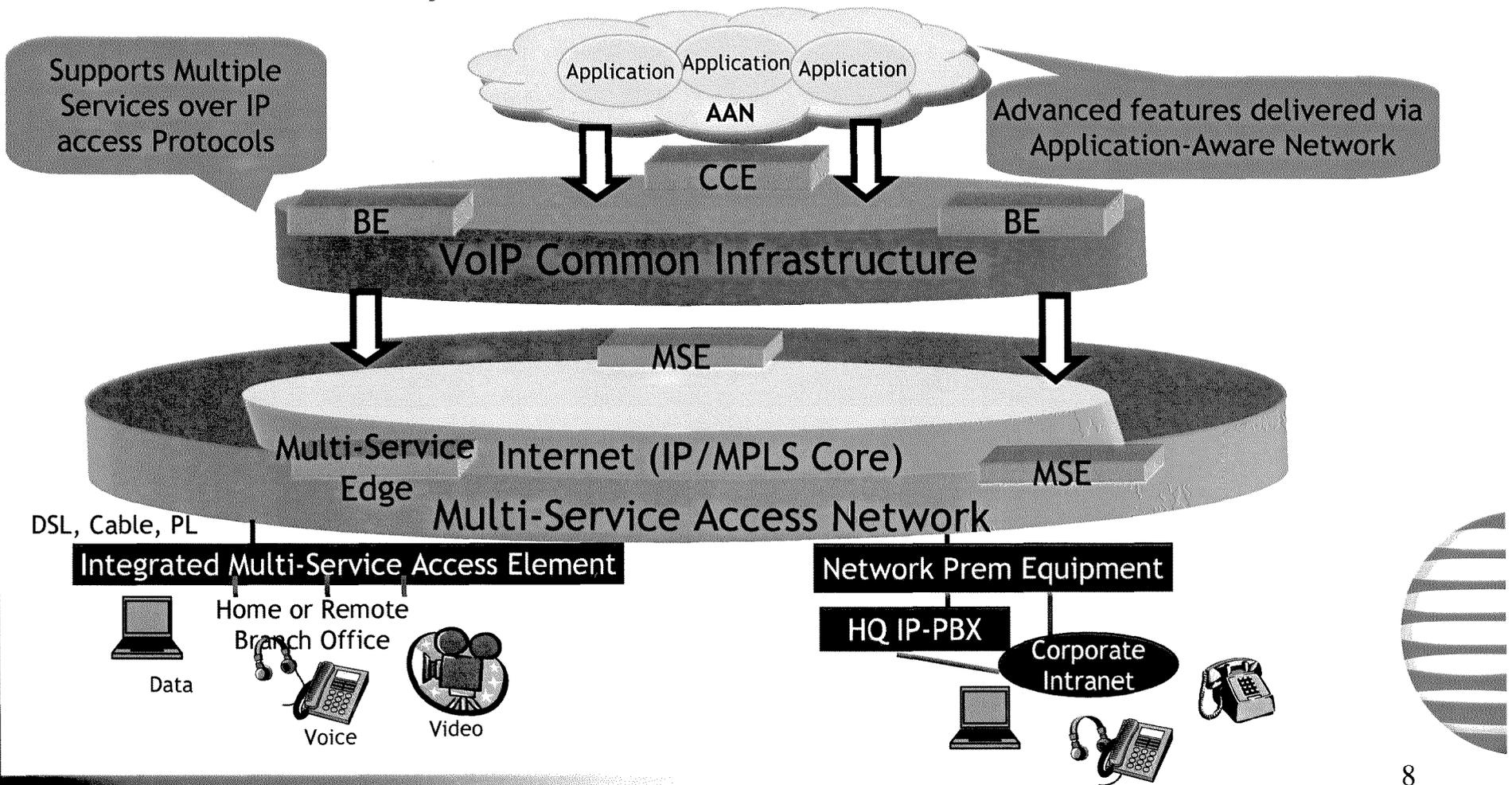
- **The AT&T Voice Network – Big shoes to fill**
 - 350M calls/day
 - <100 Defects per Million
 - 10^{-5} blocking
 - 200 Toll switches; over 130 Local switches; 15 International gateways
- **Magnitude of Migration**
 - Approximately 525K T1s connected to the LD network
 - Even more complicated than the industry shift to all-fiber networks and the digital conversion (due to VoIP protocol explosion)
 - Huge investment in VoIP network, systems and migration tools
- **Industry perspective**
 - Little investment being made in circuit switching technology
 - Investment in VoIP technologies and real-time, IP-based applications
 - Intelligent endpoints (not just black telephones) are emerging

AT&T is undergoing a massive transformation to VoIP



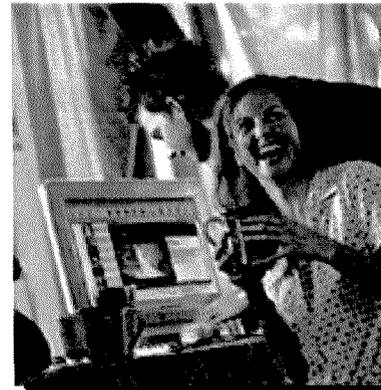
Services over IP – The Target

- Secure, integrated voice/data/video access
- Extension of premise intelligence to reduce operations cycle time
- Standard protocols & service creation environment → innovative applications in network
- End-to-end resiliency to central office failure



AT&T's Commitment to VoIP

- **Expand Business and Launch Consumer VoIP in selected markets in first quarter of 2004**
- **Data centers on each coast will provide access to top 100 markets in the country**
- **Great brand and experience in IP telephony**
- **Superior capabilities and functionality**
 - Do Not Disturb
 - Personal Conferencing
 - Locate Me
 - Call Log



Take-Aways

- **Data / voice distinction is already blurred:**
 - **The two will become completely indistinguishable in the future.**
 - **Voice increasingly is “just” an application carried over IP networks.**
 - **Device functionality (computer/telephone) is converging.**
- **FCC’s de-regulatory policies towards VoIP enable capital to flow to begin the enormous task of integrating VoIP technology into carrier networks.**
- **Innovation and investment in VoIP are on the rise as the industry moves to an integrated IP platform.**
 - **AT&T undergoing a massive transformation of its Voice Network to IP.**
- **FCC should continue its deregulatory policies on VoIP**
 - **To provide carriers the incentive to continue that evolution**
 - **To ensure continued investment growth throughout the industry**

