



Qwest
607 14th Street, NW, Suite 950
Washington, DC 20005
Phone 202-429-3120
Facsimile 202-293-0561

Melissa E. Newman
Vice President – Federal Regulatory

EX PARTE

August 19, 2004

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, DC 20554

Re: *In the Matter of Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements, WC Docket No. 02-112*

Dear Ms. Dortch:

On August 17, 2004, Melissa Newman, of Qwest, met with the following staff members of the Federal Communications Commission's Wireline Competition Bureau: William Kehoe, Michael Carowitz, Kimberly Jackson, William Dever, Ben Childers, Jon Minkoff and William Cox. Qwest was also represented, via telephone, by Therese Campion, Tim Boucher, Jim Hannon and Glenda Weibel. In the meeting Qwest presented the attending staff members with the attached PowerPoint presentation entitled "Enterprise Market". This *ex parte*, and its associated attachment, are being filed today for inclusion in the public record of the above-captioned proceeding.

In accordance with Commission Rule 47 C.F.R. § 1.49(f), this *ex parte* is being filed electronically in the above-referenced proceeding pursuant to Commission Rule 47 C.F.R. § 1.1206.

Sincerely,
/s/ Melissa E. Newman

Attachment

cc: William A. Kehoe (via e-mail at william.kehoe@fcc.gov)
Michael Carowitz (via e-mail at michael.carowitz@fcc.gov)
Kimberly Jackson (via e-mail at kimberly.jackson@fcc.gov)
William Dever (via e-mail at william.dever@fcc.gov)
Ben Childers (via e-mail at ben.childers@fcc.gov)
Jon Minkoff (via e-mail at jon.minkoff@fcc.gov)
William Cox (via e-mail at william.cox@fcc.gov)

Qwest®



Spirit of Service

Enterprise Market

Ex Parte August 17, 2004

Overview

- ❑ **Market Description**
- ❑ **Qwest's Participation in the Enterprise Market**
- ❑ **Concluding Comments**

Market Description

- ❑ **Qwest considers customers as Enterprise customers based on three typical criteria:**
 - Number of employees (500+)
 - Potential communications expenditures (\$25,000+/month)
 - Multiple locations

- ❑ **Qwest segments Enterprise customers into three main categories:**
 - Commercial
 - State and local government
 - Federal

Market Description

- **Numerous Competitors Serve the Enterprise Market**
 - AT&T, MCI, and Sprint
 - XO, Level 3, Broadwing, Global Crossing, Wiltel
 - BellSouth, SBC, Verizon, Qwest
 - Other specialized carriers and niche providers (360 Networks)

Market Description

- ❑ **To date, interLATA relief has had only a minor impact on Qwest's role in the Enterprise market**
 - **Until recently BOCs such as Qwest were secondary providers and providers of wholesale services to AT&T, MCI and Sprint – not direct competitors, as they are now**
 - **Qwest was unable to sell a full range of services to Enterprise customers until late 2003 due to 271/272 restrictions**
 - **Many large Enterprise customers have entered into long term agreements with other carriers which limits Qwest's opportunities**
 - **Qwest has a very small share of the retail market for in-region interLATA services.**

- ❑ **Virtually all but the smallest Enterprise customers purchase communications services from more than one provider**

Market Description

❑ Characteristics of Large Enterprise Customers

- **Very knowledgeable concerning products and options for meeting telecom needs**
 - Large, sophisticated in-house IT staffs with many ex-telecom industry veterans
 - Aware of price trends and price differences between providers
 - Generally, manage their own networks
- **Unwilling to be dependent on a single telecom provider**
 - Use multiple service providers wherever possible
 - Very concerned about service reliability and route diversity
- **Telecom services are usually provided under contract**
 - Lead times can be long for major telecom purchases
 - Long term agreements (2-3 years or more) are the norm for significant telecom purchases
 - RFP or bid approach is normally employed
 - Performance standards and service guarantees are the norm

Qwest's Participation in the Enterprise Market

- **Qwest has assigned account teams to most large Enterprise customers (e.g., Fortune 500 customers)**
 - Account teams include sales personnel, engineering support and other support staff
 - Account teams call on both Qwest's existing and potential Enterprise customers at their business locations
 - While account teams monitor existing contracts/services, much of their time is devoted to pre-RFP/bid work associated with identifying customer requirements, potential solutions and technical specifications/requirements

- **Discussion of a typical sale and provision of service to large Enterprise customers**
 - The “nuts and bolts” of dealing with large Enterprise customers
 - Discussion of the timeline/milestones associated with a typical sale

Concluding Comments

- **In the short time that Qwest has been able to provide a full array of services to Enterprise customers, it appears that competition has become much more intense (both in terms of price and contract terms and conditions)**
 - **In the past, AT&T, MCI, and Sprint basically “owned” the Enterprise market and, now that they must share the market, they will inevitably face some loss of market share**
 - **Competition in the Enterprise market will be harmed if Qwest and the other BOCs are subject to different regulatory treatment than AT&T, MCI and Sprint in the provision of interLATA services**