APPENDIX B

DESCRIPTION OF SELECTED COMPETITORS

This Appendix provides general descriptions of selected competitors for telecommunications services in a number of categories: ILECs/IXCs (other than BellSouth and AT&T); other network providers; CLECs; wireless carriers (other than Cingular); cable providers; system integrators; equipment vendors and value-added resellers; other VoIP service providers; fixed wireless broadband providers; and foreign-based carriers.

Incumbent Local Exchange Carriers (ILECs) / Inter-Exchange Carriers (IXCs)

With its acquisition of MCI, Verizon is an even stronger competitor for telecommunications services both for enterprise and mass market customers, combining MCI’s robust national and international IP network with one of the nation’s largest cellular and broadband networks. Verizon Business became the company’s new business unit combining the operations of the former Verizon Enterprise Solutions Group and MCI to provide a comprehensive portfolio of end-to-end communications and IP solutions to business and government customers.¹ Verizon Business has one of the largest and most interconnected IP

backbones in the world, with over 18,800 wired and wireless local IP POPs, with over 1 Terabit of aggregated backbone capacity in North America; ATM, frame relay, and voice switches; and more than 200 data centers in 22 countries spanning five continents.\(^2\) According to Verizon Business, its global network - formerly MCI - has been repeatedly recognized as the most connected network in the world, and its service level agreements have led the industry.\(^3\) With its network strength, Verizon Business offers enterprise and business customers a wide range of sophisticated managed network services, including managed WANs, LANs and IP PBX; network performance monitoring throughout the system; and consulting services.\(^4\) The company also offers one of the industry’s leading portfolios of IP telephony products for business customers, recently introducing a range of new VoIP services, including expanded fraud protection, toll-free service integration with VoIP, and a system to enable smaller businesses to


upgrade to a converged data/voice network while maintaining existing analog key systems and calling features.\(^5\) Verizon Business serves 94 percent of the Fortune 500 and is the leading communications provider to the U.S. federal government.\(^6\)

Verizon’s global IP network is complemented by one of the nation’s largest and fastest growing wireless networks as well as the nation’s fastest growing broadband network. Verizon Wireless provides service to 51.3 million customers after the addition of an industry-record 2.0 million net customers in Q4 2005, up 20.5 percent from Q4 2004.\(^7\) Verizon’s wireline business provides 5.1 million broadband connections (including both DSL and FiOS, Verizon’s next-generation suite of Internet telephony services to provide new Internet protocol capabilities for business and government customers. The introduction of the new offerings . . . reinforces the position of Verizon Business’ IP telephony portfolio as one of the most comprehensive available today.”).


generation fiber optic-based service) after the addition of 613,000 net wireline broadband
connections in Q4 2005 - a broadband industry record for any telecommunications or cable
company - constituting a 47.6 percent growth rate compared with year-end 2004.  
Verizon has also put significant effort into integrating its wireless and wireline offerings.  
The company has been aggressive in building out its FiOS fiber-to-the-premises network, recently launching its
FiOS TV service in 33,000 households in Tampa, Florida and with construction ongoing in more
than 20 Florida wire centers in Verizon’s territory.  
Verizon rolled out its residential VoIP broadband service nationwide in July 2004, and has been courting subscribers with discounts and
added features.

As with Verizon, Sprint Nextel has a robust national network and complements its
wireline and IP offerings with its wireless services. Sprint Nextel is one of the largest carriers of

8 Id.
Internet traffic and providers of long distance services, as well as providing local service through its own access lines in 18 states and wireless services nationwide.\textsuperscript{12}

Sprint Nextel continues to be a strong competitor in the enterprise and business segment. In 2004, the company combined its sales and support teams that serve business customers with both wireline and wireless products in order to offer business customers a single sales representative for the full suite of Sprint Nextel offerings.\textsuperscript{13} Sprint Nextel is the first wireless carrier to focus on helping business customers integrate wireless into their overall IT infrastructure and “erase the barrier between wireline and wireless”, launching Sprint Extended Workplace to enable business customers’ employees to easily and securely access their corporate networks through wireline, Wi-Fi, or the Sprint PCS data network.\textsuperscript{14}

\begin{itemize}
\item \textsuperscript{12} SEC Form 10-K/A, Sprint Corp. at 1 (2004). Sprint plans to spin-off its local telecommunications business into an independent company called EMBARQ. The separation of Sprint’s local business is expected to be completed in Q2 2006. \textit{Id.; see also} Press Release, Sprint, Sprint Nextel Local Communications Company to EMBARQ\textsuperscript{TM} on New Journey, Announces New Name and Logo to be Used After Separation (Feb. 1, 2006), \textit{available at} http://www2.sprint.com/mr/news_dtl.do?id=10020.
\item \textsuperscript{13} Sprint 2004 Annual Report at 6.
\item \textsuperscript{14} \textit{Id.} at 4, 6; \textit{see also} Press Release, Sprint, Sprint Easy Office Delivers Wireless Productivity Tool While Controlling IT Costs (Mar. 8, 2006), \textit{available at} http://www2.sprint.com/mr/news_dtl.do?id=10720 (“Sprint Easy Office levels the playing field for small and medium-sized businesses by allowing them to enjoy the benefits of a robust mobile messaging tool without having to make a significant investment in IT support and equipment,” said Tim Donahue, vice president of general business marketing, Sprint Business Solutions.”); Press Release, Sprint, Sprint Offers an Industry First With Unlimited Mobile Calls to and from a Home or Business (Mar. 8, 2006), \textit{available at} http://www2.sprint.com/mr/news_dtl.do?id=10700 (“Sprint is the only national carrier to offer its customers the unique convergence and flexible features found in Sprint to Home and Sprint Mobile to Office,” said Tony Krueck, vice president, product development and management, for Sprint. ‘With these options, busy families and mobile professionals alike can experience a new level of convenience and affordability with their communications.’”); Press Release, Sprint, Differentiated Voice and Data Solutions Continue to Drive Simplicity and Efficiency for Businesses (Mar. 6, 2006), \textit{available at} http://www2.sprint.com/mr/news_dtl.do?id=10600 (“Sprint business customers are benefiting from an integrated solutions approach [i.e.,] [its longstanding customers with new solutions include] AMC Theatres [i.e.,] Medical Transportation Management, Inc. [i.e.,] Robert Allen Group [i.e.,] Wild Oats.”)."
\end{itemize}
launched a new VoIP network-based telephony product aimed at the enterprise market.¹⁵ A recent Harris Interactive independent study publicized by Sprint indicated that Sprint’s efforts to restructure its offerings for business customers had borne fruit, with the percentage of business customers “highly loyal” to Sprint increasing by 64 percent during 2004.¹⁶ Sprint Nextel has also expanded its international reach, recently announcing plans to double network capacity in Europe due to increased demand from enterprise customers.¹⁷ Sprint Nextel now has over 1,100 global POPs across six continents, and more than 25 percent of the world’s Internet traffic is connected to its SprintLink network.¹⁸ Sprint’s acquisition of Velocita, completed in 2006, and the creation of its Professional Services subsidiary also demonstrate an increasing focus on the retail business sector.¹⁹

¹⁵ Press Release, Sprint, Sprint IP Voice Connect Simplifies Business Communications (Mar. 9, 2006), available at http://www2.sprint.com/mr/news_dtl.do?id=10760 (“Sprint [] launched a new Voice over Internet Protocol (VoIP) solution for enterprises that addresses the reality of modern business . . . Sprint IP Voice Connect is a network-based hosted telephony product offering local and long distance services as well as PBX and traditional Centrex features over Sprint’s Dedicated IP or Global MPLS network . . . The service is available in most major metropolitan areas, specifically 251 MSAs in 47 states.”); Tim McElligott, Lucent Plays Host to New Sprint VoIP Service (Mar. 9, 2006), available at http://telephonyonline.com/home/news/lucent_sprint_voip_030906/ (“Enterprises using Sprint's IP Voice Connect service, which a Sprint spokesman referred to as a ‘fire the ILEC’ solution, can provide remote access to work-at-home or nomadic users and can convert to IP-based communications without a large capital expense.”).


¹⁸ Id.


Footnote continued on next page
Sprint Nextel has also been moving aggressively in the development of digital convergence products for the mass market. In November 2005, Sprint Nextel announced the formation of a joint venture between it and four of the nation’s largest cable MSOs - Comcast, Time Warner Cable, Cox Communications and Advance/Newhouse Communications - to develop converged next-generation products for consumers in order to “accelerate the convergence of video entertainment, wireline and wireless data and communications products and services to the approximately 41 million customers currently served by four of the country’s largest cable companies as well as to Sprint’s nearly 46 million wireless subscribers.” In 2006, the joint venture plans to offer consumers the “quadruple play” bundle of video, wireless voice and data services, high speed internet, and cable phone service as well as develop new wireless devices that integrate cable and wireless services.

Similarly, Qwest offers everything from local service – for those businesses and consumers based within its 14-state region – to long distance, data, Internet access, and managed solutions. It also offers wireless service, with nationwide coverage, through a wholesale arrangement with Sprint. Qwest’s most notable asset, however, may be its worldwide fiber optic network, extending approximately 155,000 miles (exclusive of Qwest’s local network), enabling wireless carriers as their most trusted advisors in implementing and integrating mobility into their business,” said Roger Entner, vice president of wireless telecommunications, Ovum. ‘I see the launch of Sprint Enterprise Mobility, Inc., as the first step of a major wireless provider into professional services focused on mobility, which has the potential to make a significant difference for businesses.’


21 Id.
long-distance voice services and data and Internet services. Qwest offers a variety of network-based products, including hosting, managed VPN, integrated access, and security services.

In terms of innovation, the company launched a nationwide commercial VoIP service to business customers in 2004, which led to industry recognition and awards. Qwest’s business-grade VoIP service has been expanded to more than 250 cities. Qwest has also been aggressive in maintaining its customer base, offering its enterprise customers a variety of enhanced services for no additional cost as well as additional package components including VoIP service with free months of usage and aggressive discounts. Indeed, Qwest’s business networking solution recently received a “Best Value” award due to its excellent reliability, VoIP technology, service support, performance monitoring and price. Qwest and Microsoft announced in September 2005 that they will be working together to develop a converged VoIP solution aimed at small and medium-size businesses, which will integrate voice, e-mail, Internet access, collaboration,

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22 SEC Form 10-K, Qwest Commc’ns Int’l Inc. at 6 (2004). Qwest expanded its footprint in the BellSouth region through its acquisition of nearly 700 POPs and related network assets from Allegiance Telecom, a CLEC. See Press Release, Qwest, Qwest Communications Reaches Agreement to Acquire Network Assets and Associated Revenue Streams from Allegiance Telecom (Dec. 18, 2003), available at http://www.qwest.com/about/media/pressroom/1,1281,1391_archive,00.html.

23 Press Release, Qwest, Qwest's OneFlex VoIP Service Receives Industry Accolades (Nov. 5, 2004), available at http://www.qwest.com/about/media/pressroom/1,1281,1617_archive,00.html.

24 Press Release, Qwest, Qwest Reports Solid Fourth Quarter Results; EPS Break-Even Before Special Items; Margin Expansion; Improved Year-Over-Year Revenue (Feb. 14, 2006), available at http://media.corporate-ir.net/media_files/irol/11/119535/reports/2-14-06.pdf.


presence, instant messaging and desktop services. They expect to launch the new product in 2006. These developments have produced significant new business.

Data/IP Network Providers

**Broadwing** owns a technologically advanced fiber-optic network that connects 137 cities nationwide and spans the continental United States. Through this network, it offers data, Internet, broadband transport, and voice services to business customers. Broadwing’s 2004 acquisition of Focal Communications Corp., a CLEC, has expanded the company’s footprint in 23 Tier-1 markets including in the BellSouth region, with presence for example in Miami and Atlanta. Broadwing currently offers a range of products, including traditional voice services

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27 Press Release, Qwest, Qwest and Microsoft to Deliver VoIP Services via the Desktop to Small and Medium-Sized Businesses (Sept. 22, 2005), available at http://www.qwest.com/about/media/pressroom/1,1281,1768_archive,00.html.

28 Id.

29 Press Release, Qwest, NASA Signs New Agreement With Qwest for Next-Generation Optical Data Networking (Feb. 7, 2006), available at http://www.qwest.com/about/media/pressroom/1,1281,1805_archive,00.html (“Qwest Communications [...] announced that it has signed a new agreement with the National Aeronautics and Space Administration (NASA) for a new nationwide networking service.”); Press Release, Qwest, Qwest Signs New Multimillion Dollar Agreement With the State of Wyoming for Public Schools Network (Feb. 22, 2006), available at http://www.qwest.com/about/media/pressroom/1,1281,1808_archive,00.html (“Qwest [...] announced that it has signed a new six-year, $24.7 million agreement with the State of Wyoming Department of Education to be the primary provider of network services for the Wyoming Equality Network (WEN).”)


31 Id. at 4.

(including local phone service through the acquisition of Focal), VoIP, WAN, media transport services, and public and private IP networking. In 2004, the company introduced a VoIP aggregation service, enabling enterprise customers and carriers to expand their VoIP offerings nationwide without deploying additional network infrastructure. Broadwing expanded its VoIP offering in 2005 with a nationwide VoIP service built on its own optical network backbone targeted at large enterprise businesses. According to analysts, “By making it easy to IP-enable an enterprise’s existing PBX, Broadwing is expanding VoIP beyond the small and medium-sized business market and into the multi-location enterprise. This service introduction provides new alternatives for large enterprises. The Broadwing announcement brings a feature rich, cost effective VoIP solution set to this end of the market.”

While it offers legacy services such as private line, frame/ATM and direct dial, Global Crossing has been successful in shifting its focus to IP-based products and services. During 2005, its number of customers utilizing two or more converged IP services - including VoIP, IP VPN, Remote VPN access, internet access and IP video solutions - on Global Crossing’s global voice and data network increased. The new Broadwing/HGC solution provides a significant and compelling means for enterprises to expand their Ethernet and VPLS (Virtual Private LAN Service) networks, which are already very prevalent in the Pacific Rim, between US and Asia-Pacific locations in a seamless and cost effective manner.”. These developments help Broadwing attract customers like Lufthansa. See Press Release, Broadwing, Lufthansa Airlines Selects Broadwing Communications for Domestic Voice Services (Feb. 22, 2006), available at http://broadwing.com/bwngcorp/pressreleases/022206001.html.

 Footnote continued from previous page

33 SEC Form 10-K, Broadwing Corp. at 6-8 (2004).
34 Id. at 7.
36 Id. (quoting Diane Myers, senior research analyst at Stratecast Partners).
fiber-optic network more than tripled. Similarly, growth in IP VPN traffic grew 300 percent and IP-interconnected VoIP traffic grew more than 350 percent (up to more than 100 million minutes per month) by year-end 2005. Global Crossing currently runs more than 2 billion minutes per month on its private VoIP global network, representing more than 70 percent of all its voice traffic. Global Crossing has a large worldwide network, directly connecting more than 300 cities in 30 countries. The network has approximately 800 POPs in 200 major cities throughout the world. Global Crossing has approximately 19,000 route miles of fiber in the United States and Canada, together with 170 POPs, 22 integrated service platform sites, three

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37 Press Release, Global Crossing, Global Crossing Triples Converged IP Customers in 2005 (Mar. 8, 2006), available at http://www.globalcrossing.com/xml/news/2006/march/08.xml (“These milestones are proof that Global Crossing is meeting the growing enterprise demand for converged IP services - they’re what our network was built for,” said John Legere, Global Crossing’s CEO. ‘More and more businesses are turning to Global Crossing for seamless, end-to-end voice, data and conferencing solutions and realizing the tremendous benefits of convergence. By placing their confidence in our global capabilities, advanced IP solutions and highly-responsive customer service, these customers share our vision that IP is crucial to the future of their businesses.’”); see also Press Release, Global Crossing, Global Crossing Announces Consolidated Third Quarter Results (Nov. 9, 2005), available at http://www.globalcrossing.com/xml/news/2005/november/09.xml (“We continue to meet our targets, demonstrating momentum as we become the premier network services provider, serving our carrier and enterprise customers with global converged IP services,” said John Legere, Global Crossing’s chief executive officer.).

38 Id.

39 Id.

40 SEC Form 10-K, Global Crossing Ltd. at 3 (2004); see also Press Release, Global Crossing, Global Crossing Enhances Network to Meet Growing Customer Demand (Feb. 22, 2006), available at http://www.globalcrossing.com/xml/news/2006/february/22.xml (“Global Crossing [] announced today that it will deploy key capacity upgrades on its core international network. The company is adding wavelengths on its Mid Atlantic Crossing (MAC) system, which links North America, Latin America, Europe and the Pacific.”).

41 Id. at 6.
submarine cable landing stations, and five international voice gateway sites.\textsuperscript{42} These capabilities have led to successes with major companies like Atlanta-based Delta Airlines.\textsuperscript{43}

\textbf{Level 3} has built an advanced, IP backbone with reach throughout the United States and Europe, with a network that includes nearly 1 million miles of metro fiber.\textsuperscript{44} Level 3 has been expanding its network with recent acquisitions. In December 2005, Level 3 completed its acquisition of WilTel Communications Group, adding 3,000 route miles and 50 new markets to the Level 3 network.\textsuperscript{45} Level 3’s network will only become more robust in the BellSouth region with the company’s announced acquisition of \textbf{Progress Telecom}, a regional wholesale network services company with nearly 200 POPs, 9,000 route miles of fiber and 29 metro networks concentrated in Florida, North Carolina and Atlanta.\textsuperscript{46} Level 3’s President and CEO noted, “This

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\item \textsuperscript{42} \textit{Id.}
\item \textsuperscript{44} Level 3 Metro Network Metrics, \textit{available at} http://www.level3.com/674.html; \textit{see also} Press Release, Level 3, Level 3 Announces Significant Expansion Of Transatlantic Capacity To Meet Growing Demand (Feb. 9, 2006), \textit{available at} http://www.level3.com/press/6757.html (“Level 3 Communications [] announced . . . agreement with Apollo Submarine Cable System Ltd., to secure additional transatlantic capacity for its international network.”). Level 3 is an international communications and information services company. It touts operating “one of the largest Internet backbones in the world, is one of the largest providers of wholesale dial-up service to ISPs in North America and is the primary provider of Internet connectivity for millions of broadband subscribers, through its cable and DSL partners.” Press Release, Level 3, 8x8 Selects Level 3 To Provide Nationwide Nomadic E-911 Service For Packet8 Subscribers (Dec. 22, 2005), \textit{available at} http://www.level3.com/press/6645.html.
\item \textsuperscript{45} Press Release, Level 3, Level 3 Completes WilTel Acquisition (Dec. 23, 2005), \textit{available at} http://www.level3.com/userimages/dotcom/microsites/wiltel/ industryanalyst/pressrelease.html.
\end{itemize}}
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transaction represents a unique opportunity to expand Level 3’s footprint in the southeastern
region of the United States, where we have seen strong demand for our services.47

Level 3 is a leading wholesale provider of IP services, carrying data and increasing VoIP
traffic for, among others, the 6 largest U.S. cable companies and the 10 largest Internet service
providers in the United States.48 Level 3 provides wholesale, enterprise and mass market VoIP
services and reports that it carries over 30 billion minutes of traffic per month and can offer VoIP
to over 300 markets worldwide.49 More than 20 resellers use Level 3’s technical capabilities to
offer VoIP service.50 Level 3 reports that it has the network infrastructure to provide consumer
VoIP service in markets covering approximately 69 percent of all U.S. households, and has been
working with United Online, Inc. to provide telecommunications services to support its NetZero
Voice VoIP mass market phone service.51

Savvis is a leading Managed Services Provider that delivers private IP VPNs, hosting, IP
voice, and application services to enterprises. The company operates a global IP network
delivering IP VPN, voice services, managed hosting, and managed Internet solutions.52 Its

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http://www.progresstelecom.com/network/default.asp; Progress Telecom Metro Maps, available
49 Level 3 Presentation to 5 & Company Seventh Annual Growth Conference at 5, 12-13 (Jan.
Needham_conference_1_12_05.pdf.
50 Id. at 14.
51 Press Release, Level 3, Level 3 Selected by United Online to Enable VoIP Services (Dec. 14,
52 SAVVIS Products & Services: Network Services, available at http://www.savvis.net/
corp/Products+Services/Network/.
network spans 105 cities in 47 countries. Savvis has focused on industries with demanding IP requirements, such as legal, media, retail, professional services, healthcare, manufacturing, and financial services. In 2004, Savvis was ranked as #2 provider in the provision of both web-hosting service and VPNs, trailing only IBM and AT&T respectively, and it has won awards for network reliability, customer service, and for innovation. Savvis has moved from web-hosting into full-scale outsourced IT solutions, serving as the managed network provider for over 400 customers in the retail industry, such as Virgin Entertainment Group, Albertsons, Ann Taylor, the Sharper Image, Gucci, Panera Bread Company and others.

53 Id.
55 IDC reported SAVVIS as the second largest IP VPN provider in the United States, edging past MCI and behind only AT&T. Press Release, SAVVIS, IDC and In-Stat/MDR Rank SAVVIS as Second Largest Hosting Services and IP VPN Services Provider, Respectively (July 27, 2004), available at http://www.savvis.net/corp/News/Press+Releases/Archive/SAVVIS+Expands+Retail+AvenueIDC+and+In+Stat+MDR+Rank+SAVVIS+As+Second+Largest+Hosting+Services+and+Retail.htm.
Competitive Local Exchange Carriers (CLECs)

Although a complete enumeration of CLEC competitors providing voice and/or data service in competition with BellSouth and/or AT&T would be beyond the scope of this Appendix, several examples suffice to illustrate their presence as competitors. **XO Communications** is the largest facilities-based CLEC in the U.S., with significant presence in BellSouth’s in-region territory, including Atlanta, Memphis, Nashville, and throughout Florida.\(^{57}\)

Its network features direct connections to thousands of buildings, multiple data centers, over 100 peering POPs, and a footprint of fixed wireless licenses covering 95% of the top U.S. business markets.\(^{58}\) XO offers a broad portfolio of voice products, dedicated Internet, scalable private data networking, IP VPN, web hosting services, and integrated product bundling.\(^{59}\) XO also provides a VoIP service bundle aimed at small and medium-sized businesses which XO claims to be the industry’s first such bundle for businesses that combines unlimited local and long distance calling, dedicated Internet access and web hosting for a flat monthly price.\(^{60}\)


businesses have deployed XO’s VoIP bundle in less than a year of availability. The company recently expanded its VoIP bundle availability to businesses with up to 160 employees, a market of more than 4 million businesses nationwide. 

ITC^Deltacom claims to be the largest facilities-based CLEC in the Southeast, with a geographic footprint that closely mirrors that of the BellSouth region. The company owns more than 10,900 miles of fiber with 240 POPs, claiming to offer more access points than any other provider in the region. ITC^Deltacom offers a range of voice, Internet and data services

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Flex is available in major metropolitan areas across the United States, including Akron, Allentown, Atlanta, Austin, Baltimore, Boston, Chicago, Cleveland, Columbus, Dallas, Denver, Detroit, Fort Lauderdale, Fort Worth, Harrisburg, Houston, Jersey City, Las Vegas, Los Angeles, Miami, Memphis, Minneapolis, Nashville, New York, Newark, Oakland, Orange County, CA, Orlando, Philadelphia, Phoenix, Pittsburgh, Portland, Sacramento, St. Louis, St. Paul, St. Petersburg, Salt Lake City, San Antonio, San Diego, San Francisco, San Jose, Scranton, Seattle, Spokane, Tampa, Trenton, Washington, DC, West Palm Beach, and Wilmington, DE.”); see also Press Release, XO Communications, XO Communications Awarded Multi-Year Data and Voice Services Contract from Texas Rangers and Dallas Stars (Jan. 11 2006), available at http://www.xo.com/news/282.html.

61 Id.
62 Id.; see also Press Release, XO Communications, XO Communications Tops 2.2 Billion Minutes of VoIP Traffic in Fourth Quarter of 2005 (Jan. 19, 2006), available at http://www.xo.com/news/283.html (“XO Communications, Inc. [] today announced that it carried more than 2.2 billion minutes of voice over Internet Protocol (VoIP) traffic across its national IP network in the fourth quarter of 2005 . . . . The increase was driven by greater deployment of XO’s VoIP solutions by businesses and service providers, demonstrating the increasing acceptance and growth of delivering voice services over an all IP environment. ‘Over the past year, we introduced new VoIP offerings for businesses and service providers, and the response has been phenomenal,’ said Carl Grivner, CEO of XO Communications.”).


including IP VPN, point-to-point service, frame relay and ATM.\textsuperscript{65} In 2004, ITC\textsuperscript{D}eltacom launched an integrated voice and data service bundle aimed at small and medium-sized businesses, and the company has worked with Nortel on trials of their business VoIP products.\textsuperscript{66}

\textbf{Time Warner Telecom} provides data and voice services to businesses of all sizes via a nationwide fiber network.\textsuperscript{67} Its network extends to 44 metropolitan areas and offers lit fiber to nearly 6,000 buildings including 350 commercial buildings in greater Atlanta.\textsuperscript{68} Time Warner Telecom competes in numerous parts of BellSouth’s in-region area, including Atlanta, Memphis, the Carolinas, and in Florida.\textsuperscript{69} Its services include a wide array of voice and data services, from simple network transport to advanced network management services and converged IP access, data and voice services.\textsuperscript{70} Time Warner Telecom has been successful in the enterprise services segment, reporting an 18\% CAGR enterprise growth rate over the past three years and that, as of year-end 2005, enterprise services represented 57\% of the company’s revenues.\textsuperscript{71} Time Warner Telecom launched its business-class VoIP solution suite to business customers in 2005, stating

\begin{itemize}
\item \textsuperscript{65} ITC\textsuperscript{D}eltacom, Products: Data Services, \textit{available at} http://www.itcdeltacom.com/data.asp.
\item \textsuperscript{69} See Time Warner Telecom Investor Presentation at 5 (March 2006).
\item \textsuperscript{70} \textit{See id.} at 10, 14-18.
\item \textsuperscript{71} \textit{Id.} at 8.
\end{itemize}
“Our strategy is to layer VoIP-based business-class solutions on our robust metro Ethernet platform. This leverages our network strengths and relationships with customers to meet their mission-critical voice needs.”

This strategy is winning customers in BellSouth’s region.

Atlanta-based Cbeyond Communications provides integrated packages of voice, mobile and broadband services to small and medium-sized businesses (SMB) over its private 100-percent VoIP facilities-based network. Cbeyond reported strong revenue growth in 2005, up over 40% since 2004. “Cbeyond's offering has been extensively embraced by a number of

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specific business segments, including healthcare, real estate and legal services. More than 20,000 Cbeyond SMB customers currently subscribe to the service and customer retention exceeds 99 percent per month.”

The company’s SMB offering - available in the Atlanta market - is based on Cisco’s IP NGN architecture and includes local and long distance service, high-speed Internet access, mobile voice and data, and a variety of business applications like VPNs, e-mail, data backup and file sharing. In January 2006, the company introduced a new mobile voice and data MVNO service offering for small business customers, which bundles all calling minutes together - including long distance, toll-free and mobile - such that the “sharing of minutes [between landline and mobile] is seamless.”

Based in Charlotte, North Carolina, US LEC is a full service provider of IP, data and voice solutions to medium and large businesses and enterprise organizations. The company has an extensive MPLS VPN IP services footprint in BellSouth’s region, including in Atlanta; Charlotte, Greensboro and Raleigh in North Carolina; Chattanooga and Knoxville in Tennessee; Fort Myers, Jacksonville, Miami, Orlando, Tampa and West Palm Beach in Florida; and Louisville, Kentucky. US LEC offers advanced, IP-based, data and voice services such as

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76 Id.


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MPLS VPN and Ethernet, as well as comprehensive Dynamic TSM VoIP-enabled services and features. The company also offers local and long distance services and data services such as frame relay, Multi-Link Frame Relay and ATM. The company has been successfully expanding its business customer base - adding 3,900 business class customers in 2005, with over 26,000 in total.

**TelCove, Inc.** provides telecommunications services to enterprises, carriers, and government organizations, offering Internet, Data, and Voice solutions via its extensive metropolitan and intercity fiber-optic network. The company significantly expanded its network

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in 2005: local fiber miles grew 17% to over 11,800 miles; buildings on-net (connected directly to
the TelCove network via fiber) grew 20% to 3,817.81 TelCove’s 2005 acquisition of network
assets from KMC Telecom also expanded its service markets in the BellSouth region, adding
service in Clearwater, Daytona Beach, Fort Myers, Melbourne, Pensacola, Sarasota and
Tallahassee in Florida; Augusta and Savannah in Georgia; Charleston, Columbia and
Spartanburg in South Carolina; and Fayetteville, Greensboro, Hickory, Winston-Salem and
Wilmington in North Carolina.82 In 2005, the company launched an enterprise VoIP service and
a 10 Gigabit Ethernet service for enterprise customers and carriers across all of its 70 markets.83

**NuVox Communications** offers a complete suite of data, voice, VoIP, networking and
security services, serving 43,000 business customers in markets across Florida, Georgia, South
Carolina, North Carolina, Tennessee, Alabama, Kentucky, Mississippi and Louisiana.84 The
company launched a VoIP service in April 2005 to provide business customers with a “flexible,

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high bandwidth data and voice solution, packed with a suite of bundled services over NuVox’s private IP network”, which it rapidly expanded to a number of markets in the BellSouth region. By October 2005, NuVox already had 1,000 business customers for its VoIP service. NuVox also offers a variety of networking services such as private line, point-to-point and frame relay solutions -- “these high-end networking services are ideal for businesses that require high-speed data transfer and voice connectivity via NuVox's state-of-the-art network.”

**PAETEC Communications** “specializes in developing targeted solutions for medium and large businesses, governmental organizations, and affinity groups across North America.”

The company provides a wide range of integrated telecommunications services to business customers including VoIP, local and long distance, service bundles, Internet access services,

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PAETEC launched its VoIP service offering in 2006, including converged voice and data services with dynamic bandwidth allocation, Hosted IP Telephony (Hosted IP Centrex and Hosted IP PBXs), Collaboration Services, and Hosted Voice VPN. The company’s VoIP service leverages PAETEC’s Private IP MPLS network, built with elements of Lucent IP Multimedia Subsystem (IMS) technology, “helping customers migrate to next-generation VoIP services, but also taking important first steps toward a converged services architecture.” PAETEC serves customers in 29 markets including a number of Florida markets: Daytona, Fort Lauderdale/Miami, Orlando and Tampa.

**Xspedius Communications**, a provider of integrated telecommunications services, focuses on small and medium-sized businesses in the southern United States. The company also provides local fiber and/or dial tone solutions to major enterprise customers including Bank of America, Humana, Hewlett Packard, Citigroup, Nokia and Lexmark. Xspedius announced record sales and profitability in October 2005, as the company “continues to expand its market services with new products that take advantage of its fiber assets, such as Metro ConneX Ethernet and Layer 2 and 3 VPN ConneX which provide high capacity service at competitive

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90 See PAETEC Communications: The PAETEC Solutions Portfolio, *available at* [http://www.paetec.com/1_1/1_1__1.html](http://www.paetec.com/1_1/1_1__1.html).
92 *Id.*
93 See PAETEC Communications: Markets Served, *available at* [http://www.paetec.com/2_1/2_1_5__2.html](http://www.paetec.com/2_1/2_1_5__2.html).
The company expanded its network footprint in the BellSouth region in 2005 with its acquisition of network assets of ICG Communications, adding 500 miles of fiber and 194 buildings to its network in the Southeast, entering the Charlotte, North Carolina market, and enhancing its presence in Atlanta; Birmingham, Alabama; and Louisville and Nashville, Kentucky. Xspedius has metro fiber in numerous cities in the BellSouth region.

Headquartered in Macon, Georgia, Access Integrated Networks provides telecommunications services in more than 1,000 communities in the nine state BellSouth region, offering “an easy alternative to traditional broadband, local and long distance telephone services designed especially for the unique needs of today’s small to medium size businesses.”

In 2005, Access launched a facilities-based IP network in the Middle Georgia area to provide businesses and consumers with voice, data and other enhanced services, and the company plans

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to implement the network throughout its nine state region.\textsuperscript{101} In February 2006, the company entered an agreement with Trinsic Communications, another CLEC, to acquire substantially all of Trinsic’s residential and small business local access lines in the BellSouth region.\textsuperscript{102} The President and CEO of Access stated of the transaction: “With this acquisition of approximately 43,000 lines, which will grow our customer base to over 130,000 customer lines, we will become an even stronger player in the telecommunications industry in the Southeast.”\textsuperscript{103}

Currently, Covad provides a host of broadband services, including residential and enterprise level DSL, VoIP, T-1, hosting, managed security and bundled voice and data.\textsuperscript{104} Its broadband services are available in 44 states and 235 MSAs, reaching over 50\% of U.S. homes and businesses.\textsuperscript{105} Covad is a leading firm in business VoIP, having completed a nationwide roll-out of business-class VoIP, with availability in 125 major metropolitan areas, covering 900 cities by the end of 2004.\textsuperscript{106} Covad was recently named the market leader in hosted VoIP services, leading all providers offering such services to business customers, including MCI and


\textsuperscript{103} \textit{Id}.


While Covad has focused on small and medium-sized businesses, it also targets enterprise customers and distributed businesses with multiple office locations. Covad has also entered the VoIP mass market, partnering with EarthLink to roll-out line-powered voice, a VoIP-based voice and data bundle for consumers, over Covad’s network. Line-powered voice does not require a broadband connection or additional consumer premise equipment. Customers use their existing analog phone equipment and in-house jack. “It’s simple: this partnership allows consumers to fire their phone company and sign up for the high-quality, low-cost voice and broadband solution that they deserve,” said Steve Howe, EarthLink’s vice president of voice services.

Based in Miramar, Florida, Supra Telecom is the second largest telecommunications provider in the South Florida tri-county area with over 250,000 customers and “provides nearly half of all competitive access lines in the state of Florida and is estimated to be the largest residential competitor to BellSouth in Florida.” In 2006, the company expanded service to the Orlando and Tampa markets. Supra claims to be one of few CLECs to have deployed its own

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108 Id.


carrier class network switches to serve its business and residential customers.\textsuperscript{113} The company offers a variety of service bundles including local and long distance service and dial-up Internet service, and also plans to launch DSL service.\textsuperscript{114} Lucent recently partnered with Supra to provide the technology solutions to enable Supra to “grow its network and cost-effectively offer new services such as Voice over Internet Protocol (VoIP) while maintaining its ability to provide traditional telephone service.”\textsuperscript{115}

\textbf{Birch Telecom} targets business customers,\textsuperscript{116} and has 130,000 customers across 12 states in the lower Midwest and South, including Florida, Georgia, Alabama, Mississippi, Louisiana, Tennessee and the Carolinas. Birch owns and operates an integrated voice and data network, and offers a broad portfolio of local, long distance and Internet services.\textsuperscript{117}

\textbf{Granite Telecommunications} is a telecommunications and software services company providing local, long distance and inside wiring to small, medium and large businesses, offering services in 49 states.\textsuperscript{118} In 2006, the company announced the launch of a broadband offering in

\textsuperscript{113} Supra Telecom: About Us, available at http://www.supratelecom.com/about.html.
\textsuperscript{116} Birch Telecom: About Birch: Company Profile, available at http://www.birch.com/about_birch/ (“Throughout its history, Birch has consistently targeted the business customer, fueling its growth with a strong focus on personal attention to its customers and great service at better prices than the Bell companies.”).
selected areas, expanding nationwide throughout the year.\textsuperscript{119} “Granite is known for its abilities to meet the telephone needs of large multilocation businesses, providing services to 50 of the Fortune 500 companies.”\textsuperscript{120} 

\textbf{FPL FiberNet}, a subsidiary of the Florida Power & Light Group, owns and operates an extensive fiber optic network with over 2,500 miles of dark and lit fiber traversing southern and eastern Florida including metro networks in a number of cities -- Miami, Ft. Lauderdale, Boca Raton/West Palm Beach, Tampa/St. Petersburg, Orlando and Jacksonville -- and claims to have the “most extensive inter- and intra-city network in Florida.”\textsuperscript{121} The company focuses on providing wholesale telecommunications services to local, long-distance and wireless providers, ISPs and other businesses “with connectivity to more central offices, carrier hotels and international cable-heads than any other fiber wholesaler in the state.” In addition, through partnerships with regional providers, FPL FiberNet has access to over 8,600 miles of additional fiber throughout the Southeast.\textsuperscript{122} The company offers a range of services to its customers including metro and long-haul transport services, Ethernet, Layer 2/3 IP VPN, dedicated Internet access, Fiber-to-the-Home/Business services, metro dark fiber and co-location services.\textsuperscript{123}

\textsuperscript{120} Id.
Like FPL FiberNet, DukeNet Communications, Southern Telecom, AGL Networks, OnFiber Communications and AboveNet all have fiber networks in the BellSouth region.

DukeNet Communications, a subsidiary of Charlotte, North Carolina-based energy provider Duke Energy, operates a SONET fiber network in North and South Carolina of over 3,000 route miles, which the company claims to be “the largest metro network available in the Carolinas.”

Southern Telecom, a subsidiary of Atlanta-based energy provider Southern Company, operates a fiber network of 1,200 route miles in Georgia, Florida and Alabama, and in 2005, entered into an agreement with First Mile Communications to provide a broadband fixed wireless access service to provide “expanded access to businesses throughout metropolitan Atlanta.”

AGL Networks, a subsidiary of AGL Resources, owns and operates a 227-mile fiber network in the Atlanta metro area “serving the central business district and points north and south of the city… a footprint capable of meeting many needs for metro fiber connectivity.”

OnFiber Communications has an all-optical network extending over 5,200 route miles nationwide serving 18 markets including Atlanta and Miami, and in 2005, the company launched a new metro access solution for business

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customers to all its metro markets. AboveNet provides fiber connectivity solutions, with over 1.5 million route miles of fiber and more than 1,050 lit buildings in the U.S., serving business customers in fourteen markets, including Atlanta.

Other examples of CLECs competing in BellSouth’s region include Looking Glass Networks, SolarCom LLC., iPass, Inc., Netifice Communications, MegaPath Networks and Pac-West Telecom, Inc.


Wireless Carriers

In addition to Verizon Wireless and Sprint Nextel discussed above, there are numerous other wireless companies that compete with traditional wireline to provide voice services in the BellSouth region. **T-Mobile USA** is Deutsche Telekom’s\(^{132}\) U.S.-based wireless services provider and the owner of the largest carrier-owned Wi-Fi network in the United States, available in more than 7,400 public access locations.\(^{133}\) T-Mobile USA recently launched new “smartphones” with integrated Wi-Fi and Microsoft Windows Mobile operating system to enable wireless data access to applications, email, calendars and other functionalities.\(^{134}\) In March 2006, T-Systems (also a part of Deutsche Telekom) entered a strategic alliance with Alcatel to jointly develop and market “seamless communication solutions” which “will enable users to have the same functions available on their cell phones as on their fixed-line telephones.”\(^{135}\)

**MetroPCS** is a wireless service operator that has successfully doubled its subscriber base in only two years - hitting the 2 million subscriber mark in February 2006 - by offering consumers a “pay by the month, not by the minute” offering of unlimited local and long distance calling plans for a flat monthly rate that is aimed at substituting for wireline phones.\(^{136}\)

\(^{132}\) For more on Deutsche Telekom, see supra pp. 54-56.


\(^{136}\) Press Release, Metro PCS, MetroPCS Reaches Two Million Customers on Four Year Anniversary of Service: Ease and Convenience of “Pay By The Month, Not By The Minute”

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company has a particularly strong presence in the Southeast - holding licenses covering the
Atlanta, greater Miami/Ft. Lauderdale and greater Tampa/Sarasota markets - as well as coverage
in other parts of the country. Its licenses cover nearly 22 million POPs in the Atlanta, greater
Miami and San Francisco/Sacramento metropolitan areas alone. MetroPCS was also one of
the first wireless carriers to deploy an all-digital network based on third generation (3G) wireless
infrastructure and handsets, forming alliances with a number of top vendors - including Lucent,
Qualcomm, Agilent and Verisign - to implement its 3G capabilities. The company also
provides wireless solutions to business customers.

Alltel is a rapidly growing wireless carrier of national scope - with 10.6 million wireless
customers in 36 states. Alltel has an extensive wireless network in BellSouth’s region and
recently bought out Palmetto MobileNet, L.P.’s wireless partnerships to give Alltel full
ownership over the partnerships’ coverage area encompassing approximately 2 million people in

Footnote continued from previous page
releases/2006/20060207.pdf.
138 Id.
139 Id.
businesssolutions.php.
141 SEC Form 10-K, Alltel Corp. (Year-End 2005). In December 2005, Alltel announced that it
would spin-off its wireline business to Valor Communications Group, to form a wireline
company focused on the rural U.S., repositioning Alltel as a focused wireless company. See
Press Release, Alltel, Alltel Spins Off Wireline Business and Merges It with VALOR, Creates
corporate/media/news/05/dec/n411dec0905a.html.
North and South Carolina. The company has also deployed wireless broadband networks - including in Tampa and St. Petersburg, Florida and in Raleigh and Charlotte, North Carolina - to “offer[ ] wireless customers unlimited access to the Internet at speeds comparable to wired broadband connections, but with the added convenience of mobility.” Alltel also offers a range of networking solutions to businesses including Frame Relay, Private Line, VPN, DSL, dedicated Internet access and Transparent LAN service.

Leap Wireless and its Cricket and Jump Mobile services operates an all-digital CDMA network spanning 19 states and reported having over 1.6 million subscribers at the end of 2005. The company serves several markets in the BellSouth region in Georgia, Tennessee and North Carolina, and recently expanded its footprint in the region with the March 2006 acquisition of spectrum licenses covering 13 markets in North and South Carolina covering 4.9 million potential customers. Leap has built subscribership for its Cricket brand “[t]hrough a variety of low, flat rate, service plans… offer[ing] customers a choice of unlimited anytime local voice minutes, unlimited anytime domestic long distance voice minutes, unlimited text, instant and picture messaging and additional value-added services over a high-quality, all-digital CDMA

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network.” The company notes that 52% of its Cricket customers have “cut the cord” and rely exclusively on wireless for their phone service and that 92% of its Cricket customers report that their wireless phone was their “primary phone.”

**SunCom Wireless** is a regional wireless competitor focused on the Southeast and provides international, national and regional calling plans and digital wireless service to its over 960,000 subscribers in North and South Carolina, Georgia and Tennessee. The company has access to the nation’s largest GSM network with GPRS high-speed data transfer technology, enabling its customers to have enhanced voice and data services including wireless Internet access.

SunCom expanded markedly in 2005 - opening 19 new stores and planning to open or renovate nearly 25 additional stores in 2006 - and invested in future growth, announcing plans for a $100 million expansion of its digital wireless network in the Carolinas, including the construction of 42 new cell sites. SunCom has also been aggressively launching new service plans, offering new international and national calling plans in 2005 (offering 600, 900 or 1500 anytime minutes per month for a flat monthly rate for nationwide long distance) and

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150 Id.


Cellular South is “the largest privately held wireless provider in the U.S. and is licensed to provide wireless service - to a total population of more than five million people - on its network stretching from the Memphis Metropolitan Area, throughout all of Mississippi, along Coastal Alabama and the Florida Panhandle through Destin/Seaside.”\footnote{Press Release, Cellular South, Cellular South Improves Coverage in Pittsboro (Dec. 12, 2005), available at http://www.cellularsouth.com/about/towerNews2005/tower_pittsboro.jsp.} The company is investing heavily to expand its network -- spending $56 million in 2005 to add 154 cell sites to its network, increasing the company’s overall network size by approximately 16 percent - with Cellular South’s total network investment at more than $400 million since 1999.\footnote{See id.} The company has also launched a fixed wireless broadband network, available currently in the Starkville, Mississippi area.\footnote{See Cellular South: Wireless Broadband from Cellular South, available at http://www.cellularsouth.com/broadband/.}

Cable MSOs

Time Warner Cable serves more than 10.9 million customers in 19 million homes covering 27 states.\footnote{Time Warner Cable: Company Highlights, available at http://www.timewarnercable.com/corporate/aboutus/companyhighlights.html.} The company offers customers a national IP network and extensive local fiber networks in its territory, enabling the delivery of higher quality digital cable, high-speed