

April 21, 2008

Via ECFS

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street NW
Washington, DC 20554

RE: Notice of Ex parte, WC Docket 07-135

Dear Ms. Dortch,

On April 21, 2008, David Frankel, CEO of ZipDX LLC met via teleconference with Albert Lewis, Deena Shetler, Victoria Goldberg, Douglas Slotten, Lynne Engledow, Jay Atkinson and Randy Clarke in the Wireline Competition Bureau to discuss how the above-captioned docket is impacting the business of ZipDX.

The discussion focused on the attached materials. My conclusion is that the FCC needs to act expeditiously in this matter to give small innovators such as ZipDX appropriate guidance. The current regulatory uncertainty is a significant business impediment.

Regards,

/s/

David Frankel
CEO, ZipDX LLC
Los Gatos, California

cc: Albert Lewis, Deena Shetler, Victoria Goldberg, Douglas Slotten, Lynne Engledow, Jay Atkinson, Randy Clarke

ZipDX Teleconferencing

Briefing re: FCC 07-135

David Frankel
Founder & CEO
ZipDX LLC, Los Gatos, CA
dfrankel@zipdx.com

April 2008

ZipDX Background

- Small Silicon Valley Start-up providing Audio Teleconferencing Services
- We are addressing user frustrations with today's conference calls:
 - Poor audio quality
 - Confusing "host codes" and "participant codes"
 - Burden on organizer to accurately & timely deliver access credentials
 - Participants can't access the conference or they forget to call in
 - Security issues with unauthorized people in conference
 - Disruption due to noise, music-on-hold
 - Conference disconnected when host drops, even momentarily
- Targeting small and medium enterprises; eventually, large businesses
- Melding of Telecom & Web 2.0 technology (high-efficiency co-located servers, relational databases, big bandwidth pipes, redundant systems)
- Limited funding; powerful alliances; patents granted & pending

How ZipDX Works Today

- We offer users a toll-free number to dial into our bridging systems
- Access is also available from foreign countries & via the Internet (VoIP)
- Unique attributes of our service:
 - Automatically recognize participants (via Caller-ID); put them in the right conference
 - Dial out to participants, at their option, at multiple numbers
 - Connect callers using Wideband Audio when they have compatible equipment
 - Provide a Web- or Phone-based “dashboard” showing participants & “who’s talking”
 - Allow only invited participants into the conference; “no codes” conferencing
 - Filter out “GSM Buzz” and provide other controls for eliminating disturbances
 - Integrate w/ on-line calendar programs to learn conference schedules & participants
- We charge our customers by the minute, per participant
- ZipDX buys wholesale PSTN connectivity from IXC’s
- Our objective is to provide a much better experience at competitive prices
 - Great customer feedback so far!

The Access Arbitrage Issue

- ZipDX could use a non-toll-free number from a RLEC/CLEC
 - Carrier shares access charge revenue with us
 - ZipDX gets paid by carrier per minute, instead of us paying them
 - ZipDX customers get lower conferencing rates (or even free service)
- We have to consider this seriously
 - ZipDX must compete with free services in the marketplace
 - We must watch our margins to keep business viable
 - Some customers are indifferent to toll/toll-free access
 - Thanks to “all you can eat” long-distance plans
- This is where the current market situation is driving us
 - Customers ask: “Can your service be free, like some others?”
 - Yes, it can -- but is this a healthy, viable (and legal) model?

What's Wrong With This Picture?

- Nothing!
 - ZipDX makes money; so does our RLEC/CLEC partner
 - Our customers enjoy free service
 - The big-dog IXC's (and their customers, indirectly) foot the bill
 - But they deserve to be fleeced
- Look under the covers, however, at this scenario
 - Per-minute access charges collected by the RLEC/CLEC (and shared with ZipDX) are actually HIGHER than what ZipDX now pays for 8XX service
 - Indicates this is a less-efficient (higher total cost) solution
- Thus, the current regime is driving perverse behavior
 - Competitive pressure drives us to offer a "free" solution
 - That solution is less resource-efficient and higher total cost
 - ZipDX (& our customers) have no incentive to conserve these resources
 - The longer the phone is off-hook, the more money we make
 - Those paying the bills can't do anything about it

Conclusion:

Regulatory limbo (uncertainty) is the worst situation for my small business.

- Under current regulations, market forces drive us to consider the alternative business model described here
 - This is not “traffic pumping” to us; it’s our business
- We are a new entrant to the conferencing marketplace
 - Our (service) innovations are our biggest strengths
 - But we must also be price-competitive in the marketplace
- As a small business, we pride ourselves on being nimble
 - We can clearly act faster than the regulators
- If the current (anomalous) regulatory situation is going to go unchecked for any length of time:
 - ZipDX needs to get on the access charge bandwagon
 - The IXC’s should do the same with their conferencing services (they can steal from each other; start a CLEC & cut out the middleman)

Questions or Feedback?

Contact Info

David Frankel
dfrankel@zipdx.com
1-800-FRANKEL
Los Gatos, CA

ZipDX

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US Patent 7,343,008; others pending