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January 31, 2011

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

JAN 31 2011  
Federal Communications Commission  
Office of the Secretary

Re: **Notice of Ex Parte**

*Structure and Practices of the Video Relay Service Program*, CG Docket No. 10-51

Dear Ms. Dortch:

On January 25, 2011, the undersigned met separately with Gregory Hlibok, Diane Mason and Andrew Multz of the Disability Rights Office.

In the meeting, Purple presented information consistent with the attached slides. Specifically, the parties discussed the FCC's Notice of Inquiry pertaining to the video relay industry including topics such as the cost to provide VRS services and the connection between increased volume and efficiencies gained which can result in lower costs per minute for providers. The parties also discussed ways to facilitate greater competition and approaches to expanding the market for VRS services through broadband initiatives and subsidization of equipment for existing and new consumers of VRS.

Sincerely,

/s/

Kelby Brick, Esq.  
Vice President, Regulatory & Strategic Policy

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## FCC Meetings

VRS Market Structure  
*January 25-26, 2011*

**For more information:**  
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## Opportunity

- **Purple agrees with the Commission's goal to make the VRS program effective, efficient, and sustainable.**
  - Program must provide functional equivalence to deaf consumers while being cost effective and administratively efficient.
  - Any major policy shift should be carefully implemented in predictable phases to minimize disruption for consumers and providers.
- **Opportunity to Increase Competition and Remedy Market Concentration.**
  - Through anti-competitive tying equipment to service at program inception, Sorenson has captured market share greater than 80%.
  - This market power is greater than AT&T, Sprint, Verizon, and T-Mobile combined in the wireless industry. (Source: *FCC Mobile Report to Congress, May 2010*).

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## **Competition is Vital**

**The TRS Program must serve the greatest number of people, with  
the highest quality service, at the lowest possible cost, while  
preserving consumer choice and pursuing functional equivalence.**

**Achieving this goal requires true competition - not measured in the  
number of providers, but in the market share they hold.**

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## The State of VRS Competition

- **Smaller providers are competitive in service quality and innovation.**
  - Majority of innovations to advance functional equivalence in recent years have come from smaller providers. Consumers have benefitted immensely.
  - Examples of small provider innovations - Advocated and implemented real 10D numbers for relay users, 911 auto-transfer, mobile/wireless VRS apps, web-based VRS software, call forwarding services, new videophone hardware, mobile video mail, SIP and server based VRS technology, multi-party video technology, custom voice messaging.
- **However, scale (market share) absolutely matters in becoming cost competitive.**

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**(Redacted information)**

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## **Policy Imperative - Competition**

- **Market will be ready for auctions when more providers are in the 20-25% market share range.**
  - Indicator of true competition on functionality, quality and cost.
- **When more than 1 provider is operating “at scale,” the FCC will have more options, including auctions, for obtaining the highest quality services for consumers at the best possible prices. The FCC must be careful to ensure that multiple providers with shares “at scale” remain in the market in the long run.**
  - An auction model with no limits will result in one only provider in perpetuity.
- **The FCC’s near term policy decisions should foster competition that results in market share gains by smaller providers.**

# Progressive Policy Options to Promote Scale Among Smaller Providers

	Rates	Industry Health	Customer Equipment	Bringing VRS to New Customers
<b>Near Term Actions</b>	<p>(July)</p> <p>Implement multi-year tiered rates which recognize cost curve scale and encourages innovation across providers of all sizes.</p> <p>In the interim, allows smaller operators time to climb the cost curve while operating in period of stability</p>	<p>(Now)</p> <p>1) Require more stringent certification.</p> <p>2) Require certified providers to have a robust compliance plan and require annual training of all employees and contractors and annual reports to Commission.</p>	<p>(6-12 months)</p> <p>1) Require technical solution to a functional standard of porting existing equipment without loss of functionality.</p> <p>2) Require "address book portability" to ensure customers can export their address book to other devices or applications</p> <p>3) Disassociate service from equipment and implement equipment vouchers.</p>	<p>(6 months)</p> <p>Leverage outreach assets of providers to sell subsidized broadband service to deaf consumers who do not have access today. Would have to be set up to not disadvantage smaller providers who do not have the reach. Equipment would have to be separate from service.</p>
<b>Long Term Benefits</b>	<p>Increases FCC options to optimize program costs once more providers operating at scale. Consider auction process after careful study and ample consumer input.</p>	<p>Will strengthen remaining providers and result in an industry performing more consistently against a set of best practices.</p>	<p>Greater consumer choice of provider and greater ability for smaller providers to scale operations to efficient levels, mitigate current market concentration.</p>	<p>Greater number of consumers with ability to use VRS. Also increases ability of smaller providers to scale operations to efficient levels.</p>