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March 19, 2014

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

Electronically Filed

Re: CC Docket No. 95-116; WC Docket No. 07-149; WC Docket No. 09-109

Dear Ms. Dortch:

I write on behalf of Neustar, Inc., to submit for inclusion in the above captioned dockets the enclosed letter from Lisa Hook of Neustar to Betty Ann Kane, Chairman of the North American Numbering Council.

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS. If you have any questions, please do not hesitate to contact me.

Sincerely,



Aaron M. Panner

cc: Julie Veach
Jonathan Sallet
Phillip Verveer

March 19, 2014

The Honorable Betty Ann Kane
Chairman, North American Numbering Council
Public Service Commission of the District of Columbia
1333 H Street, N.W.
Suite 200, West Tower
Washington, DC 20005

Dear Chairman Kane:

The Public Notice announcing that a closed meeting of the NANC on March 26th would precede the regular meeting of the North American Numbering Council on March 27th, gives urgency to my writing to express Neustar's concerns about the Local Number Portability Administrator vendor selection process. The NANC would benefit from all affected parties having the ability to participate in a conversation with the Council that precedes, rather than follows, the scheduled closed meeting. Not having been given that opportunity, we feel compelled to raise important issues and provide critical information for your consideration.

The absence of open dialogue reflects the structural complexities of the LNPA vendor selection process. Three vastly different cultures and legal entities have a role to play. The FCC is a government agency. The NANC is a federal advisory committee. The NAPM, which is the author of the initial recommendation in the vendor selection, is a private company made up of only ten of the very largest telecommunications carriers, with no responsibilities to the needs of any entity other than themselves – not to consumers that will be affected by the selection, nor the thousands of small carriers who will bear the brunt of transition costs and risks.

Not having an opportunity to participate in a real conversation with the NANC; having had no response to Neustar's consistent efforts since mid-October to enable all vendors to submit new proposals; and with our Petition alerting the FCC to flaws in the RFP and the selection process having to date received no response, we are taking the opportunity in this letter to renew our call for certain essential considerations to be made by the NANC, and to provide you and the Council information we believe is necessary before making a decision this important for so many industry participants. It is not too late to fix this process, and we urge the NANC to do so at this critical juncture.

The NANC Represents A Broader Constituency Than The NAPM

The NANC's approval of any recommendation by the NAPM puts your stamp on the decision. If you believe their recommendation does not reflect the interests of your broader constituency, you have the means, and responsibility, to fix it.

It should be clear to the NANC just how important this decision will be to consumers and smaller carriers. If as a result of this process, large carriers have an advantage over small carriers – as they will, if a transition to a new system is not neutral to all players, or introduces new risks and costs to smaller carriers – then competition will be harmed. It is our belief that a federal advisory committee such as the NANC would wish to proceed deliberately to preserve a vital industry's competitive balance.



In the last several weeks, multiple associations representing more than 125 carriers have indicated their individual concerns and objections to the RFP process. These filings are strong indicators of a widespread concern across critical industry segments that action is required now to ensure the integrity of this process and that the resulting recommendation factors in the interests of a broad group of constituencies.

Those with the most to lose have not yet had an opportunity to understand fully the relative merits of competing offers, how those offers compare with what the NPAC currently provides, or to be able to weigh in on their desires, other than through filings with the FCC. This again is a problem with the structure of the vendor selection process and not the NANC's fault. Yet it is something that the NANC can and should fix.

We believe it is an essential responsibility of the NANC to ensure all of the constituencies you represent have an understanding of how a transition to a new vendor might affect them, while having a voice in the process.

Why Neustar Has Been Urging That There Be A New Round Of Offers

Since October, Neustar has been attempting to ensure that all vendors be permitted to submit an additional offer, or rounds of offers. The RFP implicitly contemplates more than one round of competitive offers. As a result, Neustar reasonably understood it would be permitted to submit additional proposals - a process that benefits the industry and consumers by ensuring the NPAC contract is awarded to the most competitive vendor.

Simultaneously, in a bizarre gambit, Matthew A. Brill of Latham & Watkins submitted a letter on behalf of an unidentified actor asserting that "an NPAC contract price at or above \$150 million would serve only to enrich the next LNPA(s) while imposing unnecessary costs on NAPM's members, and more importantly, their customers." Apparently timed to influence NAPM decision-makers, the Brill letter was filed with the FCC on September 17th, the day before revised offers were due to the NAPM, and not made public until the September 18th deadline. In addition to giving all participants a chance to sharpen their pencils, a further round or rounds of offers would have given decision-makers the benefit of Neustar's rebuttal to Mr. Brill's assertions.

The letter was highly instructive because it revealed a principal misunderstanding about the NPAC, and about what is at stake in this vendor selection process. Fixing this misunderstanding is essential.

The NPAC today is far more than simply a mechanism for local number portability. It is frequently confused with basic Number Portability services deployed elsewhere, and yet it is not like other such services because, with 4400 participants connected to an NPAC updated with new information seven seconds after Neustar receives it, the U.S. telecom infrastructure is not like other countries'. The U.S. system is significantly more sophisticated than any other, with a delicate set of expectations for competition, neutrality and fairness put in place by legislation, and FCC guidance, beginning 18 years ago. Moreover, the expectations of U.S. consumers are not like those in other countries, where people wait days – or even weeks – to have their number ported to a new device on a new network.



Mr. Brill's letter framed an essential question: what is the proper apples-to-apples comparison of the services the NPAC currently offers -- which would continue under Neustar's stewardship over the next contract period -- and that proposed by others?

To date, there has been no actual benchmarking of how the current NPAC compares to the specs in the RFP. It is important to understand that it may be possible to reply to the RFP with a proposed system dramatically less robust than what the industry has today. It is essential to calibrate, and ensure all participants understand, what services might fulfill the RFP requirements but fall meaningfully short of what the industry -- and the consumers it serves -- today receive from the NPAC as managed by Neustar.

We believe the NANC should ensure, in a transparent manner, that all segments of the industry it represents have a common understanding of the following:

1. How closely do the RFP documents reflect the actual service delivered today; or more precisely, what is the comparative benchmark between the RFP's specs and the service that today all constituencies receive?
2. How does the evaluation criteria and its relative weighting address the services delivered to constituents not represented in the selection process, e.g. small carriers, law enforcement, and public safety interests?
3. What consideration is applied to the future needs of the industry and regulatory authorities, e.g. the PSTN-IP transition?

How Will The NPAC Of The Future Compare With Its Service Now?

It is Neustar's belief that the next LNPA should not initiate degradation of the services offered by the NPAC. Why should the best system in the world go backward, not forward, at this critical moment as the industry is moving to an all-IP future?

But whether the system will move forward or go backward is unclear from the current RFP. We believe that without having the opportunity for all vendors to be able to make an additional proposal in light of much new information -- the Brill letter with its misunderstanding of what the NPAC today actually offers, the FCC's enhanced focus on the coming PSTN-IP transition, and the resonant negative experience of the rollout of HealthCare.gov, which highlights the risks in massive IT projects -- there has been no mechanism for a truly informed, apples-to-apples comparison of offers, no means of truly understanding how a new system would compare with the present one, nor for having a proper risk-and-reward analysis.

Neustar is willing to address the issues around what level of functionality the NPAC should have, and at what price, but to date has not been permitted to present an enhanced offer that directly addresses these issues. As such, carriers have been deprived of material savings in the order of hundreds of millions of dollars in future years without the risk of transition or disruption.

Neustar has commissioned third-party analyses by such respected organizations as the Standish Group -- which pegged the percentage of a successful transition to a new vendor at only 4 percent -- and



Economists Inc. -- which said that such a transition would lead to more than \$719 million in costs in the first year alone, adding up to a total of \$2 billion.

Because of the work of these well-respected organizations, we know enough to posit that even if a competitor offered its services as LNP Administrator *for free*, the costs that would be borne by literally thousands of service providers would be greater than what Neustar has offered, and would be willing to offer in a new proposal.

That the risks of a transition are profound does not mean no transition should ever be considered. It means simply that a true comparison of the risks and rewards to be borne by all segments of the industry must properly be understood.

The NANC Can Correct A Flawed Process

Neustar's competitor has argued against the company's ability to make a new offer -- even though it would have the same opportunity as Neustar to exhibit greater value to the industry -- and urged a speedy resolution of the process, even as COMPTEL and other industry players have raised serious concerns about what a flawed contract award would mean to them. (We leave for another day the argument that Neustar's competitor's willingness to rush to the finish line while turning its back on the needs of smaller, competitive carriers is *ipso facto* a violation of the neutrality principle at the heart of the responsibilities of managing the NPAC.) One of the arguments made explicitly by Neustar's competitor is that Neustar is attempting to create an additional delay in the awarding of the new contract so that it may benefit from the terms of the current contract.

To address these concerns, and to facilitate an additional round of offers (which we believe would require only a short extension to the selection process -- already much delayed -- of three months or less), Neustar is willing to extend the current contract by three months, if required, and to demonstrate our commitment to "get it right" for all interested parties, we will offer a credit of up to \$50M, if necessary, and regardless of the outcome. No one should be able to argue that a short extension at this critical juncture, in order to properly evaluate the benefits and deficiencies of each vendor's proposal, is somehow a plot for Neustar to garner additional revenues from the existing contract.

Chairman Kane, it is not too late to fix this process. It is certainly easier to address these important issues now rather than at a later juncture.

With respect, Neustar urges the NANC to call for a new round, or rounds of offers, while addressing the concerns we have raised in this letter. Your members and the broad constituencies you serve need both a better understanding of these issues, which can only come from enhanced discussion, and to be given a voice in addressing them.

Sincerely,

Lisa Hook

Cc: NANC Members
Julie Veach