

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In the Matter of	)	
	)	
Modernizing the E-rate	)	WC Docket No. 13-184
Program for Schools and Libraries	)	

**COMMENTS OF MITEL NETSOLUTIONS, INC.**

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Date: September 3, 2014

Mitel NetSolutions, Inc. (“Mitel”) respectfully submits these comments in response to the Wireline Competition Bureau’s August 4 Public Notice<sup>1</sup> seeking comment on the draft eligible services list (“ESL”) for the Schools and Libraries Universal Support Mechanism (“E-rate program”) for funding year 2015.

## **I. Mitel’s History Of Providing Schools Cutting-Edge Communications Solutions**

Mitel has been providing unified communications solutions and services to school districts across the country for over 40 years. Mitel has chosen to make K-12 education a primary focus because as an organization Mitel understands firsthand the difficulties and challenges school districts face and Mitel recognizes the potential for its technology solutions to make a tremendous difference in the way school districts operate and how students learn.

Mitel provides solutions that enhance the overall learning environment in a school district, as well as promoting high-quality instruction and comprehensive student development. With over 10,000 education customers globally, Mitel offers incredible value to school districts through lower total cost of ownership, enhanced communications services, increased productivity and efficiency and improved school safety. Some of the largest and most recognizable K-12 school districts in the nation have engaged Mitel as their preferred VoIP and unified communications provider.

Every year, hundreds of school districts, large and small, make the choice to go with Mitel to provide their students access to transformative technology and learning tools made possible by Mitel’s technology solutions. Mitel’s unified communications solutions provide these school districts with industry-leading return on investment by enhancing administrative

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<sup>1</sup> Wireline Competition Bureau Seeks Comment on Draft Eligible Services List for Schools and Libraries Universal Service Program, WC Docket No. 13-184, *Public Notice*, DA 14-1130 (rel. Aug. 4, 2014).

efficiencies, productivity, and hard capital cost savings so that schools can devote more resources to their core objective: preparing students to compete in the global economy.

**II. Applicants Should Be Given The Maximum Amount Of Flexibility To Adopt Technologies That Can Facilitate The Migration To VoIP And Also Lead to Increased Broadband Adoption**

The following facts are not in dispute:

1. Given the cap per applicant on Category 2 spending, if the equipment necessary to migrate to VoIP is included in the eligible service list under Category 2, there will be no negative impact on the fund whatsoever. None.
2. Migration costs to VoIP are significant. In fact, some schools and libraries do not have the funds to migrate to VoIP equipment without the benefit of E-rate.
3. Once the migration occurs, VoIP is far less expensive than traditional phone service. Indeed, the Bureau has found that VoIP service on average costs less than half what traditional phone service costs.<sup>2</sup>
4. If some schools and libraries cannot migrate to VoIP because they cannot afford to do so, such schools and libraries will continue to have to pay tremendous amounts for legacy voice services, thereby making it less likely that they will be able to afford the high-quality broadband services they need.
5. Recognizing the foregoing, the Commission considered not only keeping VOIP equipment eligible for Category 2 funding, but, in addition, even considered offering some extra “short term incentive to applicants to transition to VoIP.”<sup>3</sup>

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<sup>2</sup> Public Notice, Wireline Competition Bureau Seeks Focused Comment on E-rate Modernization, WC Docket No. 13-184, DA 14-308, ¶ 42 n.67 (rel. Mar. 6, 2014) (“*Public Notice*”).

<sup>3</sup> *Public Notice*, ¶ 51.

Yet, not only did the Commission not incentivize the transition/migration to VoIP, it went to a flash cut with respect to Category 2 VoIP equipment, thereby effectively forcing many schools and libraries to continue paying large sums for legacy voice service for the foreseeable future. This approach undermines – rather than promotes – the use of broadband by such schools and libraries, because the more these entities have to pay for voice services, the fewer funds they will have to afford broadband. In order to avoid this unintended consequence, Mitel strongly believes that all VoIP equipment should remain fully eligible for support. If the Bureau does not believe it has the authority to provide support for all VoIP equipment, the Bureau should, at the very least (1) clarify that internal connections components utilized for migrating to VoIP should be eligible to the extent such connections can also be used for internal broadband connections; and (2) with respect to internal equipment utilized solely for VoIP service, establish a streamlined waiver process that would permit applicants to demonstrate that localized investments in internal connections used to migrate to VoIP will result in long-run cost-savings that will enable such applicants to afford higher-quality broadband services.

As the Commission emphasized in the *E-rate Modernization Order*, the Commission is “committed to ensuring that the new five-year budgets not in any way compromise the program’s fundamental commitments to providing sufficient support and to **permitting flexibility to address localized conditions**, even as they expand access to program funds.”<sup>4</sup> One of the localized conditions for some schools and libraries is the need to migrate away from legacy voice services to much less expensive VOIP service. In fact, the Bureau previously emphasized that individual schools and libraries are planning to migrate to VoIP services, but such a migration typically entails upfront rewiring and equipment costs that may dissuade such a migration even

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<sup>4</sup> *Modernizing the E-rate Program for Schools and Libraries*, WC Docket No. 13-184, Order, FCC 14-99, ¶ 88 (emphasis added) (“*E-Rate Modernization Order*”).

though it will be more efficient, and far less costly, over the longer term.<sup>5</sup> Indeed, the Bureau noted that businesses that migrated to VoIP paid less than half of the cost per line compared to circuit switched lines.<sup>6</sup>

The Bureau has thus recognized that VoIP services are more cost-efficient over the long run, but that the initial costs to migrate to VoIP can be cost prohibitive for some schools and libraries without funding support through E-rate.<sup>7</sup> The proposed flash cut to no support for internal connections related to migrating to VoIP services therefore will be counterproductive to the goals of the E-rate Fund as a whole, and to individual schools and libraries in particular, that are seeking to migrate to more efficient VoIP technologies. Given that the Commission has set maximum applicant budgets for Category 2 internal connection support, there is tremendous upside – and no downside to the E-rate Fund – to provide applicants with the maximum flexibility to adopt internal connection technologies that support the increased use of broadband, but also enable the migration to VoIP services. The Bureau should therefore find that internal connections that support internal broadband connections, but which can also be utilized to migrate to VoIP, should be fully eligible without the need to allocate costs between eligible and ineligible features.

Further, schools and libraries typically have an IT infrastructure life cycle of 8-10 years compared to businesses' 4-5 year life cycles. Accordingly, the decision to immediately make ineligible support for internal connections that could be used to facilitate the migration to more cost-efficient VoIP technologies and services unfairly penalizes schools and libraries that were at or near the end of their current IT infrastructure life cycle. Moreover, schools and libraries that

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<sup>5</sup> *Public Notice*, ¶ 51 n.75.

<sup>6</sup> *Id.* ¶ 42 n.66.

<sup>7</sup> *Id.* ¶ 41 n.61.

were previously planning on migrating to VoIP services in the near term, but now lack the support to make the migration, will be forced to continue using outdated – and more expensive – legacy voice services, which will mean that they will have less money for broadband both now and in the future.

In order to avoid this result, and consistent with the Commission’s directive to provide schools and libraries with the maximum amount of flexibility to address localized concerns, the Bureau should establish a robust waiver process that allows applicants to demonstrate the long-term cost savings of internal IT infrastructure investments that can be used exclusively to migrate to VoIP services.<sup>8</sup> And, as noted above, because the support individual schools and libraries can receive for Category 2 support is now capped, there will be no downside on the Fund as a whole by providing schools and libraries the support they need now to adopt more efficient VoIP technologies that will free up funds for more broadband services now and in the future.

### **III. Reduced Support For Voice Services Should Not Impact Integrated Or Bundled Services**

It is Mitel’s experience that many customers today purchase integrated services that have inseparable data, video and voice components or bundled services that combine voice and broadband – including a VoIP offering – thereby leveraging the full potential of high-quality broadband service. Such unified communications systems enabled by broadband provide users an exponential level of functionality at prices comparable to legacy services. For example,

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<sup>8</sup> The Commission has only temporarily restricted eligibility for components that are used exclusively for VoIP services, and therefore the Bureau still has the authority to provide support for “equipment that combines functionality” to provide access to both broadband and VoIP services. *E-Rate Modernization Order*, ¶¶ 119-120. Similarly, Mitel believes that the Bureau has the authority to establish a streamlined waiver process for internal components that can only be utilized for VoIP service. With respect to the overall, forward-looking treatment of VoIP services through the E-rate program more generally, Mitel intends to address these issues more comprehensively in response to the Commission’s Further Notice of Proposed Rulemaking issued in this docket.

Mitel’s MiCollab product offering provides an integrated broadband solution encompassing data, video and voice services to connect students to “cutting-edge learning tools in the areas of science, technology, engineering and math (STEM) education,” while also enabling distance learning and collaboration opportunities for students and teachers.<sup>9</sup> These are precisely the customized learning tools that the Commission wants to encourage as part of modernizing the E-rate program.<sup>10</sup> Further, Mitel’s MiCloud solution seamlessly provides these learning tools from the cloud, while also making it possible for E911 location services down to the individual classroom, thereby increasing student and teacher security.

Moreover, for such integrated or bundled services, however, it would be difficult for applicants and service providers alike to determine how much of the service price should be attributed to “voice” and how to bill and reimburse the “voice” component at a different E-rate discount percentage from the “broadband” component. The different regulatory functionalities of MiCollab, MiCloud and similar bundled services are a seamless package to the end user. The burden of attempting to cost allocate these features into constituent parts is likely to exceed any savings to the E-rate program during the voice phase-down period. Since these services are critical to enabling distance learning and increasing student and teacher security, Mitel recommends that such inseverable bundled service offerings fall within the eligible data transmission and Internet access services instead of requiring applicants and service providers to engage in difficult – and ultimately arbitrary – cost allocations.

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<sup>9</sup> *E-Rate Modernization Order*, ¶ 2.

<sup>10</sup> *Id.*

Respectfully submitted,

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