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the Chairman



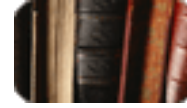
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## MESSAGE FROM THE CHAIRMAN



Fellow IPCC Members:

According to an article in CNET News, "... the thrashing of communications networks by Hurricanes Katrina and Rita amplified the need for Congress to take action on Net phone policy."

At a recent hearing convened by the Senate Commerce Committee, Senator John Sununu, a New Hampshire Republican said, "The robust, unique features of Net phones helped ease the communications logjam when people could find power sources." VoIP phone lines have been used by the Federal Emergency Management Agency, the Red Cross, the Army, hospitals, and more in the aftermath of these storms. "Without VoIP, officials in New Orleans could have been stripped of all means of communication," Sununu added.

This hearing likely influenced the FCC's decision last week to not take enforcement action against any interconnected VoIP provider that has secured at least a 90% subscriber acknowledgement rate pursuant to the Commission's June 2005 VoIP E911 order. The FCC still expects all VoIP providers to continue to seek customer acknowledgements until 100% of the responses have been received. For those providers that have not yet collected responses from at least 90% of their end users, the Commission will continue forbearing from enforcement until at least October 31, 2005, so long as carriers file status reports by October 25, 2005.

People are starting to understand just how much VoIP matters. To that end, the IPCC has a very busy month ahead, with a large presence at two major trade shows: CompTel/ASCENT and INTERNET TELEPH-ONY. I encourage you to attend the Working Group Meetings planned for each show. It's important for us to show our strength and support as an organization at events we host or sponsor!

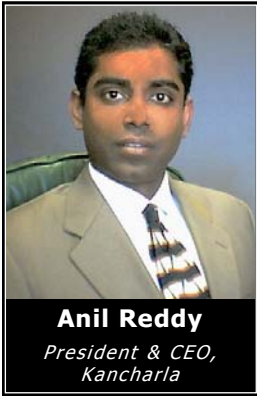
Throughout this issue of the newsletter, you'll find information about IPCC's presence at each show. Thank you to everyone who has helped to organize our efforts as we exhibit, moderate, speak on VoIP technology panels, and host our Working Group meetings.

See you at the shows!

Sincerely,

*Michael Khalilian*  
Chairman & President  
International Packet Communications Consortium (IPCC)  
[MKhalilian@IPCCForum.org](mailto:MKhalilian@IPCCForum.org)

## MEMBER PROFILE



### KANCHARLA

*Anil Reddy is President & CEO of [Kancharla](#).*

#### **IPCC: Tell us about Kancharla and the products/services you offer.**

**Anil Reddy (AR):** Kancharla was founded in 1994 in Huntsville, AL and is a privately held corporation. We provisioned our first commercial IP Telephony customer in 2000, and launched our wholesale platform for service providers in 2002. Those service providers are comprised of ISPs, CLECs, cable companies, or greenfield providers of next generation services who desire to provide services to the business and/or residential markets using our nationwide network with their own branding. In addition to a robust set of features, our capabilities include the ability to provide call origination and termination services, 411, operator assistance,

911/E911, DIDs, and Local Number Portability (LNP) service and billing. We can provide these as a turnkey package or a la carte, based on the needs of the service provider.

#### **IPCC: How do VoIP companies benefit from your solution?**

**AR:** There are many benefits to doing business with us, not the least of which is that we lower the barriers to entry into what is a highly lucrative marketplace and minimize the risk of entering that marketplace. By partnering with Kancharla, service providers benefit by using our networks and systems, which have been in production for many years and have an established track record. We are flexible in allowing service providers to procure only those services that they need, whether that be all or some of what we offer. This also translates into speed to market, as many partners can be in business in less than 30 days. Our experience in selling VoIP can be leveraged to help our partners develop everything from proper sales methodologies to best practices for implementation and help desk functions, to name a few.

The end result of all this is it allows our partners to differentiate themselves from their competitors by offering new services. The more services a customer buys means they will be less likely to move to another provider. That translates into higher revenue per user (ARPU) and gross margins, leading to higher profits. The last point I would like to make is that in every case, our service providers own their customers.

#### **IPCC: How did Kancharla get its name?**

**AR:** The name Kancharla was derived from my family. Simply put it means, "can talk."

For information on becoming an IPCC member, please visit our website at [www.ipccforum.org](http://www.ipccforum.org) or contact Debbie Hetland at [dhetland@ipccforum.org](mailto:dhetland@ipccforum.org).

#### **IPCC INDUSTRY NEWSLETTER**

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**CHAIRMAN & PRESIDENT** Michael Khalilian  
(321) 230-3070 [m.khalilian@ipccforum.org](mailto:m.khalilian@ipccforum.org)

**DIRECTOR OF TECHNICAL WORKING GROUPS** Marian Stasney  
(512) 853-9598 [marian@ipccforum.org](mailto:marian@ipccforum.org)

**PROJECT MANAGER** Debbie Hetland  
(510) 744-4020 [dhetland@ipccforum.org](mailto:dhetland@ipccforum.org)

**PRESS CONTACT** Tammy Snook  
(407) 667-9355 [tammysnook@hightechpr.net](mailto:tammysnook@hightechpr.net)

**NEWSLETTER DESIGNER** Barry Malawski

#### **IPCC HEADQUARTERS**

39355 California St.  
Suite 307  
Fremont, CA 94538  
Main Phone: (510) 744-4020  
Fax: (510) 608-5917  
[www.ipccforum.org](http://www.ipccforum.org)  
[info@ipccforum.org](mailto:info@ipccforum.org)

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## NEW IPCC WEBSITE LAUNCHED

The IPCC launched its new URL (<http://www.ipccforum.org>) on September 15 and launched the new website design on September 29. The new website's fresh, modern look provides easy navigation for visitors and members. The home page has interactive scrolling to view IPCC news and upcoming events while direct links enable IPCC members to pull up important documents and information on the members-only side of the website. The new calendar section displays all of the IPCC events including meetings, tradeshow, speaking engagements, and conference calls while also providing password protection for member-only information.

### New IPCC E-Mail Addresses in Place

All members should now use the new email addresses for all IPCC e-mail lists (example@ipccforum.org) and the new URL (<http://www.ipccforum.org>). The previous e-mail extensions and URL will continue to work for a limited time to ensure a seamless transition during this period of change.

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## IPCC HOSTS EXHIBIT, VoIP TECHNOLOGY PANELS, and SERVICE PROVIDER WORKING GROUP MEETING at COMPTTEL/ASCENT

At the [CompTel/ASCENT Fall 2005 Convention & Expo](#), which is scheduled for October 9–12 in Orlando, FL at the Orlando World Center Marriott, the IPCC will host an informational exhibit (#219), three VoIP technology panels, and hold its Service Provider Working Group meeting—all of which are open to CompTel/ASCENT conference attendees.

### IPCC Hosts VoIP Technology Panels Featuring IPCC Member Companies

IPCC will host three VoIP technology panels on Tuesday, October 11 that feature a variety of perspectives from member companies on several VoIP topics, including next generation operations systems and software, ENUM, SIP and VoIP interconnectivity, and migrating PSTN to SIP. The presentations will focus on successful deployments, ROI and technology information, as well as operational challenges. The three panels are one hour each, beginning at 8:30 AM and running through noon in the Crystal Q Room at the Orlando World Center Marriott.

The following IPCC member companies will participate on the three panels:

- [Bay Packets](#)
- [Kancharla](#)
- [Trendium](#)
- [VoX Communications](#)
- [CopperCom](#)
- [SIPStorm](#)
- [UTStarcom](#)
- [Global Crossing](#)
- [Tekelec](#)
- [Verisign](#)

### IPCC Service Provider Working Group Meeting on E911 to be held October 11

The IPCC will hold its Service Provider Interconnectivity Working Group Meeting on Tuesday, October 11. Open to CompTel/ASCENT conference attendees, this meeting will focus on E911 and feature presentations from industry experts such as Staci Pies (VP, Governmental and Regulatory Affairs, [PointOne Communications](#)) who will discuss the E911 regulatory environment, and E911 business and technical considerations.

<b>Event:</b>	<b>Service Provider Interconnectivity Working Group Meeting</b> <i>(CompTel Fall 2005 Conference &amp; Expo)</i>
<b>Date:</b>	Tuesday, October 11, 2005
<b>Location:</b>	Orlando World Center Marriott Chicago Room

*(Table continued on page 4)*

<b>Agenda:</b>	<p><b><i>Public Forum: (Open to the Public)</i></b></p> <ul style="list-style-type: none"> <li>▪ 1:00 PM – 1:15 PM: General Introduction</li> <li>▪ 1:15 PM – 1:45 PM: Staci Pies, VP, Governmental and Regulatory Affairs, PointOne Communications (Topic: E911 Regulatory Environment)</li> <li>▪ 1:45 PM – 2:15 PM: Guest Speaker (Topic: Business/Technical Considerations for E911)</li> <li>▪ 2:15 PM – 2:30 PM: Afternoon Coffee Break</li> </ul> <p><b><i>Closed Session: (IPCC Members Only)</i></b></p> <ul style="list-style-type: none"> <li>▪ 2:30 PM – 3:00 PM: Review Final E911 Paper – Version 1</li> <li>▪ 3:00 PM – 3:45 PM: E911 Paper Versions 2 and Beyond – CALEA &amp; ENUM / Timeline and Outline (discuss and finalize)</li> <li>▪ 3:45 PM – 4:00 PM: Peer-to-Peer White Paper – Any Outstanding Issues / Timeline and MACs For Next Revisions</li> </ul>
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<b>Hotel information to book sleeping rooms – CompTel:</b>	
Orlando World Center Marriott 8701 World Center Drive Orlando, FL 32821	
<ul style="list-style-type: none"> <li>▪ Room rates start at \$209.00</li> <li>▪ <a href="#">Online reservations</a> can be arranged via the CompTel / Ascent hotel reservation system or by calling 1-800-266-9432 (indicate that you are attending CompTel / Ascent to receive special room rates)</li> </ul>	

**IPCC EXHIBITS, MODERATES THREE TECHNOLOGY PANELS, and HOSTS WIRELESS/ WIRELINE CONVERGENCE WORKING GROUP MEETING at INTERNET TELEPHONY CONFERENCE & EXPO**

**IPCC Members Offered Discount to Exhibit**

At [TMC's INTERNET TELEPHONY® Conference & Expo](#), which is scheduled for October 24–27, 2005 in Los Angeles at the California Convention Center, the IPCC will exhibit (#243), moderate numerous VoIP technology panels, and host its Wireline/Wireless Convergence Working Group meeting. TMC is an official partner of the IPCC and is offering IPCC members a discount for exhibiting at INTERNET TELEPHONY—the world's largest and best attended VoIP trade show.

**IPCC's Chairman & President Michael Khalilian, and Manuel Vexler to Moderate Three VoIP Panels**

Michael Khalilian and Manuel Vexler of the IPCC will be moderating three panels during the INTERNET TELEPHONY Conference. They are scheduled as follows:

<b>Date:</b>	Tuesday, October 25
<b>Time:</b>	11:15 AM – 12:00 PM
<b>Panel Name:</b>	Triple Play: The Implications of Convergence
<b>Date:</b>	Wednesday, October 26
<b>Time:</b>	12:30 PM – 2:15 PM
<b>Panel Name:</b>	Technical Challenges to WiFi Telephony Deployment
<b>Date:</b>	Thursday, October 27
<b>Time:</b>	1:15 PM – 3:00 PM
<b>Panel Name:</b>	Dual Mode: A Look at the Current State of the Market

## IPCC Wireless/Wireline Convergence Working Group Meeting to be Held October 25

The IPCC will hold its Wireless/Wireline Convergence Working Group Meeting on Tuesday, October 25 at the INTERNET TELEPHONY Conference & Expo in the Los Angeles Convention Center. Open to INTERNET TELEPHONY conference attendees, this meeting will focus on 3G and IMS and features a presentation from Kevin McCracken, Director, Product Management at [NewStep Networks](#).

<b>Event:</b>	<b>Wireless Wireline Convergence Working Group Meeting</b> <i>(INTERNET TELEPHONY Conference &amp; Expo)</i>
<b>Date:</b>	Tuesday, October 25, 2005
<b>Location:</b>	Los Angeles Convention Center Room 501 C
<b>Agenda:</b>	<p><b><i>Public Forum: (Open to the Public)</i></b></p> <ul style="list-style-type: none"><li>▪ 9:00 AM – 9:15 AM: Mixer – Coffee and Bagels</li><li>▪ 9:15 AM – 9:25 AM: General Introduction</li><li>▪ 9:25 AM – 10:15 AM: Kevin McCracken, Director, Product Management, NewStep Networks (Topic: 3GPP/IMS Architecture)</li><li>▪ 10:15 AM – 10:30 AM: Coffee Break</li></ul> <p><b><i>Closed Session: (IPCC Members Only)</i></b></p> <ul style="list-style-type: none"><li>▪ 10:30 AM – 10:45 AM: Open Group Meeting – Consensus on Forward Activities</li><li>▪ 10:45 AM – 11:30 AM: Review White Paper (Version 2 &amp; 3 – Timeline for Publication and MACs)</li></ul>
<b>Hotel information to book sleeping rooms near the INTERNET TELEPHONY Conference &amp; Expo:</b>	
<ul style="list-style-type: none"><li>▪ <b>Marriott Los Angeles Downtown</b>, 333 South Figueroa Street, Los Angeles, CA 90071<ul style="list-style-type: none"><li>◦ Room rates start at \$159.00</li><li>◦ Reservations can be arranged by calling 1-800-228-9290 (identify yourself as an INTERNET TELEPHONY Conference attendee to receive special room rates)</li></ul></li><li>▪ <b>Wilshire Grand</b>, 930 Wilshire Blvd., Los Angeles, CA 90017<ul style="list-style-type: none"><li>◦ Room rates start at \$149.00</li><li>◦ Reservations can be arranged by calling 1-213-688-7777 (identify yourself as an INTERNET TELEPHONY Conference attendee to receive special room rates)</li></ul></li></ul>	

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## MEETING REGISTRATION

We ask that you register before attending any of the above mentioned meetings. Please send an email to [dhetland@ipccforum.org](mailto:dhetland@ipccforum.org) to confirm your attendance.

## WORKING GROUP UPDATES

To the members of IPCC:



I recently attended VON Boston, courtesy of [CopperCom](#), where I was able to meet with many of the active members of IPCC. This was the first of many upcoming technical conferences and a great opportunity for me to meet with people in person. Several meetings were held and I was able to gauge the level of interest in new initiatives planned for the working groups. I expect a lot of changes in the next quarter for all of the groups.

First, we will be conducting several outreach projects, including a service provider survey and some quality control reviews. I have not yet been able to meet with all of the members, so this will give me a chance to speak with more of you and get one-on-one feedback. Gauging from the quality of ideas and comments I've received so far, I believe this will help me to more effectively lead the groups.

Work continues on all three papers in progress. The first E911 gap analysis paper will be presented at the Service Providers Interconnection Working Group meeting at CompTel, where we will have speakers in the open forum presenting on regulatory, business, and technical issues of the FCC mandate for E911. Judging from the interest at VON Boston, I feel we have a great opportunity to educate a broad community, including regulatory agencies, standards bodies, and the emergency services providers.

The *Interconnection Considerations for VoIP Networks: Peer to Peer Scenarios* architecture document was posted to the website, and the period for comment will be extended until the INTERNET TELEPHONY show, where the working group will continue discussion during the closed forum.

The other topic of great interest at the moment is IMS, IP Multimedia Subsystem, and the impact on service offerings. The Wireless Wireline Convergence Working Group has taken on this topic in version 2 of the *Fixed to Mobile Convergence* technical specification. Kevin McCracken (Director, Product Management, NewStep Networks) will be presenting on IMS during the open forum at INTERNET TELEPHONY.

Plans are underway to revive the Service Provider Advisory Council. The idea is to give the members a greater voice in the regulatory and business community, as well as in the technical world. Finally, the Network Boundary Controller Group will be addressing a wider reach of topics, including security and operations. Meetings are planned to discuss ideas and chart a course for the future of the group.

I am truly committed to making the IPCC an industry forum of integrity that provides factual and useful information, as well as a platform for change. My virtual door is always open and my VoIP minutes are unlimited. I welcome your comments, ideas, and suggestions.

Respectfully,

*Marian Stasney*  
Director of Technical Working Groups



### FCC ACTIONS

#### **FCC Announces Relief Efforts and Enhancements to Public Safety System in Wake of Hurricane Katrina**

At its September 15, 2005, meeting in Atlanta, the Commission announced several proposals to provide relief to consumers, schools, libraries, healthcare providers and telecommunications carriers affected by Hurricane Katrina. The Commission proposed directing \$211 million in Universal Service Funds to four programs providing relief to the affected areas.

Through the Low Income program, the Commission proposes to provide support for wireless handsets and a package of 300 free minutes for qualifying evacuees and people still in the affected area without telephone service. Under the FCC's Rural Health Care program, public and non-profit health care providers, including American Red Cross, can apply for support for advanced services used for telemedicine applications to treat disaster victims. The Commission also will allow schools and libraries in the affected area to resubmit their requests for E-rate funds for this year. Schools and libraries affected by Hurricane Katrina will receive the highest level of priority for the 2006 funding year. In an effort to help [BellSouth](#) rebuild wire centers and facilities, the Commission modified its High Cost program rules to permit BellSouth to prioritize universal service funds. Finally, the Commission announced the creation of a new Public Safety/Homeland Security Bureau to coordinate public safety, national security, and disaster management activities within the FCC.

#### **FCC Grants Forbearance Relief for Qwest in Omaha MSA**

On September 16, 2005, the Commission granted in part [Qwest](#)'s petition for forbearance from statutory and regulatory obligations that apply to it as an incumbent telephone company in the Omaha MSA. Citing the market characteristics of the Omaha MSA, including the substantial infrastructure investment made by [Cox Communications](#), the Commission relieved Qwest of certain legacy monopoly regulations. Specifically, the Commission relieved Qwest of the obligation under Section 251(c)(3) to provide UNEs to competitors in 9 of Qwest's 24 wire center service areas in the Omaha MSA. The Commission also granted Qwest's request for relief from applying price cap, rate of return, 15-day tariffing, and 60-day discontinuance regulations for the provision of interstate mass market exchange access services and broadband Internet access services. The Order leaves in place Qwest's obligations under Section 251(c)(2) to provide interconnection, under Section 251(c)(6) to provide collocation, and under Section 271 to provide loops, transport, and switching at just and reasonable rates. The Order establishes a six month transition period to permit competing carriers currently using Qwest's UNEs in the 9 wire centers to migrate customers to alternative facilities or arrangements. (FCC 05-180, WC Docket 04-233).

#### **FCC Eliminates Mandated Sharing Requirement on Incumbent's Wireline Broadband Internet Access Service**

On Sept. 23, 2005 the Commission released the text of the Order and Notice of Proposed Rulemaking ("NPRM") the Commission adopted on August 5, 2005. In the Order the FCC ruled that providers of wireline broadband Internet access service, commonly delivered by digital subscriber line ("DSL") technology, are not required to offer that wireline broadband transmission component separately to unaffiliated Internet Service Providers ("ISPs").

The Commission determined that wireline broadband Internet access services are "information services" and not subject to Title II regulation, thereby lifting the regulatory regime that had been in place for 30 years. Chairman Martin acted in the wake of the Supreme Court's recent *Brand X* decision, which found that cable operators have no statutory obligation to allow other ISPs to provide high speed broadband service through the cable operator's wires. The Order essentially relieves the Bell Operating Companies ("BOCs") from the Title II obligations imposed upon the transmission services that unaffiliated ISPs like [AOL](#) and [EarthLink](#) lease from them. The FCC took no action to impact commercial arrangements between BOCs and ISPs.

In eliminating regulations, however, ISPs will have greatly reduced negotiating leverage going forward. Indeed, the Order's greatest impact is upon ISPs like AOL and EarthLink, who do not own their own facilities and who

rely upon transmission paths leased from the BOCs in order to reach their end-user customers. The Order supersedes the 30-plus year-old precedents set forth in the Commission's line of "*Computer Inquiry*" decisions, which required the BOCs to provide tariffed, nondiscriminatory access transmission arrangements. In eliminating these requirements across the board, the FCC relied upon changed market conditions, technological advances, and the desire to promote facilities-based wireline providers of broadband Internet access.

The FCC also expressed a desire to maintain an even regulatory playing field for broadband between cable operators and incumbent telephone companies. Although the BOCs sought the relief enjoyed by the cable companies as quickly as possible, the FCC gave the unaffiliated ISPs one year from the effective date of the Order – likely sometime in mid October 2006 – to negotiate new contracts with the Bells or make other arrangements in order to continue serving their customers.

The FCC took the following actions to maintain some portions of the *status quo* with respect to the BOCs obligations associated with provision of wireline broadband access services: **(1)** The FCC held that CLECs are still able to purchase UNEs under Section 251(c)(3) of the Act, including UNE loops used to provide stand-alone DSL telecommunications service, regardless of the statutory classification of the service the ILECs provide over those same facilities; **(2)** for 270 days, pending resolution of the FCC's *USF contribution Methodology* proceeding, facilities-based providers must continue to contribute to existing universal service support mechanisms and to NANPA funding mechanisms established by the FCC; **(3)** in a separate order released on September 23, the FCC concluded that providers of facilities-based broadband Internet access services and interconnected VoIP services are subject to CALEA obligations; and **(4)** the FCC concluded that the reclassification of wireline broadband Internet access services will not affect obligations of providers under the USA Patriot Act; the National Security Emergency Preparedness Telecommunications Service Priority System; the Network Reliability and Interoperability Council; and the disability access provisions of Section 255 of the Act pursuant to the FCC's exercise of its ancillary jurisdiction under Title I.

### **FCC Requires Certain Broadband and VoIP Providers to Accommodate Wiretaps**

On Sept. 26 the FCC released the text of its order, adopted on August 5, in which the FCC found that the definition of "telecommunications carrier" in the Communications Assistance for Law Enforcement Act ("CALEA") can encompass providers of services that are not classified as "telecommunications services" under the Communications Act. The order confirms that facilities-based broadband Internet access providers and "interconnected VoIP providers" (voice over Internet Protocol, or VoIP, providers that offer services permitting

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- Consumer VoIP Marketing
- Session Border Control
- Large Enterprise VoIP
- Number Porting
- e911/Regulation
- Peer-to-Peer
- Dual Mode
- IP Contact Centers

**KEYNOTE SPEAKERS:**

- Carly Fiorina**, former CEO of Hewlett-Packard
- Michael Powell**, former Chairman of the FCC

Sponsored By: **IPCC** (International Packet Communications Consortium)

**Additional Keynotes By:** Nortel, Juniper Networks, Aculab, Lucent, NEC, Deloitte & Touche, Inter-Tel, Toshiba, Vonexus, Siemens, Cisco, Microsoft, Interactive Intelligence, Digium, Yahoo, Skype, AOL, xG Technology

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users to receive calls from, and place calls to, the public switched network) are subject to CALEA and must be able to accommodate law enforcement wiretaps within 18 months of the effective date of the Order. The NPRM requests comment on whether the Commission should develop a framework for consumer protection in the broadband age regardless of the underlying technology. No comment deadline has been established yet.

### **FCC Releases Policy Statement on Principles to Preserve and Promote the Open and Interconnected Nature of Public Internet**

On September 26, the FCC issued the full text of the policy statement it adopted on August 8, in which the FCC outlines four principles to encourage broadband deployment and preserve and promote the open and interconnected nature of the public Internet: **(1)** consumers are entitled to access the lawful Internet content of their choice; **(2)** consumers are entitled to run applications and services of their choice, subject to the needs of law enforcement; **(3)** consumers are entitled to connect their choice of legal devices that do not harm the network; and **(4)** consumers are entitled to competition among network providers, application and service providers, and content providers. Although the policy statement does not have the force of law, the Commission intends to incorporate those principles into its ongoing policymaking activities.

### **FCC Establishes Pleading Cycle for SBC's and VarTec's Petitions for Declaratory Ruling Regarding the Application of Access Charges to IP-Transported Calls**

On September 26 the FCC established a comment cycle on 2 separate petitions which address the applicability of access charges to IP-transported calls. [SBC](#) filed a petition for declaratory ruling that wholesale transmission providers using Internet protocol (IP) technology to transport long distance calls are liable for access charges. SBC filed its petition after the United States District Court for the Eastern District of Missouri dismissed without prejudice SBC's claims seeking payment of access charges for long distance calls that were transported using IP technology.

The court found it appropriate to defer the issues raised by SBC to the primary jurisdiction of the FCC. In its petition, SBC seeks a declaratory ruling that wholesale transmission providers using IP technology to carry long distance calls that originate and terminate on the public switched telephone network (PSTN) are liable for access charges under section 69.5 of the Commission's rules and applicable tariffs. SBC seeks a ruling that providers meeting these criteria are interexchange carriers. [VarTec](#) filed a petition for declaratory ruling on related issues. Specifically, VarTec seeks a declaratory ruling that it is not required to pay access charges to terminating local exchange carriers (LECs) when enhanced service providers or other carriers deliver calls directly to the terminating LECs for termination. VarTec also seeks a declaratory ruling that such calls are exempt from access charges when they are originated by a commercial mobile radio service (CMRS) provider and do not cross major trading area (MTA) boundaries. VarTec also seeks a declaratory ruling that terminating LECs are required to pay VarTec for the transiting service VarTec provides when terminating LECs terminate intraMTA calls originated by a CMRS provider. Interested parties may file comments in WC Docket 05-276 on or before November 10, 2005, and reply comments on or before December 12, 2005.

### **FCC Provides Additional Guidance to Interconnected VoIP Providers Regarding Implementation of E911 Rules**

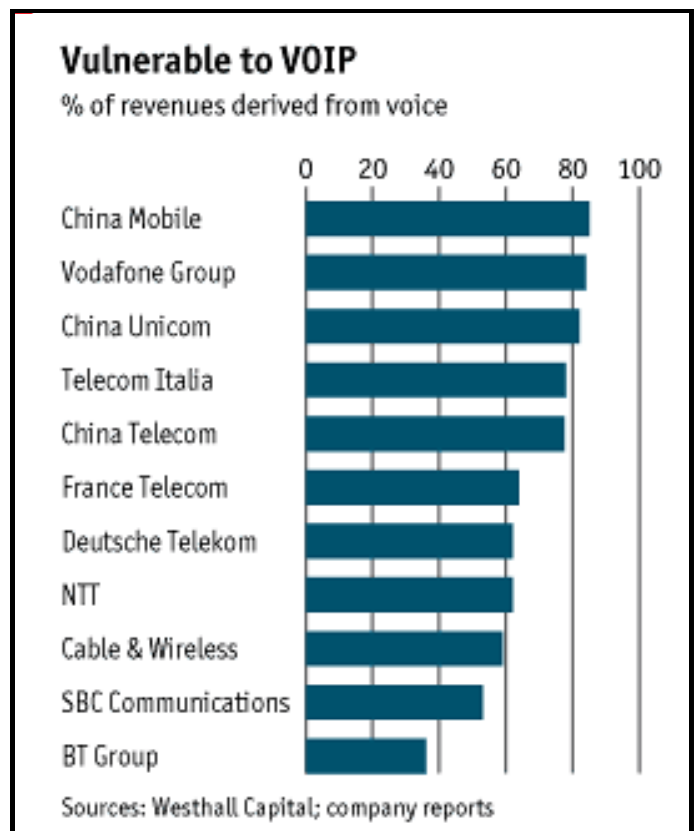
On September 27, 2005 the Commission extended a deadline, previously set for September 28, for Internet phone companies to receive acknowledgements from customers of the limitations of 911 capabilities or disconnect their service. Internet phone providers that have achieved a 90% response rate from customers saying they understand the limitations of their service's 911 capabilities will be exempt from any enforcement of the FCC's May order, which required Internet phone companies to provide 911 access. Under that rule, VoIP providers would have had to disconnect service for those customers who didn't acknowledge receipt of letters. According to the FCC, at least 21 VoIP providers have reached a 100% acknowledgement rate and at least 32 more have reached 90%. Slightly more than one-third of VoIP companies have yet to reach 90% compliance. Companies that haven't reached a 90% response rate will have until October 31 to do so, and must file a report by October 25 detailing the efforts that they have undertaken to obtain acknowledgments from the remainder of their subscriber base, explain why they have been unable to achieve an acknowledgment percentage closer to 100%, and provide the current percentage of acknowledgments that they have received as of the date of filing.

## VoIP RESEARCH ROUND UP

### DID YOU KNOW ... ?

In case you missed the September 15<sup>th</sup> issue of *The Economist*, we have printed excerpts of the story below. For the full story, click on [www.economist.com](http://www.economist.com) and conduct a search under VoIP.

- [IDC](#), a market research firm, predicts that the number of residential VoIP subscribers in America will grow from 3 million at the end of 2005 to 27 million by the end of 2009; Japan already has over 8 million subscribers today. Worldwide, according to [iSuppli](#), a market research firm, the number of residential VoIP subscribers will reach 197 million by 2010. Even these numbers, however, do not include people using VoIP without subscribing to a service (i.e., by downloading free software from [Google](#), [Skype](#), or others). Skype alone has 54 million users.
- "VoIP will destroy voice revenues faster than most analysts' models predict," says Cyrus Mewawalla, an analyst at [Westhall Capital](#). "Voice will very rapidly cease to become a major revenue generator for all telecoms operators, fixed and mobile." Some telecom carriers are much more vulnerable to VoIP than others, says Mr. Mewawalla. Telecoms operators offer and charge for a number of services besides pure voice calls. Because VoIP will cause only the revenues from voice calls to shrink, it will hit those operators hardest that are most dependent on their revenues from voice (see below chart).
- Several incumbent operators have launched their own VoIP services, such as Verizon's [VoiceWing](#) and BT's [Broadband Voice](#). These offer lower prices than traditional telephone service but are generally not as cheap as a call between Skype and a regular phone. Such services are an admission that a less lucrative VoIP customer is better than no customer at all.
- The other argument for embracing VoIP is that the incumbents can then start offering the fun new services that VoIP makes possible, and then charge for them. The service that many telecom operators are most excited about, however, is IPTV, which refers to television (and entertainment in general) being delivered over new and super-fast broadband Internet connections into homes. This would allow them to charge for a bundle of services, including broadband access, entertainment, and voice.
- Cable operators are coming at VoIP from exactly the opposite direction. They already offer television and entertainment, as well as broadband access, so they might as well offer cheap telephony as well. This puts the cable companies in a good position. Unlike the telecom operators, they do not depend on voice for their revenues today, so they can use cheap VoIP service as a competitive weapon to make life difficult for the telecoms operators, who are increasingly their only competition.
- [Evalueserve](#), a consultancy, predicts that American and European fixed operators' long-distance voice revenue will decline by around 40% by 2008, and that in Europe 50% of broadband users will give up their voice lines by 2008.



- Mobile operators face a far greater challenge than fixed-line carriers. Voice accounts for the bulk of their business and they cannot (at least today) offer broadband access as easily as the cable and fixed-line companies. New "third-generation" (3G) networks were supposed to make possible whizzy new data services to compensate for flat and even declining revenues from voice calls, but consumer adoption has been slow. Worse, those very 3G networks that are supposed to provide future growth for the industry could now undermine it, since they make VoIP calling possible over mobile networks.

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"VoIP will destroy voice revenues faster than most analysts' models predict." -

*Westhall Capital analyst*

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- Mobile operators generally charge three to five times as much as fixed operators for each minute on the phone, so they have far more to lose from falling voice prices. International travelers will use VoIP over hotel room broadband links or WiFi hotspots in airports to save on the roaming charges by their mobile phone company.
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