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'Socratic' Discussion

SMALL BUSINESSES, INDUSTRY PLAYERS LOOK AT TELECOM COMPETITION

Small businesses rarely take more than "one bite of the competition apple" and if experience isn't positive they're likely to give up on competitive alternatives, Georgetown U. professor warned at roundtable Tues. sponsored by Phoenix Center, which is small think-tank. Small businesses "don't have time to fiddle with alternatives," said John Mayo, dean of Georgetown U.'s business school. As FCC began to close in on Triennial UNE Review proceeding, participants at roundtable, who represented cross section of parties involved in UNE debate, were encouraged to take broader look at relationship between local competition and small businesses, or as Phoenix Center Pres. Lawrence Spiwak described it, engage in "Socratic" debate.

Jack Goldberg, board member of InfoHighway Communications, said company provided 3 things that small businesses wanted: (1) Single source of all telecom services in one package. (2) Tailored billing that, for example, differentiates among clients or locations. (3) Lower prices. Sue Ashdown, exec. dir., American ISP Assn., said ISPs were early customers of CLECs because they offered "more responsive service" along with lower prices. However, USTA Senior Vp Daniel Phythyon cited recent *Washington Post* article on local bakery that lost CLEC service and "there wasn't one technician in the Washington area." Karen Kerrigan, chmn. of Small Business Survival Committee, responded that for every story like that, "I can give you hundreds of other stories involving the Bells." She said for small businesses to do well, "there has to be certainty" and one of big challenges they face is "the regulatory uncertainty that continues to plague both competitors and consumers."

Participants questioned cliches that have cropped up in debate, such as frequent statement that CLECs concentrate on urban areas to detriment of rural America. That concept is misleading, InfoHighway's Goldberg said. It's true that InfoHighway operates mostly in urban areas but its territory includes sections of cities that aren't targets for bigger companies, he said: "Queens [N.Y.] is not an area where someone is going to run fiber." Erin Fuller, exec. dir. of National Assn. of Women Business Owners (NAWBO), said many small businesses operated from homes, which meant they tended to be in suburban areas. "Maybe they're not rural but they're certainly in less-populated areas," she said.

Phythyon said USTA's position wasn't that competition was bad, but that competition might have reached level where ILECs no longer had to provide end-to-end competitive access to their facilities. "You won't hear me say competition is bad," he said. "You can't turn back the clock and we don't want to." However, eliminating switches from UNE package wouldn't stop competition because switches could be obtained from other competitors or from ILECs through wholesale agreements. NARUC Gen. Counsel Brad Ramsay said there was "disparity" among state regulators on when UNE platform should be transitioned out of use, "but there's no disparity about where that decision should be made" — in other words, at state level. State commissions are testbeds for much regulatory experimentation, he said, and state regulators were instituting price cap concept before FCC joined trend.

Ramsay said state regulators received more "feedback" from telecom customers than did FCC, point seconded by Barry Pineles, majority counsel for House Small Business Committee. Debate at FCC too often is restricted to telecom lobbying groups rather than including consumer groups such as Fuller's NAWBO, Pineles said. He said lobbyists such as Phythyon's group "look at the number of switches, but no one is coming in as a retailer or other small business and saying 'yes, I can or can't get service.'" As result, FCC "is seeing the market from the supply side rather than the demand side." — *Edie Herman*