



Volume XMXVII
July/August 2007

Association Officers

Wendell Mumaw

OCLC, Inc.
President
(614) 764-4335
president@atp-ohio.org

John Hoag

Ohio University
Vice President/Pres. Elect
(877) 660-4624
programs@atp-ohio.org

Lora Chappellear-Pearson

OCLC
Secretary
(614) 764-6412
secretary@atp-ohio.org

Sheila Schmitt

Ohio Police and Fire Fund
Treasurer
(614) 628-8428
treasurer@atp-ohio.org

Directors

Bryan Barlitt

Grace Brethren Church
1st Past President
(614) 410-4226
barlitt@atp-ohio.org

George Bjelovuk

AEP
2nd Past President
(614) 716-3740
gbjelovuk@aep.com

Gina George

Sound Communications
At-Large Director
(614) 875-8500 x718
george@atp-ohio.org

Jed Bistline

Netarx
At-Large Director
(614) 223-4486
bistline@atp-ohio.org

Larry Learn

Ballou Consultants, Inc.
Director Emeritus
(614) 791-0607
webmaster@atp-ohio.org

The Association of Telecommunications Professionals, Inc.

NEWSLETTER

ATP August Meeting Notice

When: Wednesday, August 8, 2007

Registration begins 8:30 a.m.
Meeting begins at 9:00 a.m.

Where: Platform Lab

1275 Kinnear Road
Columbus, OH

Topic: Data Center Success Stories

The topic for our August meeting will be Data Centers, and we will hear from representatives of two major corporate providers/developers of data center sites. We will be discussing current host/server requirements, WAN interconnections, environmental controls, controls, power considerations -- all in the context of high reliability and site selection. Our speakers are experienced and authoritative, and we will have plenty of opportunity to interact with the presenters. Both site providers have offered ATP members to visit their facilities at a later date as well.

Our presenters will be:

Gregg Lowe, Abercrombie & Fitch, Senior Manager of Technical Operations in New Albany; is serving over 800 stores with the A&F, Hollister, and RUEHL brands. A&F is ranked in the top 100 of web retailers.

Charlie Rinehart, NextEdge Technology Park, Springfield, with a representative of LexisNexis, who opened a data recovery site in NextEdge. NextEdge is a 244-acre business park that has received nearly \$30 million in startup funds. LexisNexis, founded in Dayton, provides 5 billion searchable documents to customers in 100 countries.

Steve Gruetter, Director, Platform Lab, which is an extensive testing and training facility operated as a partnership of TechColumbus and the Ohio Supercomputer Center. OSC also has a major facility with multiple Cray supercomputers in NextEdge doing research in data mining.

The meeting fee is \$20 for members, \$30 for non-members, and \$10 for students. *To pre-register*, use the new ATP web site at <http://atp-ohio.org>. When you pre-register before the deadline (5 p.m. on Friday, August 3, 2007), your name is automatically entered in the *drawing for a door prize*. Please register early so that we may have an accurate count for seating *and lunch*. Your pre-registration assists us in keeping our costs down. ☼

Membership Dues Status

by **Sheila Schmitt**, *Treasurer*

The ATP By-Laws state that your yearly membership dues are payable by the first meeting of the year. To insure continued good standing in ATP it is necessary that the dues be brought up-to-date. ATP Representatives who's Parent

Organization has not paid its annual dues will be charged the \$30 non-member meeting fee.

ATP is pleased to welcome new members: Verizon Wireless; Nortel; and Huntington.

If you have any questions regarding the Membership Status of your Organization, please contact **Sheila Schmitt** at (614) 628-8428 or by email at treasurer@atp-ohio.org. ☒

Treasurer's Report

by **Sheila Schmitt**, *Treasurer*

Treasurer **Sheila Schmitt** reports that as of July 13, 2007, there was \$13,839.81 in savings and \$5,178.06 in checking. ☒

ATP Board Minutes

May 18, 2007

by **Lora Chappellear-Pearson**,
Secretary

Meeting Attendees

Doug Ballou, Jed Bistline (phoned in), Gina George, John Hoag, Larry Learn, Sheila Schmitt, Wendell Mumaw, and Lora Chappellear-Pearson. The meeting was called to order at the Sound Communications office in Grove City.

June Meeting

John gave an update on the June meeting. The speakers are all set. The meeting will follow the format as those in the past with two panels. Valerie A. Lemmie from the PUCO and Scott Hempling from the National Regulatory research institute at Ohio State will be the public sector speakers. On the technology side, AT&T will provide a speaker from California and John Martin from Buckeye TeleSystems are confirmed.

Wendell will open the meeting and turn over the emcee duties to John.

Agenda for the August, October, and December meetings are in progress.

Gina discussed the by-laws modifications based on the membership rules changes. The following changes were discussed:

Consistency changes—article III membership—add in membership technology.

Section B. Updated class to members, students, and honorary (should this be defined? Honorary distinction handled political organization members as program attendees, not voting members.

2007 ATP Calendar

July 13 (8:30a.m.)

Board Meeting
Sound Communications

August 8 (8:30a.m.)

General Meeting

"Data Center Success Stories"

Platform Lab

September 14 (8:30a.m.)

Board Meeting
Sound Communications

October 19 (8:30a.m.)

Annual Meeting

"TBA"

TBA

November 9 (8:30a.m.)

Board Meeting
Sound Communications

December 12 (8:30a.m.)

General Meeting

"TBA."

TBA

Section D. Vendor reference removed.

Section F. vendor removed.

Section II A. Honorary and student

Section VI—vendor removed.

Section VIII 2—change dues to fees.

Question—Should committees be updated? Not at this time.

Section XI—Quorum section 4 will be left as is.

Another question was raised—should we allow more than 1 guest per member? Guest's don't pay fee, but it had not been an issue.

Gina offered the following motion: proposed a resolution that changes made be proposed to the membership at the June meeting with minor changes for a vote. Larry seconded the motion. The changes will be posted on the web site in PDF format. This eliminated the need to mail the changes to all members saving the organization a significant mailing cost.

Name Change

No progress has been made on the name change or the statutory agent change.

Membership

Doug reported the current membership stands at 36 member companies with 1 honorary member. Four companies have not paid their fees at this time. The Consumer's Council is also interested in becoming a member.

Although none are available, no new business cards will be printed until the name change has been addressed.

Treasurer Report

Sheila gave the treasurer's report. The checking account has a balance of \$6960.53 and the savings account has a balance of \$13,817.21.

The ATP scholarships were presented at the OU annual event. The appreciative recipients are from Gahanna and Athens. OU is also sponsoring a golf outing in October to their scholarship fund. It will be a full day event.

Larry shared an example of college campus use of technology. At OSU, potential athletic recruits are given visitor badges with RFID chips. As the athletes approach monitors through the athletic department, the monitor's text changes to broadcast a welcome message with the student's name, an interesting use of technology.

Web Site

Updates to the web page are being made as problems are encountered. Doug reported a membership issue with paid members. Membership fees have been paid, but the web site is not being updated. Larry reported that a few members are still receiving the info line as their membership is confirmed.

New Business

Sheila needs assistance with setting up the 800 number that will be used as a membership contact number. She also needs a new stamp for checking.

The last meeting was a success with positive feedback. It was an interesting topic that was well received.

Jed will work on the facilities meeting and also discuss membership with his management as his new company.

The board should start thinking about the next set of officer nominations.

Wendell will have the pod cast of the next meeting and will give to John for editing. John will try to send this to Bryan to include on the web site. If this isn't possible, we may just want to leave in on an OU server.

The meeting was adjourned. ☉

ATP Meeting Minutes

June 13, 2007

by **Lora Chappellear-Pearson**,
Secretary

The annual June regulatory meeting held at OCLC was called to order by Wendell Mumaw. John Hoag introduced the public sector panel for the 20th annual regulatory meeting. He also recognized Larry Learn as a founding member of ATP.

The first panel of the meeting was from the public sector.

Valarie Lemmie, PUCO commissioner (<http://www.puco.ohio.gov>), gave the first presentation. The topic of Commissioner Lemmie's speech was the "State of the Telecommunications Industry." The PUCO met with small business at a round table meeting to share information about the services the PUCO provides. Their Business Information Center is available at www.PUCO.ohio.gov and the Ohio Business portal is available at www.business.ohio.gov. Complaints can be filed with the PUCO online or by calling (800) 686-PUCO.

Commissioner Lemmie discussed what the PUCO regulates and what it does not regulate. This can sometimes be confusing. The PUCO does regulate traditional landline telephone service and long distance calling (jointly regulated by state and federal government). It does not regulate wireless, VoIP, broadband, broadband over power lines, Internet service, or cable service.

Hot topics being discussed at the PUCO include regulation of VoIP. Minimum telephone service standards (MTSS) must be provided. The 8th Circuit Court on Federal/State Jurisdiction has ruled that nomadic VoIP is within the FCC jurisdiction and fixed VoIP is not ripe for decision. VoIP providers must pay into the Universal Service Fund. FCC has ruled that VoIP providers and equipment manufacturers must meet disabled access requirements. The FCC has only defined the Federal role in VoIP, not the states.

Commissioner Lemmie then discussed the Ohio Commission on VoIP. The consumer expectation for VoIP is as

an alternative for traditional telephone service. It's reasonable that consumer expectations are that of existing phone service. Specific areas of concern include CPNI (customer proprietary network information), slamming, truth in billing, and Section 214 Notice (meaning the appropriate FCC filings have been made by the service provider).

MTSS applied to all telephone service providers regulated by the PUCO and establish a minimum level of telephone service to their customers. The standards ensure that regardless of the competitive market conditions, the quality of telephone services in Ohio, for both residential and business customers, is adequate and reliable. In the rule review, the Commission has maintained basic consumer protections for both residential and business consumers. Among other things the rule addresses includes unfair and deceptive practices, service installation and repairs, disconnection and reconnection policies, additional consumer protections, and credits to customers (changed from previous rules). Consumers are now eligible for up to 72 hours of credit. The prior ruling only allowed a maximum of 32 hours.

Commissioner Lemmie then discussed Telephone Retail Rules. No significant changes have been made from the retail rules review. Most changes are already in place, as a result of the availability of Alternative Regulation for Basic Local Exchange Services. This should result in less red tape and better customer service. The next topic discussed was Tariffs. For business customers with more than 4 lines, all service terms and conditions are now required to be fully disclosed and may be on the company's web page. Residential and business customers with 4 lines or less must have long distance service terms and conditions fully disclosed. Another point discussed was contracts. For business customers, contracts under the old rules had to be on file (in tariff form) with the Commission. Under the revised rules, contracts are permitted for all services. For residential customers, contracts are permitted for certain optional competitive services and long distance services (including Packages). All residential contracts must be filed with the Commission.

Commissioner Lemmie then discussed where the PUCO is headed. They want more Alternative Regulation

Credit Card Payments

ATP accepts payments using most major credit cards. This is yet another frequently requested service to ATP Members being provided by the ATP. Credit Card payment is optional.

applications, monitoring and commenting on the FCC regarding Universal Service Reform, Wireless 9-1-1 and monitoring video franchising legislation. Ohio has done a very good job with wireless 9-1-1. At this point in time, 70 of the 88 Ohio counties have approved 9-1-9 and are in the progress of installation.

Q: USF—a concern for clients in cost. A hearing on State House indicated that the Legislature doesn't want to put a cap on pricing because of reduces revenue. Currently, USF is per line, but will it go to per phone number?

A: FCC has jurisdiction of setting cap of USF. PUCO is supporting a joint board (federal and state) to freeze pricing. Not sure that an interim solution is supported. What legislators want and are will to be blamed for may be two different things. The joint board recommendation has a good chance to be implemented. It will take 18 months for implementation.

Q: Is the number base going to be restructured to include internet addressing?

A: The PUCO hasn't dug into this yet. No matter what changes, someone will pay more.

Q: VoIP users can choose any phone number. It's a problem

A: The Commission has received complaints from carriers because they may not be getting compensated appropriately. The random phone number makes it appear to be a local call rather than out of state or out of the country. This is not a PUCO focus. Please notify the PUCO if this is a concern.

Q: Aren't the phone numbers being chosen to specifically to make it appear as a local call sometimes wiping out the caller ID?

A: This has multiple problems. The first problem is that states do not have jurisdiction over VoIP. The second problem is that VoIP providers can choose the area code for their calls. Users can make calls appear to be coming from anywhere. Companies that use this are utilizing nomadic VoIP and this is an FCC issue. This is being done to eliminate long

distance charges initially, but is now being exploited by phone slammers.

Scott Hempling, Director, National Regulatory Research Institute (<http://www.nrri.ohio-state.edu>) gave the next presentation. The title of Mr. Hempling's speech was "The Quality of Regulation in the Telecommunications Sector: Three Questions.

The first question Mr. Hempling posed was "Is competition analysis keeping pace with technological and market change?" People believe in competition and regulation. Mr. Hempling believes in facts. A study of competition by Dr. Ed Rosenberg of NRRI found that most state analyses considered the impact of competition on from wire line providers. In 2003 fewer than half the states that had done analyses considered the effect of wireless or cable-based service and only six states had considered IP telephony or VoIP in their analysis. The FPSC also noted that, because wireless, VoIP, and broadband services are not subject to jurisdiction, its ability to gather data on these services is limited.

People have switched to wireless/broadband and dropped land lines. They are not giving up the service, just substituting it. The questions are how many want to try it and are the services adequate? We must interviewed users to see it users are happy with the service and why they made the switch. It's a case of substitutability. It may be cost driven and not a perfect substitute being used by people who can't afford to have both. From a carriers point of view, more people use their cell phones for long distance calls due to the cost savings. The land line is used as a backup.

Q: The bundling effect is very attractive for people who can't afford to have both land lines and broadband. How difficult is this to provide regulation?

A: (From a PUCO staff member) the PUCO does have a market test for competitiveness and have been authorized to work with AT&T and Cincinnati Bell. Four market tests determine if a regulation should be relaxed (Ohio House Bill 218). Each geographic area has different markets based on ILECs. The ILECS are losing market share to be competition. The number of providers available, wireless, VoIP, and land lines, are measured using the four tests measuring all the competitors in the market using different technologies.

Ohio is very progressive in their market tests.

The second question Mr. Hempling posed was "Is the relationship between federal and stat regulation keeping pace with technological and market changes?" The key questions as phrased by Ohio University professor Phyllis Bernt are "What provisions are necessary to ensure the quality of regulation, both state and federal? That is, what authority do state and federal regulators need to ensure the ability to ensure the workability competitive markets and to protect consumers when markets are insufficiently competitive?"

There are at least three generic types of federal-state regulatory relationships and applies to each area of regulation:

1. Federal role is exclusive and preemptive of the states.
2. State role is exclusive with no federal role
3. Federal and state roles are:
 - a) Concurrent and conflicting
 - b) Concurrent and cooperative (rationally working together or just in meetings)
 - c) Concurrent and noncommunicative.

The electric industry is plagued by complexity of jurisdictions: in-state, retail, wholesale and endpoint. Who's closer to the consumer, state of federal and where should regulation enter at all? This leaves states to implement federal standards. States are the residual implementers.

The third question Mr. Hempling posed was "How well are regulators managing the mix of regulatory theory with practical politics?" Telecommunications regulation is now at least as much communications policy as it is economic regulation. Regulators now focus not only on market power, but on markets, in all respects. They may even address themes core to democracy itself, such as universal service, services to schools and libraries, and efforts to tie rural America to urban America. Political pressures also come into play. Two examples Mr. Hempling discussed were service quality and homeland security.

Dr. Lilia Perez-Chavolla of NRRI has written about the shift in state commissioner focus from regulation to service quality. Dr. Perez-Chavolla sites the following issues for investigation:

- Relationship of carrier performance, service quality standards, and effective penalties.
- Definition of core service quality standards to monitor across technologies.
- Limitations faced by commissions in monitoring and enforcing SQ standards for LECs and wireless.
- State role in the SQ provisions for VoIP.
- Service quality provision and competition: Are masker forces sufficient to ensure compliance?
- Value of regional cooperation in setting and monitoring SQ standards for RBOCs, including consumer perception surveys.
- Assessment of quality and extent of SQ information provided to consumers through different mechanisms, including PUC website, and recommendations of potential improvements.

How should telecommunications regulation deal with homeland security concerns? Professor Andrew Snow from Ohio University writes that homeland security wants access to data that hasn't been available to the public in the past. "Separate service providers such as wire line, wireless, and cable companies may share infrastructure or geography that masks vulnerabilities. What data should states request to ensure that seemingly separate entities do not overlay to create highly concentrated points of vulnerability?"

The conclusions of the questions include:

- Problems common to each of the three foregoing questions.
- Technology moves faster than government decision making.
- The sum of all private interests does not equal the public interest. (not average)
- There is constant tension between static efficiency and dynamic efficiency. (unbundling doesn't cut cost)
- Regulatory authority often lags regulatory stature.
- The line between regulatory role and the legislative role is rarely clear, leading to unpredictable intervention

by the latter (legislative) into the former (regulatory).

- The line between consumer complaint and market power abuse is not always clear. (A competitive market doesn't always require government involvement. We should question that the use of government is appropriate. Customers need to do some things themselves.
- The role of regulation is not always clear; it can range from protector against a monopoly abuse to (a) booster of economic development to investor in public communications.

What is the "public interest" that regulation is supposed to serve?

1. Any debate about regulatory policy should begin by defining regulatory purpose. The purpose of regulation is to align private behavior with the public interest. Regulation requires justification. Regulatory justification has two ingredients:
 - a) A definition of the public interest, clearly communicated; and
 - b) For each regulatory action, an explanation of how private behavior, if regulated, would diverge from the public interest.
 - c) Without these two ingredients, regulation is unexplained. Unexplained regulation leads to unjustified regulation; unjustified regulation produces opposition to, or avoidance of, regulation.
2. What do we mean by the public interest? The concept is often cited but rarely defined, by practitioners, statutes or courts. I view it as a composite of economic efficiency, social equity and political reality:
 - a) Economic efficiency means what it sounds like: seeking biggest bang for the buck.
 - b) Social equity means shaving the hard edges off economic efficiency so that the short term pain is not so high as to distort the long term signals that are the purpose of economic efficiency.
 - c) Political reality means that the regulator, while acting from a core of objectivity, also has to preserve the political credibility of the regulatory process. Political reality does mean acting gradually when necessary to build

support for the right actions, rather than taking actions regardless of support.

3. Regulators cannot serve the public interest only by reacting to proposals. Regulators need to:
 - a) Establish principles,
 - b) Gather facts relevant to those principles,
 - c) Fashion policy by applying the principles to facts, and finally,
 - d) Create a process for evaluation and feedback, allowing then to modify policies to make them work.

Mr. Hempling pointed out that the PUCO has been pivotal in supporting the NRRRI at OSU.

Q: A situation occurred in Iowa where a company put PBX software on an old workstation. They then plugged the PC into a cable modem and got phone numbers. They became a carrier for incoming calls, and then charged for outgoing calls. The carrier shared its profits with AT&T. Is this fine?

A: No, the PUCO hasn't addressed this issue (answer from PUCO staff member). It's an example of technology and legislation not being in sync.

Everyone needs access, but as technology moves forward, rulings don't address issues.

The second half of the presentation was from the private sector.

Mike Taylor from AT&T gave the first presentation. Mr. Taylor is a Bell Labs product designer.

Mr. Taylor discussed Ubiquitous Ethernet and how convergence is happening. In the past separate networks were used for everything. WANs have seen extraordinary growth in the last year. Today, the core is collapsing down to IP/MPLS over Ethernet backbone. This is creating cost economies.

Mr. Taylor then discussed Layer 2 convergence. Access lines, loop TDM, using Ethernet over copper. Voice/video/data are mainly using fiber instead of all networks separately. All these services can be pulled together using MPLS as ubiquitous Ethernet.

Originally Ethernet was only meant for LANs, 500 ft. With improved chip sets, Ethernet can now go 500 miles aggregated traffic over MPLS. What can

we do with MPLS to make it work like ATM? The building blocks are in place to allow moving data everywhere. Packets still move with the same efficiency.

Mr. Taylor then discussed VPLS (Virtual Private LAN Services). It appears to the customer that they are all on the same LAN. Geography been expanded.

Q: With VPLS, is it really transparent using 10 space addressing on the same network?

A: No, the users have no clue that they are in different places over VPLS. Peering is not requiring using VPLS.

IETF Layer 2 transport is pseudo wireless (as part of ubiquitous Ethernet). It provides emulation from edge to edge. Peering is provided at ATM or frame relay. Customers are moving away from frame relay and ATM. L2 transports are over IP. L2TPext work group are well defined standards.

Q: Ethernet relies on speaking first, to get the service. What problems are encountered when transmitting over great distance with collisions? Any special endpoints required?

A: Look at ASICs. Ethernet just on hubs introduce VLANs to help. High end switches at local lines are high speed ASICs. At this time, SLAs are not offered to users at this time. Devices differ in ASICs, latency, etc. The network consists of high end devices. Long distance Ethernet is being designed in Ohio. These are also high end devices. They are encountering latency and are looking at how traffic is engineered. Proactive systems are monitoring the network. When go long distances, we don't expect greater lines. AT&T is working with hardware vendors to address these issues. Traffic monitoring is helping.

Q: L2 Transport—Can mac address transfer be performed?

A: Yes.

Q: Netbios?

A: Yes, with a L3 MPLS network, can only do IP. More can be provided with VPLS.

Ethernet transport to L3 VPN and internet access convergence is a cost savings. Wireless backhaul applications use TDM from cell towers, using convergence to send cell traffic back. Traffic can be scheduled in QoS to make it seem same as before.

Mr. Taylor then discussed QoS differentiation, real time, interactive, business critical, and non-critical.

The summary of the security model is to understand and look at the first intent of first mention. Ethernet was meant to be a local. Security was added later as a multi-tiered function using encryption and authentication. Additional security is always wanted and users are providing encryption. PE VLANs are not exposed to customers. It is emerging technology on WAN/Ethernet.

Q: What is the effect or what do you recommend for MTU sizes for MPLS?

A: MTU size should be 1546. Jumbo frames are available as an option.

John Martin from Buckeye Tele-System gave the next presentation. Buckeye TeleSystem is the commercial are of Buckeye Cable (www.buckeyecablesystem.com).

Telecom has evolved with consolidation with mergers and acquisitions. Ma Bell is almost back again, but small companies still exist. Transition to new protocols is creating new entrants from TDM to TP and to Ethernet. Cable operators are also becoming prominent providing Coax, broadband internet access, IP video, residential voice line services, MGCP, and mobile wireless. They're also providing small to medium line trunking station level service. Cable operators have also just recently purchased a spectrum segment. They are also a CLEC providing VoIP oriented servers and L2VPN services.

Q: How are you doing tiers for VoIP?

A: Since BT is a CLEC, they can provide multiple accesses.

Q: What do residential customers see as separate services?

A: IP is local access. They offer every level of service using coax cable.

Q: What do customers see as different pricing?

A: Nothing is different. They have had problems with carriers getting service to Sonet.

Mr. Martin then went on to describe Buckeye Telesystem. They are a MSO, CLEC, IXC, and ISP focusing on fiber passive optical networks (PON). They provide services to small to larger businesses. They are now providing services in southern Michigan as well.

Hey have 16 hubs with HSC topology, 28 physical Sonet rings. They're not a "Field of Dreams" company. They are methodically building their network.

Q: How is power handled?

A: Buckeye Telesystem was up during the power outage a few years ago. Fiber cuts have caused their longest outages.

Q: Are you using a ring or star architecture?

A: It's really a ring. They now have fiber to Columbus.

They're trying to push coax to businesses. Mr. Martin then discussed the various services provided by Buckeye Telesystem.

Q: What level of DOCSIS (Data over cable service interface specification)?

A: Version 1.5, but may be 1.3.

It's a crowded industry with CLECs. What Buckeye does is unique, but they are not the only player. They're competition or larger companies. They goal is to keep their customers. Buckeye has decided to be lite-regulated in Ohio. Michigan is regulated, all calls are all calls.

Q: Is Buckeye a privately owned company?

A: Yes with 600 employees.

Q: What is your revenue?

A: After four years, the company is profitable with free cash flow.

Q: Does Buckeye TeleSystem also own newspapers?

A: Mr. Martin could not comment on that issue at this time.

Q: What channel offerings are provided?

A: The intent is to replace transport from Toledo to Sandusky.

Q: Do you provide on demand?

A: On demand is provided, but it is expanding to include HD and video on demand. Buckeye Cable Network (BCS) has a lot of free content/. Sportsline in Ohio is negotiating broadcasting the Cleveland Indians games.

Q: We've heard that government access channels will no longer be broadcast. Is that true?

A: Contact someone at Buckeye Cable for information. A lot of issues are coming up. If you have complaints, contact is key.

In ATP tradition, Wendell mugged the speakers.

Business

A vote was held for the change in member status, removing the distinction between members and vendors. Larry Learn addressed the membership on the topic. Larry supports the change in member status. When the organization was founded, it was established as a users group. The hope was that vendor members would not take over the organization. As time has passed, the organization has evolved and the need to volunteers to help with the leadership has increased. The ATP needs more participation from all its members including vendors. The motion to modify the by-laws to remove the membership distinction passed.

The drawing for an Olive Garden gift certificate was won by Karen Makee.

Membership

Doug Ballou reported the ATP currently has 39 members, 1 honorary member.

Treasurer Report

Sheila Schmitt gave the treasurers report. The checking account has a balance of \$5102.91 and the savings account has \$13821.88.

A golf outing for the Ohio University scholarship fund will be held at the Athens Country Club on October 4, 2007.

The meeting was adjourned. ☺

Hot Topics in Telecommunications

(Regulatory, New Offerings, New Technologies and More)

July 2007

by Doug Ballou

Microsoft Corp. agreed to pay \$6 billion in cash to acquire **aQuantive Inc.**, a leading agency for Internet ads that also has powerful technology that serves display and banner ads to other Web sites. The eye-popping premium of 85 percent Microsoft is paying for aQuantive reflects a heated race for the few remaining online advertising businesses. **Google** is already the leading provider of keyword search advertising, which suggest "sponsored" links along with search results. Companies like **DoubleClick** and aQuantive help provide the delivery of "display" ads on Web sites such as banners and boxes, which lead users to advertiser's Web sites.

For Microsoft, getting aQuantive could jump-start its online advertising business, which lags far behind Google and **Yahoo Inc.** because of the lower traffic on its own destination Web site, **MSN**.

The government moved to force the portable-telephone industry to do a better job helping police and firefighters locate people who call **9-1-1 on cellular and Internet-based phones**. Despite strong industry opposition, the **FCC** voted to move forward on a rule that would require cell phone companies to employ a much stricter geographic standard when testing the location accuracy of their handsets. In addition, the commissioners tentatively concluded that the same accuracy standards applied to cell phones should also be applied to voice-over Internet protocol (VoIP) service providers, such as **Vonage**, as long as they can be used in more than one location.

Richard Notebaert announced plans to retire as chairman and chief executive officer of **Qwest**. Notebaert, 59, said he will leave the company after the board of directors selects a replacement, although no timetable has been established. He is the third top-ranking executive to announce plans to leave Qwest this year. Notebaert was tapped to head Qwest Communications International Inc., the main telephone service provider in 14 mostly Western states, after ex-CEO **Joe Nacchio** resigned in June 2002 amid the scandal that forced the company to restate at least \$2.2 billion in revenue.

IT executives in the next 12 months will be focusing their **budget dollars** on such projects as server consolidation and network upgrades, as such previous high priorities as security and compliance fall off their Top 10 lists. **Goldman Sachs** released its most recent survey of 100 IT managers, which shows that although budgets remain flat, the technologies IT buyers are investing in most heavily have changed. More than 40 percent of respondents listed consolidation as a high priority for the next year, and slightly less than 40 percent said virtualization is more directly on their radar. More than 30 percent plan to invest in VoIP, and another third indicated a LAN or network upgrade would be on their road map. On the downward slide were security, compliance and risk management, which also fell out of the Top 10 lists probably due to previous work done to get ahead of regulations.

Nortel Networks has turned a corner in its recovery as North America's biggest telephone equipment maker struggles to return to consistent growth and profitability, its chief executive said. "I do believe the worst is behind us on all fronts," **Mike Zafirovski** told reporters following the company's annual meeting in Ottawa, adding he is "very happy" with Nortel's 4 percent revenue growth in the first quarter.

Sprint Nextel posted a first-quarter loss as it continued to lose high-value subscribers, took merger-related charges and saw costs rise for marketing, handset subsidies and network investments. The company reported a net loss of \$211 million, or 7 cents a share, after a profit of \$419 million, or 14 cents a share, a year earlier. Excluding charges such as merger-integration costs and severance payments to employees, Sprint's operating loss was \$19 million in the latest quarter. Revenue stayed relatively flat at \$10.1 billion.

Compensation experts are predicting base **pay increases** will average about 3.8 percent in 2008.

A federal agency has banned U.S. imports of new **cell phones** made with **Qualcomm** semiconductors because the chips violate a patent held by **Broadcom**. The U.S. **International Trade Commission** said that the import ban would not apply to mobile-phone models that were imported on or before June 7. The ruling is a blow to Qualcomm Inc., to wireless handset makers such as **Motorola Inc.** and **Samsung Electronics Co.**, and to service providers such as **Verizon Wireless**, **Sprint Nextel Corp.**, and **AT&T Inc.** All three service providers sell phones that rely on Qualcomm chips to access their high-speed data networks, and 80 percent of phones sold by Verizon use the company's technology. Analysts say the decision could also result in higher prices for cell phone users as companies pass along the costs of switching to the new technology.

Research In Motion tightened up the links between enterprise phone systems and its BlackBerry handsets, demonstrating software that makes it easier for employees and IT administrators to keep the workforce connected. The **BlackBerry Mobile Voice System (MVS)** expands on software RIM got last year through its acquisition of **Ascendant Systems**, which lets any cell phone act like an office phone. The **Ascendant Voice Mobility Suite** lets

cell phones communicate with enterprise PBXs, including traditional and IP systems. This gives employees a single number where they can be reached anywhere, because calls can ring on the desk phone and the cell phone.

The sale of **Avaya** is the latest in an increasing number of private equity buy-outs of technology companies that might not be good things for customers. The \$8.2 billion deal announced will take the company private and likely come with financial burdens that could sap the market-leading sellers of corporate telecom gear of money needed to keep the company's edge, experts say. Over the past year, private equity firms seem to be buying up more technology companies, such as **Avaya**, **Agilent Technologies**, **Alltel**, **First Data**, **CDW**, **Axiom** and **Primax Electronics** to name a few.

Sprint's legacy data networks are on life support, and frame relay and ATM customers need to make migration plans now. The carrier is committed to decommissioning its legacy frame relay and ATM networks as soon as possible. Sprint's plan to move customers to its MPLS IP backbone were made public two years ago. Sprint will reach an important milestone by the end of June, when the carrier will be supporting more "IP ports than legacy frame-relay or ATM ports."

Google Inc. is pressing for an extension to the **U.S. Justice Department's** oversight of **Microsoft Corp.'s** business practices, most of which is set to expire in November, according to a court filing. "Microsoft's hardwiring of its own desktop search product into Windows Vista violates the final judgment" in the U.S. government's antitrust case against the software maker, Google said. Over the last year, Google has complained to state and federal regulators that Microsoft's "Instant Search" program, which helps Windows Vista users search their hard drives, slows down third-party desktop search programs.

Oracle Corp's fiscal fourth-quarter profit rose 23 percent as the business software maker harvested more sales from the crop of customers picked up in a \$25 billion shopping spree that has buried much of its competition. The company said that it earned \$1.6 billion, or 31 cents per share, for the three months ended in May, up \$1.3 billion, or 24 cents per share, at the same time last year. It marked the sixth consecutive quarter in which Oracle's profit has surged by at least 20 percent.

Revenue during the fourth quarter, Oracle's busiest of the year, totaled \$5.83 billion, a 20 percent increase from last year.

Google Inc. is asking U.S. trade officials to treat **Internet restrictions** as international trade barriers, similar to hurdles in global commerce, such as tariffs. Google sees the dramatic increase in government Net censorship, particularly in Asia and the Middle East, as a potential threat to its advertising-driven business model.

More than 33 million people have used **mobile phones** to access the Internet this year, according to **Nielsen Media Research**, which announced its new effort to measure such use. The announcement is another indication of how Nielsen is trying to keep up with rapidly changing entertainment options. Besides the people who have used their phones for Internet access, Nielsen estimated that 8 million people viewed video on their phones during the first three months of the year.

Big Ten Conference schools, including **Ohio State**, will digitize select collections in each of the university's libraries—up to 10 million volumes—as part of **Google Inc.'s** book-scanning project. The partnership will speed up a digitization process that might have taken hundreds of years. It will result in a shared digital repository that faculty, students, and the public can access quickly on Google. The agreement covers Google and the 12 schools on the **Committee of Institutional Cooperation**, the academic arm of the Big Ten Conference. Under the six-year agreement, with an option to renew, Google will finance the digitization and each institution will cover the costs of preparing the books.

Dell Inc. will sell notebook and desktop computers at **Sam's Club** warehouse stores and plans to sell a notebook model this summer at **Wal-Mart**. The announcement follows Dell's decision to begin selling two personal computer models at 3,300 Wal-Mart stores. Dell will sell its Inspiron 1501 notebook for \$899 and a Dimension desktop model for \$829 at more than 580 Sam's Clubs nationwide.

A federal judge ordered **Adelphia** cable TV company founder **John Rigas** and his son, **Timothy Rigas**, to report to prison Aug. 13. Both men had been free on bail while they appealed, but **U.S.**

District Judge Leonard Sad said the time had come for the two to start paying their debt to society. A federal appeals court had cleared the way for the pair to begin serving time in May when it upheld all but one count of their convictions on multiple charges of securities fraud, conspiracy to commit bank fraud and bank fraud. John Rigas was sentenced to 15 years in prison. Timothy Rigas, the company's former chief financial officer, was sentenced to 20 years.

Cell phone maker **Motorola** said it will cut another 4,000 jobs as part of a plan to improve sagging financial and operational results. The latest round of cuts means the world's No. 2 handset maker has announced plans to eliminate more than 10 percent of its work force since the start of 2007, when it became clear that two years of strong momentum behind the popular **Razr** phone had collapsed. The company already is eliminating 3,500 jobs as part of a two-year cost-cutting plan to save \$400 million.

Palm Inc. will start selling a portable computer in a bid to increase sales as its **Treo** mobile phone and email device loses ground to the **BlackBerry**. The computer, called **Foleo**, has a 10-inch screen and full keyboard and lets users browse the Web, send email, and edit documents. The device, designed for use with a mobile phone, will go on sale for \$499 this summer. The new product is smaller than a standard laptop and larger than a mobile phone. The Foleo, weighing 2.5 pounds (1.1 kilograms), connects wirelessly to a mobile phone, using the handset as a modem for Web browsing and emailing. It can also work as a stand-alone device, connecting to the Web using a Wi-Fi network.

The latest version of **Microsoft's free Web-based email** is now widely available to the public in 36 languages. **Windows Live Hotmail** sports a new look and features similar to Microsoft's desktop-based Outlook email program, including the ability to drag and drop messages into folders. The company has rebranded a mishmash of Web sites and programs using the "Live" name but kept the Hotmail brand in this case to avoid confusing existing users. The makeover, which includes 2 gigabytes of data storage and built-in instant messaging, brings Live Hotmail in line with offerings from competitors.

Nokia Siemens Networks, the telecom equipment maker that recently began operations said it will lay off up to 9,000 people worldwide, some 15 percent of its work force, in line with previous plans. The cuts will include 2,900 jobs in Germany and up to 1,700 in Finland, said the group, a joint venture between Finland's **Nokia Corp.** and Germany's **Siemens AG**. The two companies jointly employ some 60,000 people in their network units.

AT&T said it will offer high-speed satellite Internet to most of its customers who do not have access to the company's **DSL** service. The alternative service, called **AT&T Yahoo! Broadband via Satellite** is being offered through a Colorado company called **Wild-Blue Communications Inc.** AT&T spokesman Bob Beasley said the company is aiming to meet demand for high-speed Internet in rural and remote areas that previously had access only to slower dial-up connections. To find out whether the service is available in your area, call AT&T's customer service line at **1-800-288-2020**.

Comcast Corp. Chief Executive Brian Roberts dazzled a cable industry audience, showing off for the first time in public new technology that enabled a data download speed of 150 megabits per second, or roughly 25 times faster than today's standard cable modems. The cost of modems that would support the technology, called "**channel bonding**," is "not that dissimilar to modems today," he told The Associated Press. The new cable technology is crucial because the industry is competing with a speedy new offering called **FiOS (Fiber To The Premises/FTTP)**, a TV and Internet service that **Verizon Communications Inc.** is selling over a new fiber-optic network. The top speed currently available through FiOS is 50 megabits per second, but the network is already capable of providing 100 Mbps, and the fiber lines offer nearly unlimited potential. The technology, called **DOCSIS 3.0**, was developed by the cable industry's research arm, **Cable Television Laboratories**. Instead of using one TV channel to transmit data, it uses four.

Chips with minuscule holes in them can run faster or use less energy. This fact is the key to potentially one of the most significant advances in chip manufacturing in years. To create these tiny holes, the computer company has harnessed a plastic-

like material that spontaneously forms into a sieve-like structure. The holes have a width of 20 nanometers, or billionths of a meter, placing the method in the much-vaunted field of nanotechnology. "This is the first time anyone has used nanoscale self-assembled materials to build things that machines aren't capable of doing." **IBM** said the technology could be added to existing manufacturing lines and applied to current chips, boosting performance by 35 percent. It expects to start using the technique in 2009, first on chips used in **IBM's** servers and later on chips it makes for other companies.

The **Dolan family** has announced an agreement to take **Cablevision** private for \$22 billion. After years of spending money to expand its network, Cablevision's capital expenditures are falling quickly just as the company earns more money from such products as digital cable, Internet access and telephone service. The reduced expenses will far offset any losses from competition with **Verizon**, which has entered Cablevision's turf. Under the agreement announced, the Dolan family would buy 292.4 million outstanding shares for \$36.26 apiece (\$10.6 billion) and assume \$11.4 billion in debt for a total value of \$22 billion. The deal must be approved by a majority of shareholders. The deal also faces regulatory approval.

IBM is driving home the point that out-of-control energy consumption increasingly is becoming a profit drain on enterprises. In short, green sells these days and virtually every major IT vendor is looking to cash in. At a press conference in New York, **IBM** debuted what it is calling **Project Big Green**, an initiative that will see 850 **Global Technology Services** employees redesign **IBM's** data centers, as well as those of its customers. The mission is to dramatically reduce energy consumption.

Users are starting to evaluate and deploy **Windows Vista**, but they are showing concern over perceived performance improvements and the operating system's hardware requirements. A recent study conducted by **Walker Information** and product supplier **CDW** shows that 87 percent of respondents plan to eventually adopt Vista. To date, 1 percent of respondents have completed Vista implementation, and another 19 percent plan to complete their implementation in the next 12 months. Among 753 respondents, 78 percent cited improved security as the top

perceived benefit of Vista. The most common concern was the expectation of bugs in the first release.

Amazon.com has paid **IBM** an undisclosed amount of money to settle all outstanding patent lawsuits between the two companies. They also have agreed on a long-term patent cross-licensing agreement, giving Amazon access to **IBM's** patents on Web technology.

Renowned author **Jeff Doyle** is blogging for **Network World's Cisco Subnet**, and is delving into the serious **IP address challenges** that we face. At current rates, we could run out of Ipv4 addresses by 2010. He writes: "Saying there is less than a four-year supply of Ipv4 addresses remaining sounds alarmist, and there are still plenty of people around who will make just that conclusion. But the numbers are there for anyone to observe and make their own conclusions. What's more, there are factors indicating that, in fact, new Ipv4 address assignments are likely to become unavailable much sooner."

There may be no hotter topic in telecommunications right now than **IP Multimedia Subsystem (IMS)**, an evolving standard that promises a common way for a number of wireless and wireline networks to deliver multimedia applications. Fixed and mobile network operators are expected to invest \$10.1 billion in IMS capital infrastructure between 2006 and 2011, and generate \$49.6 billion in service revenue from IMS-enabled applications in that time, according to **ABI Research**. There may be no more discouraging a topic than securing an IMS network, however. Recent events and published reports indicate that IMS security specifications are lacking, and that the architecture may open up more vulnerabilities than benefits.

The largest carriers in the country collectively are investing billions in **enterprise network and service upgrades**, but they are committing far more dollars to consumer and wireless services. One look at revenue potential and it becomes clear why: The carriers stand to gain billions in new business when initiatives such as IPTV take hold. While capital expenditures have increased at **AT&T** and **Verizon**, the two carriers are spending a disproportionate amount of money building out consumer-oriented services such as IPTV and related fiber-to-the-premises initiatives, such as Verizon's FiOS, says **Lisa Pierce**, a vice president at

Forrester Research. "My theory is that the two big providers are pouring most of their capex (capital expenditures) into IPTV infrastructure and that enterprise services innovation is suffering as a result." For example, AT&T has plans to allocate roughly \$17.9 billion to capital expenditures this year, according to research firm **Infonets**. Of that \$17.9 billion, only \$750 million is earmarked for enterprise service enhancements.

The head of **IBM** expects the company's small-to-mid-size business operation will become its biggest industry focus within a couple of years. "In two to three years, SMB will be the largest industry for us," said **CEO Sam Palmisano** during his keynote address at **IBM's Partner World** conference held in St. Louis.

Organizations that use **RFID** devices should systematically evaluate the potential security and privacy risks posed by the technology, U.S. government officials say in a report detailing best practices for retailers, manufacturers, hospitals, and federal agencies. **RFID** raises unique security concerns because, unlike a desktop computer or most devices overseen by a company's network security crew, a single **RFID** tag may be handled by multiple sources. The recommendations in "**Guidelines for Security Radio Frequency Identification (RFID) Systems**" follow. Use firewalls that separate **RFID** databases from other databases and IT systems; encrypt radio signals when feasible; authenticate approved users of **RFID** systems; shield **RFID** tags or tag-reading areas with metal screens or films to prevent unauthorized access; and implement procedures for tag disposal and recycling.

Nearly three-quarters of more than 250 IT professionals polled on behalf of a systems management company said they are concerned they would lose their jobs in the aftermath of a **major security breach** at their company. While 87 percent of the IT organizations surveyed said they are confident in their ability to deal with viruses, spam, spyware and malware, just 35 percent felt they could deal with corporate or personal data loss.

Meru Networks announced the first enterprise-class products supporting the **IEEE 802.11n** draft standard and promised data rates for 300Mbps. Meru says it will ship this summer a two-radio access point, a five-blade controller, and new software that handles wireless data traffic at the

edge of the network instead of routing all of it through a central wireless controller. The products won't be cheap. For example, the access point will be priced at about \$1,500, which is nearly two times the price of Meru's current high-end 802.11a/b/g access point. Pricing for the new controller is expected to be about \$65,000.

The **Department of Defense** is on the Web warpath again, this time blocking access to **YouTube**, **MySpace**, and 11 other popular sites on its networks. Overseas military personnel will be prevented from using these sites to protect information and reduce drag on the department's networks.

In separate incidents, **IBM** and **Alcatel-Lucent** reported **losing sensitive employee data**. In IBM's case, tapes, some of which were not encrypted, went missing from a contractor's vehicle. They contained information including dates of birth, Social Security numbers and addresses of current and former IBM employees. At Alcatel-Lucent, a CD containing the names, addresses, Social Security numbers, dates of birth and salary information for U.S. employees who worked for Lucent before it merged with Alcatel, as well as for Lucent retirees and dependents of both groups, was lost or stolen. Many such incidents have occurred recently. I won't even mention the **State of Ohio's** debacle (Oops! I guess I did.)

Verizon Business announced a definitive agreement to acquire **Cybertrust**, a privately held provider of global information security services. Financial terms were not disclosed. Verizon Business says the deal will bolster its ability to deliver managed information-security services to large enterprises and government customers worldwide.

Increasingly popular **social-networking sites** such as **MySpace**, **YouTube**, and **Facebook** are accounting for such huge volumes of DNS queries and bandwidth consumption that carriers, universities, and corporation are scrambling to keep pace. The trend is prompting some network operators to upgrade their DNS systems, while others are blocking the sites altogether. Moreover, the "MySpace effect" is expected to hit many more

networks soon, as these network-intensive interactive features migrate from specialty sites to mainstream e-commerce operations and intranets.

Level 3 Communications announced it has completed construction of **Internet2's** new 100Gbps backbone network. One year after announcing that Level 3 would be Internet2's new network provider, the carrier says the research network is up and running. Level3 says it was key to complete construction of the backbone months before Internet2's old network, **Abilene**, will be turned down. All Internet2 members are expected to be moved off of Abilene by September 2007.

Sprint Nextel may be exploring new funding options for its multibillion **WiMAX network and service buildout**. One option is spinning off Sprint's WiMAX business and having a partnership with **Clearwire**. Headed up by wireless pioneer **Craig McCaw**, Clearwire is the only other service provider in the United States deploying WiMAX commercially. Last August, Sprint said it would spend \$3 billion to deploy its mobile WiMAX network. That capital investment may now prove problematic for Sprint.

Google will add a presentation application to its Google Apps lineup by year-end and may add other applications – for video, note taking, blogging and group discussions – to that suite. Google is aiming to establish parity between the offline and online capabilities of its productivity suite.

An increasing number of network monitoring and management tools support **Ipv6**, but these products often don't include the full set of features available in Ipv4. And few commercial offerings provide the extra capabilities needed for Ipv6, an upgrade to the Internet's primary protocol that has a new addressing scheme, built-in auto configuration, and end-to-end security, among other features. It's unclear whether enough Ipv6-ready network management functions will be available by June 2008, when **U.S. federal agencies** are required to turn on Ipv6 support in their backbone networks.

Palm's financial future looked a little more secure as private-equity firm

Elevation Partners said it will pump \$325 million into the mobile-device manufacturer. Elevation is a \$1.9 billion private-equity firm. The investment in Palm is by far the largest the firm has ever made.

Under the **Federal Rules for Civil Procedure** that took effect Dec. 1, 2006, businesses have to have policies in place on how they will produce electronic documents they hold in the event of a federal court lawsuit. But **Xiotech**, a vendor of file-management technology, said that in a survey of 166 businesses conducted in March and April, only 39 percent said they had a system in place for document "holds," that is, demands that they protect important information from being deleted. Less than 25 percent said they had taken steps to comply with the new rules.

Web sites running **Microsoft's Web server software** are twice as likely to be hosting malicious code as other Web sites. **Google's** antimalware team looked at 70,000 domains that were either distributing malware or hosting attack code, and made the finding.

While 78 percent of large companies say their databases are "critical" or "important" to their business, 40 percent don't monitor them for security purposes. Those are the primary results of a **Ponemon Institute** research study released that surveyed 649 IT executives. Fifty-seven percent of the executives surveyed admitted their organizations haven't taken "adequate measures" to protect against malicious insiders, and 55 percent acknowledged they had no adequate measures in place to prevent data loss. Eighty percent of the executives surveyed said their organizations have more than 100 databases, primarily multiplatform environments. The most critical priorities the IT executives cited for this year were upgrading existing applications, consolidating IT, and improving efficiency.

Gartner predicts that by year-end 75 percent of enterprises “will be infected with **undetected, financially motivated, targeted malware** that evaded traditional perimeter and host defenses and early reports from beta customers of a yet to be released product from **Mi5** show how nefarious these infections can be. Mi5 says it installed a Web security beta product at an organization with 12,000 nodes and in one month detected 22 active bots, 123 inactive bots and was watching another 313 suspected bots. That may not sound like a lot, but those bots were responsible for 136 million bot-related incidents, such as scanning for other hosts inside the firewall. Web sites are the source of all this nasty code, Mi5 says, and **Google research** backs that up. Once bots have successfully infected corporate resources, they scan the network for vulnerable hosts, spread where they can and report back to central command about how many systems are under control. The network is then available for whatever wrongdoing the botnet operator has in mind, be that generating spam, launching denial-of-service attacks or collecting confidential data.

According to **AT&T's annual business-continuity and disaster-recovery preparedness study**, 72 percent of IT organizations have plans in place in case of a natural or man-made catastrophe. While not a bad percentage, it also means that 26 percent have no plans at all and 2 percent “don't know” whether their company has a plan. The lack of plans may be linked to the fact that 75 percent say their company has never suffered from a disaster.

Hugging grandpa with an **iPod** in your breast pocket might not be such a good idea. The portable music players developed by **Apple Inc.**, caused pacemakers to malfunction when held two inches from a patient's chest for five to 10 seconds, according to research presented. The pacemakers malfunctioned in about half of 800 trials, the scientists said. Electronic devices can send out interference that throw pacemakers for a loop. While the researchers didn't report any life-threatening condition, they urged caution in the use of the devices, 100 million of which have been sold.

EMC says that by year-end it will begin delivering a common platform for managing the company's myriad storage lines, an advance long desired by cus-

The **ATP NEWSLETTER** is published as a service to the members of

The Association of Telecommunications Professionals, Inc.

Information to be included in the **NEWSLETTER**

should be submitted to:
Michael Patterson, Editor
4500 S. Hamilton Rd.
Groveport, OH 43125
mlpatterson@AEP.com

©2007 *The Association of Telecommunications Professionals, Inc.*

tomers weary of juggling multiple interfaces. **EMC** plans to deliver unified products later this year and next. It is expected that the common management interface will be applied to existing software products over time.

It wasn't a surprise that **Alltel** was looking for a buyer to compete with bigger companies with broader coverage, but more people than not expected the purchaser to be another carrier. As a result, the proposed \$27.5 billion buyout of the wireless carrier by **TPG Capital** and the private equity division of **Goldman Sachs Group** took many by surprise.

Skype announced that customers will be able to buy Skype-certified headsets, Webcams and handsets, plus prepaid Skype calling cards at 1,800 **Wal-Mart** stores. For customers who want to make international outbound calls using Skype they can buy a \$20 prepaid card and make international calls for rates as low as 2.1 cents per minute. A second prepaid card option offers three months of unlimited outbound calling within the United States and Canada for \$8.85. Handsets, which users can plug into their Internet-connected PC to make VoIP calls start at less than \$15; cordless phone systems that plug into an Ethernet connection (and don't need to use a PC to make the VoIP call) are priced at about \$150, and Webcams begin at \$25.

Western Digital Corp., in agreeing to buy **Komag Inc.** for about \$1 billion, underscored pressures on makers of disk drives to control key components for making the data-storage devices. **Komag**, of San Jose, Calif., makes rotating disks

that serve as data-recording media inside of drives. **Western Digital**, a major **Komag** customer based in Lake Forest, Calif., said buying the component supplier would help the company keep pace with technology and pricing changes in the competitive industry.

Strong sales of **Research in Motion Ltd.**'s new lineup of consumer devices bumped its fiscal first-quarter profit up 73 percent, as the **BlackBerry** maker gears up to face formidable competition from a broad range of cellphone makers, including **Apple Inc.**, whose iPhone went on sale June 29th.

Consumer Reports points out that the **iPhone** will not run over **AT&T's** highest-speed 3G network based on high-speed downlink packet access (HSDPA) technology. The iPhone will only run over AT&T's 2.5G Edge network. HSDPA supports download speeds between 400K and 700Kbps. and bursts up to 1Mbps. Edge on the other hand only averages download speeds of 70K to 135Kbps. Industry watchers say a 3G-capable iPhone is under development, but since the iPhone hitting the streets will cost \$500 to \$600, early adopters will not likely run out and get a new one. **Consumer Reports** says the combination of a slower network and poor customer service rankings may make the new iPhone less enjoyable for consumers.

CommScope, maker of cable for high-speed data services, will acquire mobile phone equipment maker **Andrew Corp.** for about \$2.6 billion.

Global mobile phone use will soon top 3.25 billion, nearly half the world's population.

The **Homeland Security Department** postponed a requirement for U.S. travelers to show passports or the new government-issued passenger identification card upon returning home at land or sea borders until the summer of 2008, **Secretary Michael Chertoff** announced. The **People Access Security Services cards (PASS)** are new identification cards similar to credit cards that are to be issued to U.S. citizens and legal residents who frequently cross the borders, starting in spring 2008, as part of the **Western Hemisphere Travel Initiative (WHTI)**. Under the previous requirement, U.S. citizens and legal residents returning home at land and seaport border ports were to be required to show passports, PASS cards, WHTI-compliant driver's licenses and

other WHTI-compliant identification cards, starting on Jan. 31, 2008. But due to a major backlog in processing applications for new passports, those requirements will be postponed until the summer of 2008. It will continue to accept government-issued driver's licenses and birth certificates, in lieu of passports or PASS cards, until at least **June 30, 2008**.

Yahoo Inc. thinks it's back on the right track now that co-founder **Jerry Yang** has replaced **Terry Semel** as chief executive, but analysts and investors already are wondering whether the shake-up is just a prelude to more-radical measures, including a possible sale or breakup of the troubled Internet icon.

AT&T Inc. stands a good chance of stealing customers away from other wireless operators by carrying **Apple Inc.**'s highly-anticipated **iPhone**, two new consumer surveys show. Two-thirds of mobile-phone users who are interested in purchasing the iPhone aren't AT&T customers but would be willing to switch carriers to obtain the device, according to a survey in May of about 11,000 cellphone users by **M:Metrics Inc.**, which tracks wireless industry trends. The carrier with the most to be concerned about is T-Mobile USA, according to the survey, with 12.5 percent of its customers expressing a high interest in the phone; followed by 8.1 percent for Sprint Nextel Corp.; and 6.7 percent for Verizon Wireless.

Federal regulators plan to fine big telecom-equipment maker **Nortel Networks Corp.** as much as \$100 million for using allegedly fraudulent accounting to meet company targets and Wall Street expectations. The SEC intends to seek the fine against the Canadian company in the first application of a new policy requiring staff attorneys to get approval from the SEC commissioners before entering into settlement talks with companies on fines. The SEC and Nortel declined to comment.

Google Inc.'s privacy practices are the worst among the Internet's top destinations, according to a watchdog group seeking to intensify the recent focus on how the online search leader handles personal information about its users.

NEC Corp. became profitable again in the fiscal year through March. Annual net profit at NEC Corp. totaled 9.2 billion yen (US\$76 million; euro56 million), reversing the 10 billion yen loss the previous year. Sales at the manufacturer of mobile phone equipment, computers and servers, dipped 6 percent to 4.65 trillion yen (US\$3.8 billion; euro2.8 billion) from 4.9 trillion yen. NEC has been struggling because of slumping cell phone and computer sales combined with costs to restructure its computer chip operations.

China's Ministry of Information Industry has approved the use of **third generation mobile phone standards** WCDMA and CDMA2000, which rival China's homegrown TD-SCDMA standard. The WCDMA is considered to be European, the CDMA2000 American, and the TD-SCDMA Chinese. The government stated that they will let operators choose which standard they want to use but were inclined to go with the TD-SCDMA, the designated 3G standard in China.

Complaints about some **cell phones erasing Nissan's I-Keys** for the 2007 Altima sedan and 2007 Infiniti G35 have the automaker advising customers to keep cell phones and the plastic fobs containing the starts "at least 1 inch apart at all times." A statement released by **Nissan North America Inc.** says some cell phones, if allowed to touch the I-Key while sending or receiving a call, may alter its electronic code. "When this happens the I-Key will not start the vehicle and cannot be reprogrammed," the statement said. Nissan said it is developing a modified I-Key to prevent the problem and will provide customers with the new keys in the early fall.

Satellite television provider Inc **DirecTV Group** may test delivering **high-speed Internet service through power lines** in a major U.S. city in the next year, its chief executive said. DirecTV and others are talking to companies that specialize in providing broadband through the electrical grid. DirecTV would like to test delivering Internet access on power lines in a "top 50 city where you're covering at least half the city."

Cincinnati Bell Inc. has reported a 60 percent increase in first-quarter profit, thanks to strong sales in wireless and technology products. Net income rose to \$22.6 million from \$14.1 million in the year-ago quarter. On a per-share basis, earnings were 8 cents, compared with 5 cents a year ago. Wireless service revenue increased \$7 million or 12 percent from a year ago.

The cell phone industry has a new target--**personal-navigation device makers**. Handset makers see navigation as one of the next major value-added offerings and even at this very early stage, analysts say the annual market for phone navigation is worth hundreds of millions of dollars.

And on the **Gee Whiz!** front, the gap between the cell phone and the full-bore computer is shrinking by the second. Witness **OQO's Model 02** (\$1,500 to \$1,850, oqo.com),

a complete Windows Vista machine that weighs just a pound and fits in the palm of your hand. It sports a touch screen for easy navigation, has a slide-up screen that reveals a full QWERTY keypad and is available with up to a gigabyte of RAM and a 60-gigabyte hard drive. **Wi-Fi** and **Bluetooth** are standard,

and you can opt for a built-in high-speed wireless module that will work with either **Verizon's** or **Sprint's** service.

More next issue!

Doug Ballou

Ballou Consultants Inc. ☒