

The Future of POTS

Regulatory 2.0

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Background

SIPFORUM

- Founded in 2000
- Leading Non-Profit IP Communications Industry Association
- Membership comprised of 40+ Corporate “Full Members” that support the Forum and pay annual dues; Academic Institutions and Individual “Participant” Members (free membership category 9000)
- Help make SIP (IETF RFC 3261) work better
 - SIP Connect 1.1 IP-PBX to SIP Service Provider Interface.
 - FAX Task Group
 - SIPNOC SIP Network Operators Conference
 - Video Calling and SIP

The Point Is...



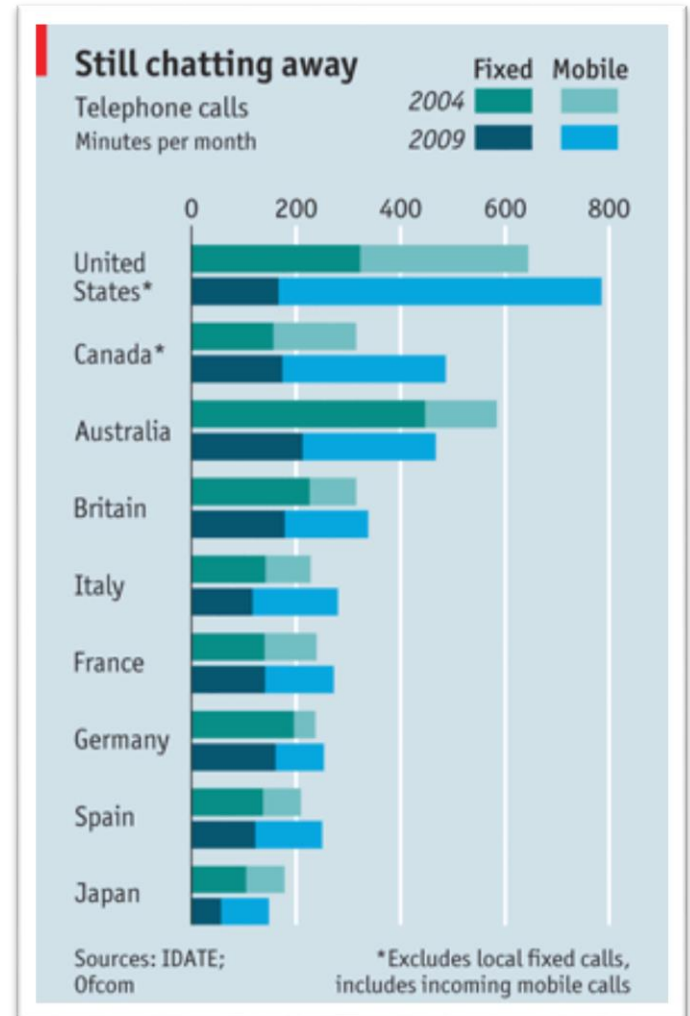
The Technical Reality

- TDM POTS is Dead
- The IN is nearly 40 years old
 - The 5ESS was introduced in 1982
 - DMS 500 Remember Nortel
 - These systems cannot and will not be upgraded
- SS7 is even worse
 - Expensive
 - Cannot and will not be upgraded



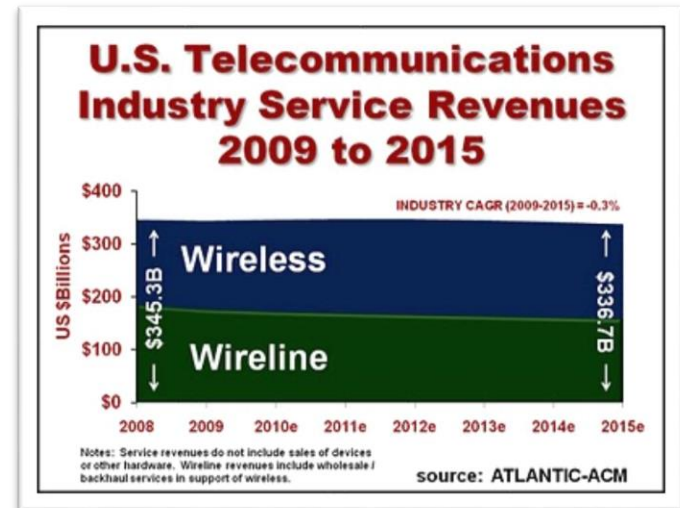
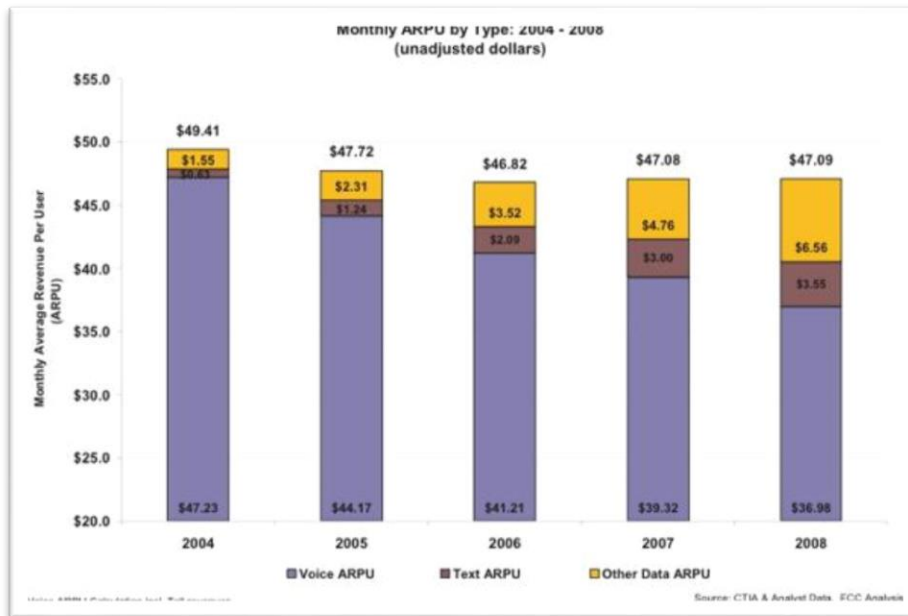
The Carrier Reality

- The OPEX of maintaining the parallel universe of POTS and IP is unsustainable
- ATT hints at the costs, but we don't have good numbers on what the savings might be.
 - 10 Billion ?
- The current system is being gamed by the hour
 - The ICC billing system itself is another “high cost” service. Simplify!
- Degradation of service due to proliferation of Gateways
- SIP Trunking now is collapsing PRI pricing

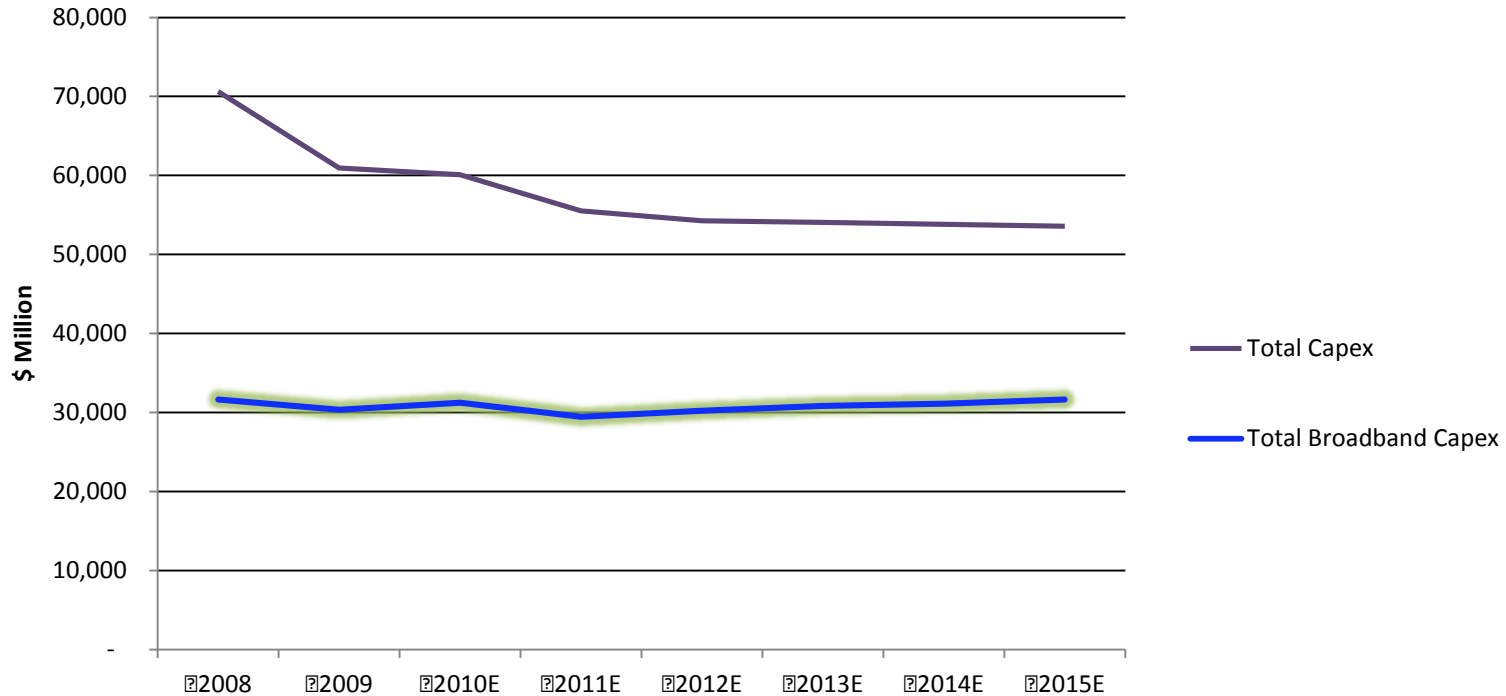


The Economic Reality

- CAPEX in Telecom is still flat
- The increase in Data revenue has not offset the decline in Voice ARPU



Where's the Beef? Teleco CAPEX is Flat.



Many Thanks to Bob Atkinson and Columbia CITI

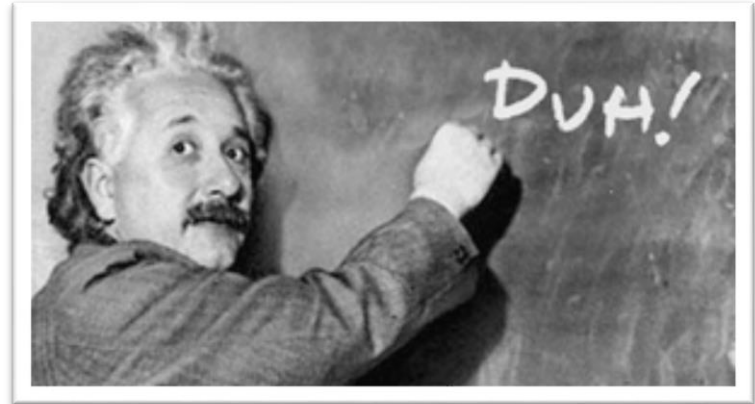
Why Not The Best!

- Remake POTS into a full Multi-Media National Communications Service based on E.164 numbers on an all IP Broadband Infrastructure
- Compatible with FCC NG 911 Goals – LTE/SIP
- New Service delivery? Novel idea!
- HD Voice and Video Calling?
 - Maybe new ARPU?
 - Why does the Voice Service have to sound so bad?



What Would It Take?

- It's all bits
- The FCC needs to signal that “turn it off” is a good idea
 - IMHO, the FCC needs to institute a purely Technical NOI on what the transition would require and how long it would take
- Full industry wide Technical Gap Analysis
 - A Voice only can be supported by a Media GW in front of the soft switch
- All IP Interconnection in the core!
- Formalized industry discussion on the 3rd numbering database
 - TN to URI interconnection mapping
 - GLOBAL SPID



Recommendations

- Right now genuine regulatory clarity is needed. The investment community is spooked. I know... Congress is not going to do anything this term.
- Face it – the conversion is going to happen anyway.
 - HD Voice will roll out in 2010 no matter what.
- The FCC has the unique tool... It's the NANP User Agreement.
- Bill and Keep, a/k/a Transit Peering, works.
- Continuing to tax voice to support broadband perpetrates the arbitrage in the system.
- ICC/USF should transition to single industry wide excise tax negotiated with Congress to support high cost areas.
 - 3% would net 10B+
 - Yes, tax the internet... it's no longer a nascent industry.