

THE DAILY RECORD

LAW, REAL ESTATE, FINANCE AND GENERAL INTELLIGENCE SINCE 1908

VoIP coming of age

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Amidst the I. Lewis "Scooter" Libby trial, the problems at the Walter Reed Army Medical Center and the latest season of *American Idol*, (please note there was no mention of a celebrity funeral or stint in rehab, both of which have received way too much attention) it's not surprising the Federal Communications Commission's (FCC) action on Voice over Internet Protocol (VoIP) garnered little attention.

The ruling made clear, however, that all incumbent local exchange carriers must allow connections between themselves and VoIP. The ruling represents the strongest signal yet to all markets that VoIP is here to stay.

The FCC's action overrides earlier moves taken by public service commissions in Nebraska and South Carolina with respect to access to existing networks. If you're not asleep already, it is important to note this ruling reflects an absolute coming of age for VoIP technology.

Those catchy (or annoying, depending on your perspective) Vonage ads represent only a portion of the VoIP technology now driving the bus in the telecommunications market, in both local and long distance service and equipment. (Vonage's March 8 loss to Verizon in patent litigation is a good topic for another column.)

The issue of interconnection between carriers, service providers and multiple technologies has always been fraught with drama. Although the technologies differ and there may be compatibility issues, the disputes traditionally had more to do with current and future market share than with the actual technology the providers, or combatants, would want you to believe.

In the case that catapulted this issue to the attention of *The Washington Post*, ("FCC: Local telephone carriers must connect to VoIP," March 4), two rural local exchange carriers — or small service providers located in less populated areas — read the FCC's interconnection rules as stating that cable-provided VoIP is not a direct voice service offered to residents. From their perspectives, the rural incumbent local exchange carriers (ILECs) were under no obligation to connect with the providers of such services.

Time Warner Cable argued that the public utility commissions in South Carolina and Nebraska acted improperly when they permitted rural ILECs to refuse to connect with customers using Time Warner's VoIP because Time Warner technically doesn't provide direct voice service to residents. That is, Time Warner provides other services such as cable, of which VoIP is merely one derivative.

FCC Commissioner Kevin Martin, however, responded that the commissions in Nebraska and South Carolina misinterpreted the FCC's rules. Martin said competition must be promoted in every sector overseen by the FCC and "create a level playing field among service providers."

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What Martin implied was that the technology used to support the connection between Person A and Person B is irrelevant, the connection is all that matters. In this context, the fact that the two parties must be able to connect with one another is the only matter of importance. This is a very general explanation, which does not consider many of the other factors involved in this technology challenge, including the significant — and difficult to recapture — costs to the rural ILECs to allow for such connections. The FCC's recent action is a huge advance for VoIP providers and customers, however.

A note of caution: Vonage and other VoIP providers offer good service, but it has limitations, and it is absolutely imperative that a consumer who is considering a switch understands these limitations. Issues relating to power failure, 911 and security are paramount. Some of these issues can be overcome, others pose greater challenges, but I wouldn't advise anyone to make the switch without careful consideration. (For what it's worth, I'm happy with my traditional phone service and have no plans to even consider switching.)

On the equipment side, VoIP technology provides some very interesting and creative opportunities for entities that may have avoided providing services directly to their constituencies. Specifically, VoIP-powered equipment can enable an entity such as an assisted living or rehabilitation center to provide phone service to its clients more quickly than a traditional carrier can, while simultaneously creating a revenue stream that previously was the sole property of the carrier.

In the context of a rehab center, as one of my clients learned, installing a new VoIP-based system could provide phone service to residents more quickly than the incumbent service could, and at a lower cost — a win-win for patients and the facility.

I have another client who relies on VoIP technology to connect some but not all of its locations back to corporate headquarters. The technology has enabled this arrangement to save money, both in terms of the rich features a VoIP-based system can provide, along with the economies of technological advances supported by VoIP connectivity. In this case, the client is aware of the technology's shortcomings, particularly with respect to power failure and emergency 911 access, and steps have been taken to accommodate them. Again, the client wins by saving money and providing sexy features to smaller offices that previously couldn't justify the features' costs.

Martha Buyer is an attorney concentrating in the practice of telecommunications law. Her clients range from Fortune 500 companies to small family-owned businesses where she has provided a range of telecommunications consulting and legal services, primarily geared to support corporate end-users working with carriers and equipment providers. Buyer can be contacted at martha@marthabuyer.com.