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Cablecos need to defend their Internet, voice service from Rogers brand

In two moves last month **Rogers Cable Communications Inc.** bolstered its national presence by expanding its Rogers Yahoo high-speed Internet offerings outside of its cable areas. Internet service providers in these regions now have more than just another competitor to contend with: they'll have to defend their subscriber bases against the commanding Rogers brand.

"If we remain a competitive and strong service provider I hope they have an awful time ungluing our customers from their relationship with us, and I suspect they will," says Patrick Kiely, director of business operations and development for **Mountain Cablevision Ltd.** "We'll certainly work at that. That's the name of the game."

Mountain's territory in Hamilton ON will be affected by both of the Rogers launches. In consecutive days Rogers announced it's offering high-speed Internet to customers in Greater Vancouver, St. Catharines, Hamilton, Burlington and Oakville, as well as portable Internet in 20 major urban markets across Canada. "As we go to a national brand we're trying to introduce broadband Internet over the two platforms, not just one," Terry Canning, Rogers Cables' VP and GM of Internet Service, tells *Network Letter*.

With its launch, the portable offering covers 60% of the Canadian population with plans to grow that around Rogers' cellular coverage and reach 90% of Canadians in about a year, explains Canning. The service, which includes a plug and play modem that requires only a power source to give customers download speeds of 1.5 Mbps in any of the coverage areas, is targeted at what Canning calls the mobile professional niche. "We really are using it to target the individual experience," he says. "It's the cell phone equivalent of Internet."

The high-speed service in Greater Vancouver and the four southern Ontario cities, however, is a resale broadband DSL offering that stems from Rogers' purchase of **Sprint** and is being offered exclusively with Rogers home phone service. Canning says the strategy with these services is to move into markets where multi-product offerings fit to the extent that there are significant rewards for Rogers. And while ISPs across the country will certainly take note of Rogers' portable Internet, cablecos offering multiple services where Rogers is moving in with DSL and home phone could stand to lose a lot more.

"It's a question of do you have a bundle or not?" says telecommunications consultant Lis Angus. "Right now all [Rogers has] in those areas is wireless, so they're trying to find a way to offer a bundle to those customers without actually having to install a cable network."

Indeed, Canning says the primary target for the high-speed/home phone offer is existing Rogers wireless customers, with the main sales pitch being the convenience of bundling the three services. In the case of Hamilton, Rogers is taking its triple play of Internet, home phone and wireless up against Mountain Cablevision's Internet, home phone and cable television.

Kiely says Mountain has essentially been through this before with products offered by Sprint, but concedes the caché of the Rogers and Yahoo brands. "The Rogers brand is in our market and they obviously enjoy a fair amount of collateral spill in southern Ontario. So we've always had that as a reality," he states. "We're not overly concerned. It is a brand and we have to make sure our message is crisp and clean."

Canning says the existing strength of the Rogers brand in the areas surrounding its cable footprint will help the expansion, and adds that the real challenge now is to bring up awareness that

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it has Internet available. As for the contingency that home phone be included with Internet in these areas, Canning says research shows that two products is the maximum you can make an individual customer decision on. The move also shows Rogers' commitment to bundling its customers.

“If we remain a competitive and strong service provider I hope they have an awful time ungluing our customers from their relationship with us, and I suspect they will.”

Patrick Kiely, director of business operations and development, Mountain Cablevision Ltd.

This also means that anyone who migrates to Rogers from a provider like Mountain will be taking two services with them. And with the providers competing with bundles it becomes a question for subscribers of which bundle delivers the best value. Of course, that's not always easy to determine. “For all the much-vaunted advantages for customers of bundling, the bills are often very confusing,” says Angus. “So if you want to compare one component to another and see if the new offer actually would save you money, it's sometimes hard to figure out.”

But Mountain plans to defend its subscriber base with more than just bundle pricing. Mountain provides services from its own plant and promises a direct customer service relationship to its customers: subscribers get to speak directly to a Mountain employee, not an automated answering system. Kiely says this will definitely help the cableco keep its customers, but it has always touted its customer service as a differentiator.

“Personal service matters and we make a fuss about that. I think rightfully so because it does cost us,” he says. “We don't put people through voice mail hell. They

don't have to push four million buttons and hope they can convince a computer that they know what they're asking for.”

Kiely is confident that customer loyalty will prevail. “Yes it's a brand and it's real,” he says referring to the Rogers moniker. “I think the combination of our presence in the market and the high level of local service and personal service we offer will probably win the day.”

Rogers, on the other hand, is relishing the prospect of growing its brand. “Rogers is known as a company, so it'll really be our challenge to bring up the awareness that we have Internet available [in these areas]. It's always fun when you're a national player because it creates a whole new paradigm for being able to offer customers services, so we're enjoying the opportunity.” ■



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Yak might be on its way out of the VoIP market

In a period of nine days **Yak Communications Inc.**, a legacy and VoIP telephone services provider, made two announcements that could signify the beginning of the end of the company.

First, Yak established an independent committee to “review, study, explore and analyze various strategic alternatives to maximize its shareholder value,” according to the press release. Just over a week later this committee engaged the investment banking firm **Orion Securities Inc.** to advise it regarding these strategic alternatives, including the potential sale of the company.

“We just feel the company is not getting recognized in the market for its value,” says Gary Clifford, chair of Yak’s independent committee. “Either people don’t believe in our strategy – or they don’t understand our strategy – or maybe we’re just too small and no one cares.”

Yak’s net earnings for the year ended June 30, 2005 at \$4.18 million, down from \$5.06 million the previous year. While not exactly flagging, the figures did slip. Adds Clifford: “We believe there’s a lot more value in the company than the company is trading at...hence the [effort] to figure out what to do about it.”

However, Jon Arnold, principal of independent IP communications analyst and marketing consultancy **J Arnold & Associates**, feels the announcements indicate a harsh fact of life about competing in the VoIP market. “To be a pure-play VoIP provider, I think that’s way over now, no one should even bother going there,” he says. “They haven’t been able to take it to the next level and I think it’s just way too late in the game for anybody to try and do what **Vonage** has done.”

On top of competing with Vonage and **Primus Canada**, those looking to make a go of it in the VoIP market also have to go head-to-head with the telcos and cablecos. Arnold says the market has matured such that undercutting your competitors isn’t enough to gain a subscriber base: you need quality service and a strong brand.

As an example, Arnold points to **Vonage**. The company’s ARPU is about \$20 a month higher than the cost of providing their service, yet the company has to spend a high percentage of its profits on advertising. “Yak doesn’t have that kind of capital....They don’t have the customer base, the revenues, the ability to raise money and they don’t have the brand,” says Arnold. He adds that cultivating a niche market, be it ethnic, geographical or specific to a particular age group, is one way for a small pure-play provider to build a subscriber base.

Which strategic alternatives the independent committee will recommend to Yak remains to be seen. In the latest news release, Yak chairman and CEO Charles Zwebner lists a loyal customer base and a net cash position of over \$10 million among the company’s assets.

Clifford adds that Yak also owns 75% of Canada’s 10-10 market. “You either have value in your assets or you don’t,” he says. “The question is whether the value is being recognized by people.”

But if the value of these assets isn’t being recognized under the Yak name, how much interest will there be if the company is up for sale?

Arnold doesn’t expect to see a rush to buy the company. He says: “This really brings you to the conclusion that the cost of entry is low, but so is the cost of exit. You can come quietly and you’ll go quietly.” ■

US cable operator to use Nortel VoIP solution

One of the 10 largest cable operators in America, **Suddenlink Communications**, will be using a VoIP solution from **Nortel** to provide telephone and multimedia services to its customers. The solution includes network design, integration, management and maintenance services, and the new network will provide VoIP services to Suddenlink’s customer base from California to North Carolina. “Nortel’s services and expertise, the proven interoperability of its VoIP solution and its IMS roadmap give us confidence that they can uniquely help our company launch and maintain a new VoIP service,” said Terry Cordova, senior VP of engineering at Suddenlink, in a news release. Deployment of the network is expected to begin later this year and be completed by the end of 2007.

Canada, California establish high-bandwidth connection

A growing partnership between California and Canadian research leaders has resulted in the completion of a new high-bandwidth connection between Canada’s national research and education network and the California state education network. The partnership is to foster research collaboration between Canada and California, and one specific challenge was to establish the high-bandwidth connection between Canada’s research network, which is run by **CANARIE**, and **CENIC**, the California state education network that services all the campuses of the **University of California, USC, Stanford, Caltech** and those of the **California State University**. The first demonstration of the interconnection took place last month, and when fully available this “Canadian-California ‘superhighway’ for data will permit individual research projects to have dedicated capacity to support enormous streams of data transfer that would overwhelm a conventional shared network,” according to the press release.

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White Radio, Asoka sign distribution agreement

Burlington ON-based **White Radio Inc.** has signed a distribution agreement with **Asoka USA Corp.** for Asoka's portfolio of Powerline network solutions aimed at Internet service providers across Canada. Asoka's portfolio of Powerline network solutions is designed to extend IP communications over the existing electrical wiring and can handle applications such as high-speed Internet, VoIP and audio and video streaming. "White Radio is highly regarded as one of Canada's leading suppliers to the cable, telephone, audio/video and utility industries," said Asoka's director of business development Elsa Chan in a news release. "Asoka is pleased to establish a relationship with White Radio, and it is our hope that this agreement provides White Radio with every opportunity to offer simple, secure and reliable network solutions to its customers."

MCI Canada provides spam protection for Vaughan

MCI Canada's Managed Scanning Anti-Spam service has decreased more than 800 **City of Vaughan** ON employees' inbox message volume, helping to free up bandwidth and system storage while improving system efficiency. The managed service has also enabled the city to off load maintenance of the function to MCI. "It's proving to be a quick and painless way to eliminate a significant threat to our IT systems," said City of Vaughan CIO Dimitri Yampolsky in a press release. "Beyond the nuisance cost of jammed email boxes and wasted time, we are actively assuring our system reliability both internally and for our citizens."

Bell announces another IP-based implementation with RBC

In January 2006, **Bell Canada** announced that it, along with its partners **Cisco Systems Canada** and **IBM Canada**, would implement a fully managed solution for RBC Financial Group, converting approximately 8,400 of the Bank's phone lines to Voice over Internet Protocol at its head office. On June 27, Bell announced that it will convert RBC's approximately 1,300 branch offices from a legacy frame relay network to a consolidated IP multi protocol label switching network. Benefits of the new network will be improved reliability, scalability and greater efficiencies, as well as allowing the future capability of converging voice and data traffic to one single network.

Incumbents cheat at cards: competitors

Who knew customer-appreciation cards could cause such a kerfuffle? **Quebecor Media Inc. (QMI)** is complaining once again that **Bell Canada's** customer-appreciation cards violate the CRTC's "winback" restrictions, but Bell says that's not the case. Meanwhile **Shaw Communications Inc.** points to **Telus Corp.'s** customer-appreciation cards as winback violators, but Telus says it's within the law.

Sound familiar? We've been here before.

In April the CRTC ruled on this issue. *Telecom Decision 2006-17*, which stemmed from a QMI complaint, saw the commission slap Bell's hand for sending customer-appreciation cards to Quebec residents who had recently defected from Bell's service. The cards invited customers to contact the incumbent, which, according to the CRTC, constituted a winback-rule violation. Incumbents aren't supposed to try to win a customer back for three months after the customer defects. The commission advised Bell to play by the book.

Fast forward to June 16: QMI wrote to the commission, again accusing Bell of skirting the rules. QMI, which operates Quebec-based telecom service providers **Vidéotron Itée** and **Vidéotron Telecom Ltd.**, said the incumbent's new customer appreciation cards still constitute a winback violation.

But Bell says QMI's interpretation is hooey. In its own June 21 letter to the CRTC, the incumbent points out that the new cards do little more than describe the carrier's regret that the customer left. The cards don't even sport a phone number, Bell notes.

QMI insists that the new cards do break the law. They invite Bell's former customers to contact the incumbent, QMI argues.

Bell's new cards tell customers that "industry regulations prevent us from contacting you in an effort to win back your residential phone service for a period of three months. We are counting down the days until we can talk to you again. These rules do not prevent you from contacting us if you are interested in more information about your local service."

"Both cards invite the former customer to contact Bell Canada and both qualify as an attempt by Bell Canada to win back former local exchange service customers in violation of the winback rule."

Québecor Media Inc.

According to QMI, "there can be no doubt that the purpose of the new customer-appreciation card is the same as the old one. Both cards invite the former customer to contact Bell Canada and both qualify as an attempt by Bell Canada to win back former local exchange service customers in violation of the winback rule. QMI requests the commission to direct Bell Canada to immediately stop sending these customer-appreciation cards or any other such cards."

Bell counters by saying the card does not invite customers to contact the company. The card "merely provides purely factual information to educate the customer about the winback rules," reads Bell's letter. "It is inconceivable what possible public interest would be served by denying consumers the right to receive this type of factual information about the rules that affect them."

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Winbacks — Continued from page 4

As the Bell-QMI battle rages, Shaw has filed its own complaint with the CRTC regarding Telus's "we-miss-you" cards in BC. In a June 27 letter to the commission, Shaw writes that Telus's cards contravene the CRTC's April decision about QMI and Bell because Telus's cards sport a phone number and they invite former customers to contact Telus.

Telus's card reads: "We miss you and want you to know we've appreciated the opportunity to serve you....If there's anything we can do to help, or if you want to discuss something with us, please don't hesitate to call us directly."

Shaw requests that the commission declares Telus's cards winback violators within 30 days. Shaw also wants the commission to deter winback-rule infringements.

For its part, Telus says Shaw's concerns bear no resemblance to QMI and Bell. "It remains Telus's view that the facts underlying Decision 2006-17 are entirely distinguishable from the present case," Telus regulatory executive Janet Yale wrote to Shaw in May, after Shaw contacted Telus about the issue. "Telus will not...cease and desist from continuing to send those cards."

According to Lis Angus, a telecom industry analyst at Angus TeleManagement Group Inc. in Kemptville ON, it's no surprise that Bell is fighting to keep the cards

in play. "The fact is they hate the winback restrictions and they'll do anything they can to bypass them. They have an appeal to the Federal Court on the winback decision on constitutional grounds. They've also appealed to the CRTC to reverse it. It seems they thought these customer-appreciation cards were a very clever way to get around it."

Bell argues that QMI's latest complaint is at odds with the **Telecom Policy Review Panel's** (TPRP) report, which came out in March. Charged with scrutinizing telecom regulations, the TPRP said "winback campaigns should not be restricted." Bell also pointed to Minister of Industry Maxime Bernier's recent statement at the *2006 Canadian Telecom Summit* that market forces, not regulations, should rule the sector.

But the government is still mulling over the TPRP report, and Bernier's proposed policy directive that the CRTC should apply a lighter touch to regulations isn't law. "So far it's just a bunch of people's opinions," Angus notes. "Bell Canada's been banking on this Telecom Policy report ever since it started pressing for it to solve all their problems. They're interpreting every statement from the Minister as a huge victory. I think the Minister is doing a careful dance to appear to be doing something. And who knows? He may well be doing something. But he hasn't done it yet." ■

Canada's Telecommunications Hall of Fame

Having inducted its first Laureates, Canada's Telecommunications Hall of Fame is getting ready to honour the next slate of people who have made a lasting and important contribution to the telecommunications industry in Canada.

The four categories are: Inventors and Innovators; Icons of Business; Servants of the Public; and Advocates and Academics.

Laureates for 2006 will be announced at a news conference in September in Montreal and will be honoured the following month in Toronto at a Gala Dinner and Induction Ceremonies. The event will be held on October 16 at The Carlu.

For more information on Canada's Telecommunications Hall of Fame, visit www.telecomhall.ca.

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MyFax upgrades Internet fax service

Ottawa-based **MyFax**, an Internet-based fax service provided by **Protus IP Solutions Inc.**, has introduced enhancements including a complete integration with **Microsoft** Office 2003 and **IBM** Lotus Notes. MyFax also now stores inbound faxes for 31 days on a secure server, more than doubling its previous storage time. The Office 2003 integration allows users to fax directly from Microsoft Word, Microsoft Excel or Microsoft PowerPoint using a single button rather than having to open Microsoft Outlook as in the past. The Lotus Notes integration allows users to send electronic faxes while maintaining a log entry for each sent fax. Said Joseph Nour, CEO of Protus IP Solutions in a news release: "These customer partnerships enable us to continue to satisfy existing clients as well as to introduce new users to our valuable cost-effective, scalable services."

EXFO honored with Frost & Sullivan Awards

EXFO Electro-Optical Engineering Inc. has been named recipient of the 2006 Product Differentiation Innovation Award by **Frost & Sullivan**. The annual award is presented to the telecommunications test and measurement company that "best demonstrates the ability to develop products with successful adoption of new technologies that have become a part of its well-designed product family." EXFO received the award based on its new portfolio of product test solutions for next-generation and traditional SONET/SDH networks. EXFO was also named recipient of the Growth Strategy Leadership Award by Frost & Sullivan for the third consecutive year. The award is bestowed on the company whose growth strategy delivers the largest market-share gains in the global fibre-optic test equipment market during the past year.

Navigant migrates to Mitel IP system

Global travel management solutions provider **Navigant International Inc.** has migrated to an Internet Protocol solution from **Mitel** to standardize the communications network across Navigant's Canadian operations. The move will also enhance Navigant's call-handling efficiencies, improve employee satisfaction and reduce long-distance and real-estate costs, according to the press release. Navigant's IT operations manager estimates the switch to Mitel will save the company \$200,000 on individual phone lines over the next three years and will reduce maintenance costs by \$80,000 a year.

Resolver selects MCI's hosting service

Resolver Inc. has selected **MCI Canada's** hosting services to support its browser-based software solutions, which are designed to enable companies to comply with stringent new Canadian regulations on risk management and reporting procedures. MCI provides the hardware, firewall, Web server and database server as well as network management and security functions as part of the hosting solution. "Our customers can feel confident that no matter where in the world they operate, their compliance software will work at optimum speed over one of the largest local-to-global IP networks in the world," said Resolver Canada president Steve Taylor in a news release. Later this year, a law will come into effect in Canada to help protect shareholders and the public by requiring Canadian publicly-traded companies to identify areas of risk within their organizations, monitor these risks electronically and report regularly on their compliance.

Demand for M5T product increases 150% in Q1

Sherbrooke QC-based **M5T**, a provider of software solutions for secure, real-time multimedia communications over IP, announced that it has seen an increase of more than 150% in the demand for its products in the first quarter of 2006. The company attributes the increase in demand to the budding acceptance of VoIP as a mainstream secure market tool for businesses, as well as new technologies like fixed mobile convergence. Said Samuel Gu nette, GM of M5T, in a news release: "Innovation is not merely the result of some technical breakthroughs. Innovation also critically depends on the skills of those people involved in the process. . . . We pride ourselves in not only offering the customer a solution that is second-to-none, but we also offer the expertise of outstanding engineers and support personnel that work with the customer to make sure that the solution will meet their every need."

Security, a concern for business VoIP systems: Above Security

A Canadian VoIP security specialist says that service providers should heed warnings of potential security risks associated with IP telephony implementation. Robert Potvin, VP of strategic consulting with **Above Security** noted during a recent conference in Montreal that companies aren't generally concerned about VoIP security even though they've never done a risk assessment of VoIP implementation.

Speaking at the *IP Telecom EXPO* on May 31, Potvin highlighted a number of network factors that could open up an organization to VoIP hackers. He cited the types of components found in a typical network configuration ranging from VLANs to DHCP and TFTP servers as potential openings to hackers.

One of the problems in addressing security in the new voice services environment, he said during his presentation at the conference, is that with the migration from traditional PBXs to IP-PBXs, data and voice traffic are being reunited on a single network. This was common practice in the 1970s, said Potvin, but changed after voice-system hackers were able to imitate dial tone, thus enabling fraudulent calls to be made. The network modification occurred when phone companies implemented ISDN to segregate signaling from voice.

But in the VoIP world, signaling and voice once again find themselves on the same network. "We might be using different data ports, but they're still sitting on the same network. So if the hacker has access to the data, he's going to [have access to the voice system]," he explained.

VoIP security threats can come from a number of external sources, but corporate phone systems also play a role in allowing security intrusions. Potvin said one

of the largest threats comes from denial-of-service attacks where huge volumes of packets can clog the network at the data level, severely affecting quality-of-service for voice services. In this instance, the IP-PBX doesn't "understand" what's going on and will simply shut down and reboot.

Virtual local area networks (VLANs) have been considered a good network intrusion prevention mechanism, but Potvin said this isn't the case. "A VLAN is something [that is] very easy to break into, especially in a denial-of-service attack," he noted. "VLAN is good security, but it's not the ultimate security."

Encryption can also serve as a deterrent to VoIP hacking, but there's a quality of service tradeoff: the more heavily encrypted the data, the greater the decrease in quality of service. In addition, encryption only works when the user communicates with someone within the same network and using the same device, Potvin said.

There are a number of things organizations can do to secure VoIP services or to at least minimize the impact of an attack. Potvin said the architecture of the network needs to include a detailed plan of the types of switches and where they go in the network. As well, companies need to ensure VLANs separate voice from data traffic. Firms also must determine the appropriate level of encryption so as to not sacrifice quality-of-service.

Potvin cautioned that the consequences of a virus or worm can be devastating if the network isn't adequately protected. In the past, the data network alone used to get jammed and go down, but an attack in a VoIP system can be more problematic. "I don't want something as simple as [a worm or virus] to bring down my voice-mail system," he cited as an example. "So you need to think about all these aspects for security." ■

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for residential customers in seven major metropolitan markets in Canada, and within three months expanded into eight more metropolitan markets. As a result, in a few short months Primus's local VoIP service was available to the large majority of Canadian households.

Thus, both the demand and supply characteristics of local VoIP services show unequivocally that no supplier, including the ITCs, have SMP in the provision of local VoIP services. If the ITCs do not have SMP in the provision of local VoIP services, there is no rationale to subject their local VoIP services to economic regulation.

Competitors to the ITCs' are promoting their own interests, not customers'.

The majority of the comments filed in this proceeding are from competitors to the ITCs.

They are unanimous in their call for continued economic regulation of the ITCs' local VoIP services. This is not surprising because it is completely rational behaviour on their part; they benefit from the status quo. Competition is less intense when the ITCs' local VoIP services are subject to economic regulation and the ITCs' competitors are better off.

The ITCs' competitors attempt to conceal their support for continued regulation of the ITCs' local VoIP services in the guise of it being necessary to protect customers. The thousands of business and institutional customers represented by the Coalition can and do speak for themselves and they say in no uncertain terms that economic regulation of the ITCs' local VoIP services is not required to protect them. Such regulation is in fact not only unnecessary, but also harmful to their interests since it creates uncertainty and delay, limits price competition, restricts marketing and promotions, and constrains innovation.

The argument that the ITCs' competitors provide as to why regulation of the ITCs' local VoIP services is required to protect customers can be summarized as follows. To start with, the ITCs' competitors avoid

any mention of the costs to customers in the short term. These are real, and cannot be denied, which is perhaps why they are not mentioned. Customers pay higher prices than otherwise, and suffer through slower supplier responsiveness and delayed innovation. The ITCs' competitors do indirectly address the pricing aspect of continued economic regulation of the ITCs, but only from their own perspective which can be paraphrased as: if economic regulation were removed, the ITCs would lower prices and thereby harm their competitors. There is no acknowledgement that customers would benefit from these lower prices.

Since there is no disagreement that customers suffer in the short term through continued regulation of the ITCs' local VoIP services, the argument offered for continued economic regulation is that, if the ITCs were forborne, they would lower prices in the short term, and in so doing eventually drive all competitors from the market, thereby creating a monopoly that will allow the ITCs to push prices upward and thus hurt customers. In other words, customers must endure short-term pain in the form of higher prices, slower supplier responsiveness, and restricted innovation among other penalties in return for ensuring that there is competition in the longer term.

Given the market characteristics of local VoIP services discussed above, the business and institutional customers represented by the Coalition find this hypothesis – that the ITCs could substantially reduce or eliminate all local VoIP competitors if their local VoIP services were forborne – to be completely lacking in credibility. Customers therefore are suffering needlessly to obtain a benefit in the longer term that will be realized in any event. ■

nlpeople

John Roesse has been named CTO at Nortel Networks Corp. with the responsibility for the company's overall research and development strategy and execution across all product portfolios. As well he will have the task of working closely with the chief strategy officer on emerging technologies, market opportunities and strategic partnerships. Roesse joins Nortel from Broadcom Corp. where he was VP and CTO for network technologies with a focus on unified communications. Prior to that, he was principal architect of Enterastys' user-personalized networking and secure networking. There, he also oversaw long-term and tactical technology strategy. "He will play a pivotal role on the team as we work together to drive leadership in next-generation mobility, enterprise infrastructure and services and applications," Nortel chief executive Mike Zafirovski said in a news release.

NTG Clarity Networks Inc. has announced the new board of directors elected at the annual shareholders meeting. The new board consists of: chairman **Ashraf Zaghoul**, who founded NTG International in 1992; **Ronald Preston**, who has served as an executive senior VP with AT&T Canada; **Adel Zaghoul**, chairman and CEO of NTG Egypt; **Zafar Farooqui**, has over 30 years experience as a senior engineering analyst; **Kristine Lewis**, who has been involved in the management of NTG since its inception; **Sinclair Stevens**, a partner in law firm Stevens & Stevens and former Minister of Regional and Industrial Expansion; **Mohsen Rifaat**, president of Modev International Inc.; and **James Chapman**, currently a member of Dell Canada's senior management team. Ashraf Zaghoul also thanked **Antoun Calash** for his contribution during his tenure on the board of NTG.

John H. Clappison has been named to the board of directors at Rogers Communications Inc. Clappison is a fellow of the Institute of Chartered Accountants of Ontario, and has had a successful business career. Most recently, he was the Greater Toronto Area managing partner of PricewaterhouseCoopers. He will also become a member of the audit committee at RCI.

Who can resist the big red Rogers? And not the company or its products, but those six upper-case letters that signify the Rogers brand. Exactly how much clout does that name itself carry?

Internet and phone service providers in certain Ontario cities like Hamilton, Burlington, St. Catharines and Oakville, as well as Greater Vancouver will soon find out. Rogers is selling two things in these cities: its brand and the potential for a bundled triple play. Indeed, Rogers Cable's VP and GM of Internet service Terry Canning says the first reason customers in these areas should switch to the Rogers Internet and home phone package is for the convenience of bundling it with their wireless service. The second reason is the value proposition of getting the Rogers Yahoo features.

The products are merely resale offerings leased from incumbent phone companies, but so what? Technological achievement isn't the name of the game. "I still believe the technology is secondary to the brand," says telecom analyst Jon Arnold. It seems Rogers hopes this holds true in the new territories.

Hamilton's Mountain Cablevision, however, is banking on superior customer service to win the day, and it might. But Mountain also has its own triple play of cable, Internet and home phone to battle Rogers' threesome.

ISPs that have only one or two pieces of the bundling puzzle should be concerned. Canning says Rogers will expand the new offering to markets where the multi-products fit such that the company is substantially rewarded, and unbundled areas would have to be in their crosshairs. So whether these ISPs focus on their technology or customer service, they might want to start preparing for the day those six red letters roll into town.

— KURT EBY, STAFF WRITER

Economic regulation not required to protect business customers: CCT

The **Coalition for Competitive Telecommunications** (CCT) continues to argue that the prices of incumbent telephone companies' business services don't require economic regulation. The CCT states in comments to the CRTC's review of the VoIP ruling (*Telecom Decision 2005-28*) that ILECs can't simply raise prices and not expect to get push-back from enterprise customers. An edited excerpt of the CCT's comment is below.

The ITCs cannot charge prices above competitive levels for their local VoIP services and expect to have customers subscribe to their services. No customer can be forced to subscribe to any supplier's local VoIP services, including those of the incumbent telephone companies (ITCs). Where the ITCs offer local VoIP services, and as parties have noted they do not all offer such services, these services are discretionary. If a customer does not want to use an ITC's local VoIP service, the traditional local wireline services of the ITC remain universally available and subject to economic regulation, which means a customer can continue to subscribe to them at prices determined to be just and reasonable by the commission. On the other hand, if a customer subscribes to any of the local VoIP services, local wireline or local wireless voice services of the numerous other suppliers in the market, there is nothing that can force that customer to subscribe to an ITC's local VoIP service.

In the case of a customer that subscribes to a local VoIP service of an ITC (and by all accounts there are relatively few of these at the moment), and if the ITC tries to impose a price increase above competitive levels, the customer can switch to another of the

many local VoIP providers in the market, or to the regulated local wireline service of the ITC, or to the local wireline or wireless services of other suppliers.

In addition to demonstrating that the customer (i.e., demand) side of the market prevents any supplier, including the ITCs, from exerting significant market power (SMP) in the provision of local VoIP services, an examination of the supply side comes to the same conclusion. For a supplier to have SMP, typically there are major barriers to either expansion by suppliers already in the market or entry by new suppliers. Where such barriers exist, the supplier can raise its price above competitive levels without losing customers to competitors. This is because existing competitors cannot easily expand their capacity to serve customers, while at the same time potential new entrants cannot come into the market to provide new options to customers.

The barriers to entry to providing local VoIP services are low. VoIP technology has dramatically lowered the cost of offering local voice services while at the same time offering customers new features and functions that improve productivity and spur innovation. The result of the low cost of entry can be seen in the rapid rise in the number of service providers offering local VoIP services. Local VoIP services were launched in Canada in the fall of 2003. From large multi-national companies to small locally based start-ups, the number of providers has grown quickly and steadily. Today, less than three years later, there are well over 50 companies offering local VoIP services to business customers and an even greater number serving the residential market.

The speed with which a local VoIP provider can expand across the country is a further illustration of the low barriers to entry. For example, in January 2004 Primus simultaneously launched its local VoIP service

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