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Interview: tw telecom Executive Says Obama Must Address the Monopoly of Business Broadband

By [Michael Dinan](#)  
TMCnet Editor

Clearly, much of the [reported](#) opposition to President Obama's \$825 billion economic stimulus proposal is politically motivated.

And criticism of the national broadband deployment initiative – specifically, claims that less emphasis on such projects and more straightforward tax cuts would better serve a nation in recession – forms just one piece of that opposition.

Here at TMCnet, a clash of the titans is underway, as company President Rich Tehrani and Vice President and CTO Tom Keating [sound off](#) on the issue.

We know that groups such as the [Internet Innovation Alliance](#) – as TMCnet reported [here](#) – have a business interest in advocating for greater broadband adoption.

Yet even those advocates say that though the general idea that more broadband is a good thing for the nation, the issue can get muddled when specifics are called for. Rey Ramsey, chief executive officer of [One Economy](#), a nonprofit group that works to deliver broadband to low-income communities and train people how to use the technology, said that if a nation has limited government resources, it shouldn't put out policies that are designed to be so grandiose, but should be micro-targeted to where society has a compelling public interest to make a difference.

It's a fascinating debate, and during an interview today with an executive from a Littleton, Colorado-based managed networking solutions provider, we at TMCnet took away a few more strong points for the pro-broadband side.

According to Michael Rouleau, senior vice president of strategy and business development at [tw telecom inc.](#), business broadband – integrated voice and data services purchased by U.S. businesses – is an essential tool for the nation's entrepreneurs, hospitals, universities and financial institutions.

But for eight years, the nation has seen large companies – mostly AT&T ([News - Alert](#)) and Verizon, Rouleau says – monopolize the market.

In an interview printed in full below, Rouleau – who will speak during the [Internet Telephony Conference & Expo](#) in Miami next week – says he and his company are encouraging Obama and his IT-related appointees to prevent incumbent LECs from leveraging their power over local transmission facilities needed to provide business broadband service.

Our exchange follows.

**TMCnet: Many of us are looking forward to hearing what you have to say during the [Service Provider Roundtable](#) discussion at the [Internet Telephony Conference & Expo](#) in a couple of weeks. This will get a full vetting at that event, but give us an idea now of how Nortel's [reported](#) bankruptcy is expected to impact the SP space?**

**Mike Rouleau** (pictured left): Nortel's financial situation may have a varied impact across the industry depending on the extent of the equipment a particular service provider may have from them. It may also affect the service provider if there is a material change in Nortel's support structure. But, at this juncture, it would appear that it's "business as usual" at Nortel. A company with a long and storied past such as Nortel still has a place in the industry.

**TMCnet: Generally speaking, what are the major challenges – whether they're specific to the economic recession or not – facing the SP community?**

**MR:** There are always challenges in this business. From integrating and managing a new network element, to ramping up a new line of business. You also can't escape hearing about the economic challenges enterprises face on a daily basis. It's incumbent on the service provider community to be ready for a host of issues our customers face and a disciplined focus for the business is key.

I think it's incredibly important to fine tune your business plan and keep focused on your business. In good times it's easy to have the unbridled enthusiasm that can become problematic when you expand beyond your core competencies. While it's good to stretch your thinking and some boundaries, in challenging times you have to focus the business on what you do well and execute. Keeping your customers, and keeping them happy, are a result of that focus.

**TMCnet: We see that one of the markets tw telecom serves is the Washington, D.C. area – a place many of us watched to see the inauguration of President-elect Barack Obama. In a recent [interview](#) with us, officials from another major player in the telecom space – [Cisco Systems Inc.](#) – told us that they've met with Obama's transition team on how to best capitalize on the power of U.S. innovation. Has tw**

**telecom met with anyone from Obama's team? What can an Obama administration do to increase American competitiveness?**

**MR:** We believe the Obama administration can play a critical role in advancing American competitiveness and innovation. We recently provided the Obama transition team with a detailed letter outlining several key areas where federal policy can help promote competition and investment in the U.S. broadband market. We explained that business broadband – integrated voice and data services purchased by U.S. businesses large and small alike – is an essential tool for America's entrepreneurs, hospitals, universities, financial institutions – indeed, just about every employer that is the heart and soul of our economy.

Yet the failed communications policies of the past eight years have allowed large incumbents – principally Verizon ([News](#) - [Alert](#)) and AT&T – to gain a stranglehold over the market for providing telecommunications services to businesses, resulting in higher prices, delays in innovation, and a drag on the entire economy. The Obama administration and the new FCC ([News](#) - [Alert](#)) can remedy this situation through narrowly targeted regulation to prevent incumbent LECs from exploiting their substantial and persisting market power over the local transmission facilities needed to provide business broadband service. President Obama has correctly identified broadband as a key driver of economic growth and prosperity in America. We believe promoting competition in the business broadband market should be part of his policy agenda.

**TMCnet: Obama recently appointed Julius Genachowski ([News](#) - [Alert](#)) to head the Federal Communications Commission – a move that was heralded by many. What are your thoughts on the appointment? What direction, if any, would you like to see the FCC move in, now that the Republican- and Chairman Kevin Martin-led agency days have wound down?**

**MR:** While no official appointments have been confirmed to date for any of the vacancies on the FCC, we look forward to working with apparent FCC Chair-nominee Mr. Genachowski to reverse the failed communications policies of the past eight years that have allowed incumbents Verizon and AT&T to use their market power to gain a stranglehold on the business broadband market. As we noted above and in greater detail in the letter to the Obama transition team, incumbents exercise near monopoly power in the business broadband market, and too few American businesses have choice when it comes to purchasing voice, Internet and data services that are such a mission critical tool in today's information economy. We are hopeful that the new FCC will carefully examine this market and adopt policies that promote competition and result in greater investment, exciting innovation and better prices for U.S. business customers.

**TMCnet: We read [reports](#) recently of nearly all U.S. citizens' desire to continue getting Internet services at home, despite the recession. Given the economic slowdown, tell us what value proposition tw telecom is bringing to potential clients – whether that has to do with hosted or bundled services or something else. What is**

**the company's financial outlook for 2009, and how does that compare to where you thought you would be six months ago?**

**MR:** tw telecom serves tens of thousands of business customers including medium and large enterprises, carriers, communications service providers, large organizations and military and government entities. We do not provide services to residential or home users. Our value proposition is very strong as we work with customers to deliver reliable solutions that help them become more efficient and grow their businesses. We leverage the strategic assets we have built – large national fiber footprint and IP backbone, robust product mix specializing in delivering a managed Ethernet platform for voice, Internet and data communications, and a local and national customer care structure that provides anywhere anytime access resulting in “always on” service. We have the most commercial buildings directly connected to a fiber infrastructure than any other competitive provider, which enables us to connect communications services directly to two-thirds of America's businesses.

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*Officials from tw telecom inc. are speaking at the [Internet Telephony Conference & EXPO](#) – the biggest and most comprehensive IP communications event of the year. ITEXPO ([News](#) - [Alert](#)) will take place in Miami, Florida, Feb. 2 to 4, 2009, featuring three valuable days of exhibits, conferences, and networking opportunities you can't afford to miss. Don't wait. [Register now!](#)*

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*[Michael Dinan](#) is a contributing editor for TMCnet, covering news in the IP communications, call center and customer relationship management industries. To read more of Michael's articles, please visit his [columnist page](#).*

Edited by [Michael Dinan](#)