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AT&T's IP transition trial should consider impact on business customers

March 13, 2014 | By Sean Buckley

EDITOR'S CORNER

When AT&T Wholesale ([NYSE: T](#)) customer [Granite Communications](#) said last week it would participate in upcoming [TDM-to-IP trials](#) serving towns in Alabama and Florida, it illustrated the need to understand how this transition will affect small to medium businesses (SMBs) whose livelihoods hinge on getting consistent phone service.

The telco's trials are designed to illustrate the contrasting dynamics: a rural area in Carbon Hill, Ala., and a more suburban area in West Delray Beach, Fla.

By taking part in these trials, Granite, which is one of the lone competitive carriers in these markets, will be able to see how it will impact businesses that depend on traditional telephone service to interact with their customers and conduct business.

"When AT&T announced its trial sites--because of the nature of our customers like the gas stations and the fast food chains--it would have been highly unlikely there would be any place where we're not going to have customers," said Sam Kline, senior vice president of corporate strategy, in an interview with *FierceTelecom*. "How many CLECs can really be confident they have customers in Carbon Hill? Pretty much wherever they were going to pick their trial sites, we felt pretty sure we were going to be there."

While Granite does serve very small one-site Mom-and-Pop businesses in these markets, it also serves large multi-site organizations like auto chains, such as Auto Zone, and the U.S. Postal Service. Initially offering service to just one site, it has scaled its USPS base to more than 17,000 sites.



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A typical model customer for Granite is six phone lines and a DSL line. What Granite has done for large multi-site businesses is consolidate all of their voice and data bills into one for all the locations they serve.

AT&T provided little, if any, details to Granite about its actual plans. This is creating uncertainty for Granite and its SMB customers.

"The problem was when they came out with their trial sites, they really did not say how our customers are going to be served," Kline said. "What we did was say we'd really like to be involved in the trial and we're waiting to hear how wholesale business customers are served and what products, what technologies, what price points--all of the details about how our customers get served."

For AT&T and other wireline telcos that built today's public switched telephone network (PSTN), there are a number of issues in play. Their call to turn off their 100+-year-old TDM PSTN network and move to an all IP-based network by 2020 comes at a pivotal time for all wireline telcos.

AT&T's POTS subscriber and revenue base is in a downward decline, a trend that continued into the fourth quarter of 2013. During [the fourth quarter of 2013](#), the telco reported that total voice line subscribers declined 11.5 percent year-over-year, ending the quarter with a total of 28.4 million subscribers. This trend is the result of consumers churning to cable or shutting down landline phones for a VoIP service like Vonage or using their wireless phone as their primary voice connections.

While it's true that consumers are abandoning landline connections in droves, there needs to be a clear transition strategy that shows what impact AT&T's moves will have on SMBs and local divisions or larger companies. From a broader industry perspective, the TDM-to-IP transition will likely be a key issue during the upcoming COMPTTEL Plus trade show.--[Sean](#)

P.S. Besides covering the TDM-to-IP transition issue during COMPTTEL, I am moderating a panel on Monday, March 17, called [What's New and What's Next in Cable Wholesale?](#), to discuss the cable operators' activity in the wholesale market segment. It will feature representatives from Charter Communications ([Nasdaq: CHTR](#)), Cox and Time Warner Cable ([NYSE: TWC](#)).

Source URL: <http://www.fiercetelecom.com/story/atts-ip-transition-trial-should-consider-impact-business-customers/2014-03-13>