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March 12, 2001

Ms. Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 000075-TP
Investigation into appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of the Telecommunications Act of 1996

Dear Ms. Bayo:

Please find enclosed for filing an original and fifteen copies of the Direct Testimonies of Edward C. Beauvais, Elizabeth A. Geddes, Terry A. Haynes and Howard Lee Jones on behalf of Verizon Florida Inc. in the above matter. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this matter, please contact me at 813-483-2617.

Sincerely,

Ernesto Mayo Jr for

Kimberly Caswell

KC:tas
Enclosures

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the Direct Testimonies of Edward C. Beauvais, Elizabeth A. Geddes, Terry A. Haynes and Howard Lee Jones on behalf of Verizon Florida Inc. in Docket No. 000075-TP were sent via U.S. mail on March 12, 2001 to the parties on the attached list.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into appropriate methods to compensate carriers for exchange of traffic subject to Section 251 of the Telecommunications Act of 1996.	)))))	DOCKET NO. 000075 - TP

DIRECT TESTIMONY OF

EDWARD C. BEAUVAIS, PH.D.

ON BEHALF OF

VERIZON FLORIDA INC.

March 12, 2001

DIRECT TESTIMONY OF EDWARD C. BEAUVAIS, Ph.D.

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TITLE.

A. My name is Edward C. Beauvais. My business address is 600 Hidden Ridge Drive, Irving, Texas, 75038. I am employed by Verizon Services Group as Director - Economic and Public Policy in the Regulatory and Governmental Affairs Department and am representing Verizon Florida, Inc. ("Verizon") in this proceeding.

Q. ARE YOU THE SAME PARTY WHO SUBMITTED TESTIMONY IN THE FIRST PHASE OF THIS CASE?

A. Yes. I provided both direct and rebuttal testimony previously in this case.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PHASE OF THE DOCKET?

A. I will address certain issues that have been identified for resolution in this second phase of the docket. My testimony will cover issues 12, concerning the test for an ALEC's entitlement to compensation at the tandem interconnection rates; 13, concerning the definition of "local calling area" for reciprocal compensation purposes; 14, concerning the responsibilities for an originating local carrier and the associated compensation that may be due; and 16b, concerning the compensation mechanism for IP Telephony. I will also touch on issues 10, 17, and 18, although these issues are primarily legal in nature and will be addressed more fully in Verizon's posthearing brief. Issue 10 asks about the

Commission's jurisdiction to specify compensation for transport and delivery of traffic subject to Section 251 of the Telecommunications Act (Act); issue 17 asks whether the Commission should establish a default compensation mechanism for transport and delivery of traffic subject to Section 251 of the Act; and issue 18 asks how the Commission should implement the policies it establishes in this docket.

The remaining issues identified by the Commission are addressed by Verizon witnesses Jones (11), Haynes (15a and 15b), and Geddes (16a).

Q. WHAT IS THE EXTENT OF THE COMMISSION'S AUTHORITY TO SPECIFY THE RATES, TERMS, AND CONDITIONS GOVERNING COMPENSATION FOR TRANSPORT AND DELIVERY TRAFFIC SUBJECT TO SECTION 251 OF THE ACT?

A. Under the Act section 251(b)(5), local exchange carriers have the duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications. This provision is intended to ensure that when local carriers collaborate to complete a call, both the carrier originating the call and the carrier terminating the call will receive appropriate compensation. The FCC has interpreted the Act's reciprocal compensation requirement to apply to only "local telecommunications traffic." (47 C.F.R. sec. 51.70(a).) Such local traffic is typically defined in Verizon's interconnection agreements with ALECs as traffic that originates on one party's network and terminates on the other party's network within a local calling area. This definition is consistent with the

FCC's order, which held that reciprocal compensation provides for "recovery by each carrier of the costs associated with the transport and termination on each carrier's network facilities of calls that originate on the network facilities of the other carrier." (In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, First Report and Order, 11 FCC Rcd 15499, (First Report and Order) at ¶ 1034 (quoting 47 U.S.C. § 252(d)(2)(A)(i)) (emphasis added) (1996).) (As I explained in my Direct Testimony in Phase I of this proceeding--and as the FCC has confirmed--local traffic does not include Internet-bound calls, which are jurisdictionally interstate.)

Thus, when Verizon and an ALEC negotiate an interconnection agreement, they are obliged to include reciprocal compensation arrangements which would encompass a bill-and-keep option for local traffic. If they cannot successfully negotiate such arrangements, then either may petition the State Utilities Commission to arbitrate the issue. Although I am not a lawyer, that is what I understand the Commission's jurisdiction to be—stepping in to determine reciprocal compensation arrangements for local traffic when the parties' negotiations fail.

Q. THE COMMISSION HAS ASKED WHEN AN ALEC MIGHT BE ENTITLED TO COMPENSATION AT THE ILEC'S TANDEM INTERCONNECTION RATE. IF THE COMMISSION ADOPTS YOUR PROPOSED APPROACH, IS A GENERIC RESOLUTION OF THIS ISSUE NECESSARY?

A. Not necessarily. The question seems to assume that there will be a nominal compensation paid by one carrier to another for use of a carrier's tandem switching facilities. But as I explained in my Phase I testimony, if a rate structure is adopted for intercompany compensation of "local" traffic which is consistent with the rate structure paid by the end users in Verizon Florida's areas of operations, then there is no explicit nominal compensation to be paid. Under a bill-and-keep approach, each carrier simply interconnects its facilities to that of other carriers and traffic flows between and among networks according to the arrangements in the carriers' interconnection agreements. In such situations, there is no explicit compensation to be paid by any carrier to another at the tandem rate or any other positive price per minute of use. The compensation is that each carrier allows other carriers to use its network in completing calls which both originate and terminate within the agreed-upon local calling area.

If the Commission approves a bill-and-keep arrangement in this proceeding as the preferred default when parties fail to negotiate other arrangements, then it need not resolve the tandem interconnection issue in a generic sense. The tandem interconnection issue, however, is likely to arise in arbitrations if the Commission does not approve a bill-and-keep approach here.

Q. IN THESE INSTANCES, WHAT DO THE ACT AND THE FCC RULES REQUIRE BEFORE AN ALEC IS TO BE COMPENSATED AT THE

ILEC'S TANDEM INTERCONNECTION RATE?

A. As background for understanding this issue, it is first necessary to define a tandem switching arrangement. Tandem switching refers to the practice of using intermediate trunk-to-trunk switching in routing a call from its originating end-office switching location to the end office serving the customer for whom the call is destined. This intermediate switching is done to replace the requirement for direct trunking between all possible pairs of end office switches. Thus, tandem switching is adopted by carriers as an economically cost efficient method of concentrating traffic when a local exchange carrier has many end office switches serving a given geographical area.

In its First Report and Order implementing the Act, the FCC recognized that the costs incurred when a carrier transports and terminates a call originating on another carrier's network are likely to vary, depending on whether tandem switching is involved. That is, tandem switching will likely entail a cost over and above that which would be incurred if just end office switching were utilized. The FCC therefore concluded that "states may establish transport and termination rates in the arbitration process that vary according to whether the traffic is routed through a tandem switch or directly to the end office switch." In doing so, it directed the states to consider whether the competitive carriers performed functions similar to those of the ILEC's tandem switch. It further observed that, where the interconnecting carrier's switch serves a geographic area comparable to that of the ILEC's tandem switch, the appropriate proxy for

the interconnecting carrier's additional costs is the ILEC's tandem interconnection rate. (First Report and Order at. para. 1090.) The FCC codified the guidelines for assessment of the tandem rate in its Rule 51.711(a).

Thus, assuming that some level of nominal compensation is to be paid (as an alternative to a bill-and-keep approach), then the ALEC must meet a two-prong test under the FCC's Order adopted pursuant to the Act. To receive compensation at the ILEC's tandem rate, the ALEC's switches must serve an area comparable to the ILEC's tandem switch; and the ALEC's switches must perform functions similar to the ILEC's tandem switches. In order for any payment to result in an efficient outcome, payments must be based on a switching function actually performed, not just that a switch is capable of performing such a function. That is, if an ALEC actually performs the tandem function -- intermediate trunk-to-trunk switching -- in routing a call, then assuming that reciprocal compensation is to be paid, the ALEC would be entitled to bill for that call.

There is an important caveat in the above, however. If an ALEC only performs a single switching function, even if that same switch could serve as a tandem, then any charge should only be for the single switching function actually performed in the routing of that call, again assuming that a nominal reciprocal compensation arrangement has been agreed to by the carriers. Given how ALEC switches are likely to be configured, as discussed in Mr. Jones' testimony, Verizon's tandem cost estimate may

be useful as a proxy for the cost an ALEC might likely incur in routing ISP-bound traffic, as such switching is performed on a trunk-to-trunk basis, just as is a tandem switching configuration.

Q. WHAT IS "SIMILAR FUNCTIONALITY" UNDER THE FCC'S TWO-PRONG TEST?

A. As noted, similar functionality means what it says it does—that the ALEC's equipment must perform functions like those of the ILEC's tandem switch. The FCC defines "tandem switching capability" to include "trunk-connect facilities"; "the basic switching function of connecting trunks to trunks"; and "the functions that are centralized in tandem switches (as distinguished from separate end-office switched), including but not limited to call recording, the routing of calls to operator services, and signaling conversion features." 47 C.F.R. sec. 51.319(c)(2). As the South Carolina Commission concluded recently in an arbitration of this issue between AT&T and BellSouth, this language "means that AT&T's switches must connect trunks terminated in one end office switch to trunks terminated in another end office switch." In that case, the Commission concluded that because AT&T's switches did not connect in such a manner, "they cannot be found to perform tandem switch functions." (Petition of AT&T Comm. of the Southern States, Inc. for Arbitration of Certain Terms and Conditions of a Proposed Interconnection Agreement with BellSouth Tels., Inc. Pursuant to 47 U.S.C. Section 252, S.C. P.S.C. Order No. 2001-079, at 34 (Jan. 30, 2001).) Court decisions confirm that the South Carolina Commission's

common-sense interpretation of the FCC's rules is correct. (MCI Telecomms. Corp. v.Ill. Bell Tel., 1999 U.S. Dist. LEXIS 11418 (N.D. Ill., June 22, 1999); U.S. West Comm. v. MFS Intelenet, Inc., 193 F.3d 1112, 1124 (9th Cir. 1999). The same analysis is warranted here in a statement of general policy to be applied in the context of any arbitration of the tandem interconnection rate issue.

Q. WHAT DOES "COMPARABLE GEOGRAPHIC AREA" MEAN UNDER THE FCC'S RULES?

A. In this context, the straightforward meaning is that the area served by the ALEC's switch is about the same physical area as that served by the ILEC's tandem switch. Again, if either of the geographic comparability or the tandem functionality prongs are not met, then incremental compensation at the tandem interconnection rate (in addition to the end office switching rate) is not appropriate.

Q. HOW SHOULD A "LOCAL CALLING AREA" BE DEFINED FOR PURPOSES OF DETERMINING THE APPLICABILITY OF RECIPROCAL COMPENSATION?

A. "Local calling area" should be defined in the parties' local interconnection agreements, as is the case today. Typically, that definition relies on the ILEC's local calling scope as reflected in its local exchange tariffs. It is quite possible that an ALEC's local calling area will be different from that of the ILEC, just as the local calling scope of a wireless carrier may be different from that of the ILEC. But given that the ILEC's local calling

scope is subject to regulation by the Florida Public Service Commission, the fact that the retail calling scopes may be different should have no bearing on the definition of the local calling area for purposes of applying reciprocal compensation or other Commission policies or practices, such as access charges. For instance, an ALEC may define the entire state as a local calling area, but it cannot, by doing so, avoid the payment of access charges and the underlying policy of support flows to basic local services. Certainly it can be said that the Florida Commission has established access rates as a matter of public policy and such a policy should not be circumvented merely by the declaration of a calling scope as local. If it could be, then an unregulated carrier could say the entire state is its local calling area and avoid paying access charges as intended by the FPSC. Mr. Haynes' testimony on behalf of Verizon covers the issue of calling scope in much greater detail. As a practical matter, Verizon is not at liberty under Commission regulation to simply change its calling scopes in private negotiation.

One aspect that should be beyond contention is that to be eligible for reciprocal compensation purposes, the call must be local under the definitions in place; that is, the call must both originate and terminate in the local calling scope agreed to by the parties. As I emphasized in the first phase of this proceeding, Internet-bound calls are not local because they do not terminate in the local exchange calling area, but rather continue beyond the ISP's modem.

Q. WHAT ARE THE RESPONSIBILITIES OF AN ORIGINATING LOCAL CARRIER TO TRANSPORT ITS TRAFFIC TO ANOTHER LOCAL CARRIER?

A. The first thing to point out is that it is obviously necessary for carriers to interconnect with each others' networks if an efficient form of local exchange competition is to occur. The originating carrier has an affirmative obligation to enter into negotiations with competitive local exchange carriers so as to be able to complete the calls of customers to which it offers service under its tariffs. Likewise, connecting carriers have that same obligation, so that mutually advantageous arrangements can be reached. However, as in the case of the local calling area, a number of possible arrangements can be adopted in the private interconnection agreements between the parties involved in handling the call with respect to transport arrangements.

The first option is for the originating carrier to agree to provide the transport facilities within the local calling area to the carrier serving the user to whom the call is destined. The point of interconnection at the receiving carrier's facility can be mutually agreed upon, but it might be the receiving carrier's end office.

A second option is for the receiving carrier to agree to provide the transport facilities within the local calling area from the carrier serving the user from which the call originates. Again, the point of interconnection at the originating carrier's facility can be mutually agreed upon, but it might

typically be in a co-location arrangement at the originating carrier's end office. As an example, an ALEC interested in building out a rival transport network might be interested in providing the transport facilities in lieu of the ILEC doing so, or if the ALEC believe its facilities are more efficient than those of the ILEC.

A third option would be that the interconnecting local exchange carriers could agree to a meet-point with each carrier providing its own facilities to the agreed upon point, much as is done in switched access arrangements.

Each of the above options is quite consistent with the obligation of an originating carrier to arrange for the transport of traffic to the carrier receiving the call. Again, the obligations assumed by the originating carrier should be specified in the interconnection agreement between the carriers. Those arrangements need not be the same between all pairs of carriers and all can exist with a given local calling area among different pair of companies simultaneously.

Q. FOR EACH ARRANGEMENT YOU JUST IDENTIFIED, WHAT FORM OF COMPENSATION, IF ANY, SHOULD APPLY?

A. Again, the intercompany compensation would depend upon the specifics of the agreements between the two companies. In the simplest arrangement, I would argue for matching the intercompany compensation arrangement to the end user rate structure most prevalent in the local

calling area. In the case of Verizon Florida, that suggests a zero marginal price for usage—the bill-and-keep arrangement I have already recommended. If that is the case, no explicit nominal compensation need take place for the transport facilities between the carriers on a usage-sensitive basis.

Q. ARE THERE ANY RECENT DEVELOPMENTS WHICH MIGHT BE RELEVANT TO THIS COMMISSION'S CONSIDERATION OF THE APPROPRIATE RECIPROCAL COMPENSATION?

A. In a matter which bears directly on the level of compensation for any such calls and their transport, Global NAPs, which operates in Florida, recently reported that it is the first local exchange carrier to move to an all-packet-based broadband network. By abandoning traditional circuit switch equipment, this ALEC says it can deliver four times the capacity in one-tenth the space and at one-tenth the cost. Global NAPs says that all of this equipment has been interconnected into a distributed, high-capacity "virtual" switch that carries more than 2 billion minutes of traffic each month. "Our next-generation broadband network is an order of magnitude more efficient than any other carrier's circuit switch network," Frank Gangi, president and CEO of Global NAPs, has asserted. "What previously consumed 15,000 square feet of central office space now requires just 1,500 square feet. This watershed event heralds the first major step in achieving Global NAPs' publicly stated goal of 'all calls are local.' We are now in a position to provide voice, transport and data services better, faster and cheaper than anyone else." (Global

NAPS February 7, 2001 release, posted on its website, attached as Ex. ECB-2.)

In addition to maintaining its own nationwide SS7 network, Global NAPs also has a switched gigabit Ethernet IP fiber backbone along the East Coast. Wholesale customers for that network include ISPs Mindspring, WebTV and Prodigy. Global NAPs says that about 75 percent of all dial-up Internet traffic in the New England states flows through its network. (Id.)

Q. HOW SHOULD THIS INFORMATION FACTOR INTO THE COMMISSION'S DECISION?

A. If the information provided is accurate, then it suggests two items which might affect the Commission's deliberations in this docket. First is the observation that Global NAPs would consider all calls to be "local", which obviously bears on the Commission's question posed above with respect to calling scopes. This ALEC operates in numerous states and asserts that it carries 75% of the Internet traffic in New England. Judging from its statement, then, a call originated by a customer in one of the New England states could terminate in Tampa to a Verizon customer. Global NAPs may well consider that call to be "local" for its own marketing to its customers. I certainly would not object to that. However, under current jurisdictional definitions, such a call would be interstate and not subject to reciprocal compensation payments. Likewise, should a Verizon customer in Tampa call a Global NAPs customer located in New England,

that call would not be considered local by Verizon, even though Global NAPs might consider the call to be local. Thus, the call would not qualify for any nominal reciprocal compensation payment.

The second aspect to consider is the level of cost being reported by Global NAPs, which indicates an order of magnitude reduction from current cost levels. That is, if the current cost of switching a minute is $0.004, as an example, then using the Global NAPs engineered network, the cost would be reduced to only $0.0004 for that same minute of use. If it is true, and that network design is that efficient, then the applicability of the ILECs' current forward-looking cost estimates needs to be closely examined, especially with relation to the costs incurred by ALECs with a network design like that of Global NAPs. To the extent that Internet telephony moves in the direction of that type of network, as described by Ms. Geddes, then the use of a zero marginal price for intercompany compensation makes even more sense.

Q. ARE YOU SUGGESTING THAT AS INTERNET PROTOCOL (IP) TELEPHONY DEVELOPS, THE COMMISSION WILL HAVE TO CONSIDER OTHER ISSUES ASSOCIATED WITH INTERCOMPANY COMPENSATION?

A. Yes. For instance, one of the issues the Commission has identified in this case is what carrier-to-carrier compensation arrangements, if any, should apply to IP telephony. As the ALECs' witness Selwyn pointed out in his Direct Testimony in Phase I of this case, use of non-circuit switched

technologies to provide IP telephony is "negligible today". (Selwyn Phase I DT at 53.) I believe at least most parties to this docket would agree with the assessment that there is relatively little IP telephony today, especially for voice traffic. Thus there is no pressing need for the Commission to address this compensation issue now, at least in a generic sense. This is particularly true because the FCC is expected to initiate its own proceeding to address the matter, perhaps as early as this spring. This topic was also covered indirectly in the two FCC working papers I supplied in my Phase I Rebuttal Testimony on January 10, 2001 (Exhibits ECB-1 and ECB-2). Indeed, the Commission could not likely issue an empirically supported decision on compensation for IP telephony in this case. In terms of technology, this is an extremely complicated area; as Ms. Geddes testified, there is no single definition of IP telephony and the technology used in IP telephony is still very much evolving. There are numerous complex issues in this docket, and the definition of IP telephony is just an informational issue. Verizon believes that if the preliminary information the Commission gathers in this case indicates some need for the Commission to go forward with consideration of a compensation mechanism for traffic utilizing an IP protocol, then that process should take place in a separate docket where the Commission can focus exclusively on that issue. In fact, I would suggest that non-adversarial workshops might be a better approach initially than formal hearings.

Although it is premature to engage in any detailed policy discussions about internet telephony at this time, I can observe that it does seem quite likely that there may be serious future implications for the overall design of rates. I would just generally reiterate the observation I made in Phase I of this proceeding that the issue of relative prices is very much affected by the Commission's decisions. Based on the testimony of Ms. Geddes, and the public statement of Global NAPS, it would appear that the use of packet technologies will very much confuse the jurisdictional nature of the traffic being carried, making it even more difficult to segregate state, interstate and local, as is called for in current rate-making. If IP-based telephony becomes widespread, it may be necessary for significant public policy reforms with respect to the pricing mechanisms currently utilized in the industry.

Q. SHOULD THE COMMISSION ESTABLISH COMPENSATION MECHANISMS GOVERNING THE TRANSPORT AND TERMINATION OR DELIVERY OF TRAFFIC SUBJECT TO SECTION 251 OF THE ACT TO BE USED IN THE ABSENCE OF THE PARTIES REACHING AN AGREEMENT OR NEGOTIATING A COMPENSATION MECHANISM? IF SO, WHAT SHOULD BE THE MECHANISM?

A. As I explained above and in Phase I, if parties to interconnection negotiations cannot agree on an intercarrier compensation mechanism for local traffic under the Act, then the Commission may, in the context of an arbitration, establish such a compensation mechanism. But, as this Commission-designated issue seems to recognize, the Commission

cannot order parties to use a generic compensation mechanism without first allowing negotiations to conclude.

If parties seek arbitration of a compensation mechanism, then the Commission can conceivably use policies it establishes here to guide its decision in the arbitration, depending on the specific facts of the case. As I recommended in Phase I, the best approach is to allow the additional costs associated with the increase in ISP-bound traffic, including compensation costs, to be reflected in end user rates. If that approach is not taken, then the Commission should establish a policy preference for bill-and-keep arrangements for all local traffic under Section 251 of the Act.

Q. HOW SHOULD THE POLICIES IN THIS DOCKET BE IMPLEMENTED?

A. As I discussed above, and as advised by my attorney, it is Verizon's legal position that any policies established in this docket can be implemented only in the context of arbitrations under the Act.

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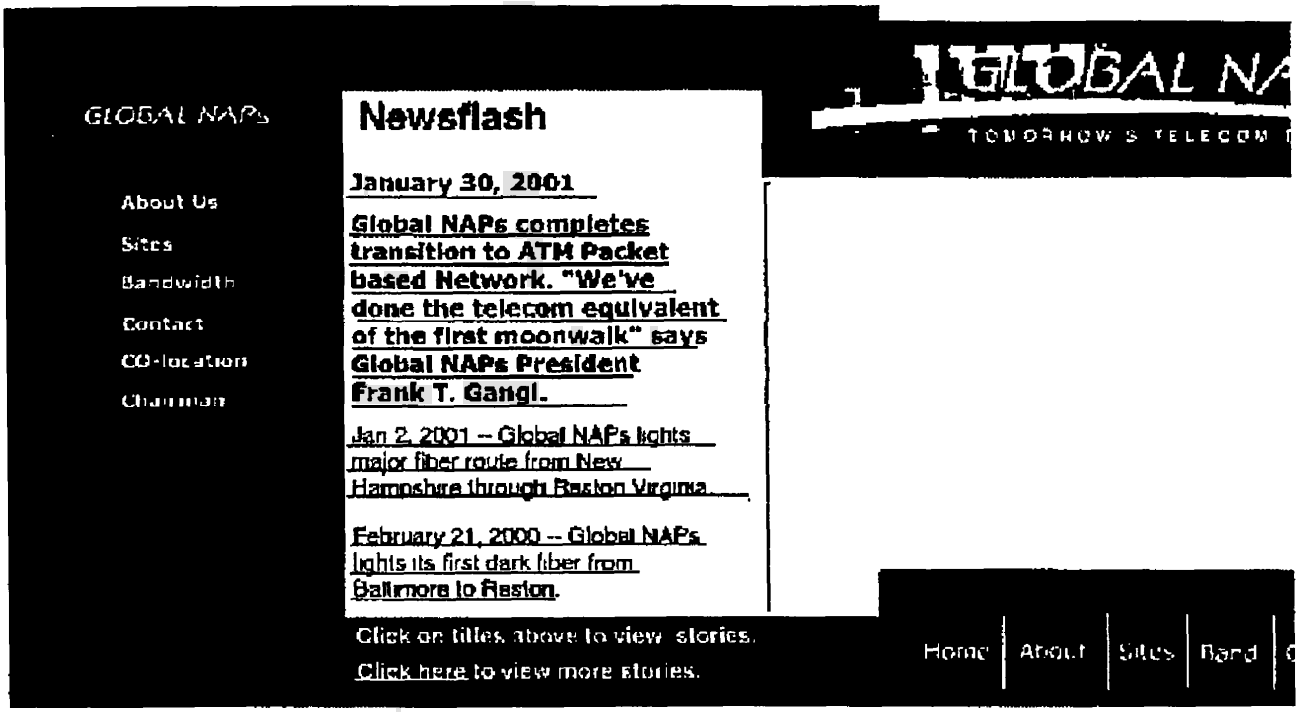
Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

nf3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Newsflash
January 30, 2001
Global NAPs completes transition to ATM Packet based Network. "We've done the telecom equivalent of the first moonwalk" says Global NAPs President Frank T. Gangi.
Jan 2, 2001 -- Global NAPs lights major fiber route from New Hampshire through Boston Virginia.
February 21, 2000 -- Global NAPs lights its first dark fiber from Baltimore to Reston.
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GLOBAL NAPS IS FIRST NATIONWIDE CARRIER TO COMPLETE TRANSITION FROM TRADITIONAL CIRCUIT SWITCH NETWORK TO "ALL-PACKET" NEXT-GENERATION NETWORK

Convergent Networks, Sycamore Networks and Marconi Communications Provide Enabling Technology for Transition of Wholesale Carrier to End-to-End Broadband Network

QUINCY, Mass., February 7, 2001 – Abandoning traditional circuit switch equipmen for a next-generation packet-based network that delivers four times the capacity, in one-tenth tl space, at one-tenth the cost, Quincy, Massachusetts-based Global NAPs in January became the world's first local exchange carrier to fully transition to an all-packet broadband network. To make the transition possible, Global NAPs deployed more than thirty Convergent Networks ICS2000™ broadband switches as the foundation technology of its new network. Other critical components of the Global NAPs network include Sycamore Networks' SN 8000 intelligent optical transport platform and Marconi Communications' ASX™-4000 core ATM switch. Glol NAPs has seamlessly interconnected equipment from all three companies into a distributed, high-capacity "virtual" switch that is carrying more than two billion minutes of traffic per mon

"At Global NAPs, we are determined to be the technology leader in everything we do," said Frank Gangi, president and CEO, Global NAPs. "Our next-generation broadband network is an order of magnitude more efficient than any other carrier's circuit switch network. What previously consumed 15,000 square feet of central office space now requires just 1,500 square feet. This watershed event heralds the first major step in achieving Global NAPs' publicly stat

goal of 'all calls are local.' We are now in a position to provide voice, transport and data services better, faster and cheaper than anyone else."

In addition to maintaining its own nationwide SS7 network, Global NAPs recently lit a new switched Gigabit Ethernet IP fiber backbone along the Eastern seaboard. The wholesale carrier's customers include high-volume, high-usage business customers as well as Internet Service Providers (ISPs) such as Mindspring, WebTV and Prodigy. In New England, nearly 7 percent of all dial-up Internet traffic currently flows through the Global NAPs network.

In January, Global NAPs decommissioned and removed the last of its traditional Class circuit switches, replacing it with the ICS2000 broadband switch from Convergent Networks. With a footprint of just two square feet, the ICS2000 supports more than 18,000 simultaneous subscribers in a single chassis when used to provide dial-up Internet access service. More than 30 ICS2000s have been deployed throughout the Global NAPs network to date, interconnected into a virtual switch configuration that currently covers the entire East Coast.

"There is no longer any doubt that the fundamental transition the market has been discussing for years is well underway in the telecommunications industry – the switch has been made from circuit to next-generation packet technology," said John C. Thibault, president and CEO, Convergent Networks. "Service providers like Global NAPs are proving this technology is ready for carrier-class deployments, and they are reaping the performance and economic benefits of next-generation products. Global NAPs has been a true business partner in defining and implementing the Convergent product family, and we are excited to be part of this industry leading transformation."

Other critical components in the Global NAPs network include Sycamore Networks' SN 8000 optical transport platform and Marconi Communications' ASX-4000 core ATM switch. Enabling OC-3 through OC-192, as well as Gigabit Ethernet, services Sycamore's SN 8000 provides the industry's most versatile optical networking transport platform for the efficient delivery of wave-based services. With its software-centric design and scalable service platform Global NAPs has been able to rapidly integrate the SN 8000 as it expanded its network's footprint throughout the eastern United States.

"Global NAPs has blended together a service rich network architecture designed to facilitate the rapid deployment of new data-oriented services," said Ryker Young, senior vice president, global sales and services, Sycamore Networks. "Global NAPs is clearly a pioneer in

terms of deploying the next generation public network and Sycamore is proud to provide the optical backbone that will underpin its network's growth."

"To build a world-class next-generation packet (ATM) network, we needed to deploy world-class products, from world-class vendors that would provide us and our customers with world-class support," concluded Global NAPs' Gangi. "The cooperation among these three vendors – Convergent, Sycamore and Marconi – in the deployment of this network has been remarkable. They've made the new public network a reality at Global NAPs."

About Global NAPs

Launched in May 1995, Global NAPs is a CLEC focused on high-volume, high-usage business customers, as well as Internet Service Providers. Global NAPs provides innovative next-generation voice and data services along with the infrastructure to fully support its customers' needs. Global NAPs also maintains its own SS7 network and has recently deployed switched Gigabit Ethernet IP fiber backbone along the Eastern seaboard. The company is headquartered in Quincy, Mass. and currently offers services in more than a dozen states including Florida, Massachusetts, New York, New Jersey, Pennsylvania and Virginia. Contact Global NAPs via the web at www.gnaps.com.

About Convergent Networks, Inc.

Founded in 1998, Convergent Networks is the Voice of Broadband Networking.™ The company designs, develops and markets carrier-class switching solutions that enable emerging and incumbent carriers to economically deliver innovative broadband services to their business and residential customers. Convergent Networks' Cohesion product family is comprised of the primary elements: the ICS2000 broadband switch, the ICServiceWorks™ service creation softswitch and the ICView™ network management system. More information about the compa can be found at www.convergentnet.com.

About Marconi plc

Marconi plc is a global communications and IT company with around 49,000 employee worldwide and sales in over 100 countries. It supplies advanced communications solutions and the key technologies and services for the Internet. Marconi plc is listed on the London Stock Exchange and the NASDAQ under the symbol MONI. The headquarters of Marconi Communications is in Pittsburgh, PA. Additional information about Marconi can be found at www.marconi.com

About Sycamore Networks

Sycamore Networks develops and markets intelligent optical networking products that transport voice and data traffic over wavelengths of light. The Company combines significant experience in data networking with expertise in optics to develop intelligent optical networking solutions for network service providers. Sycamore's products are based on a common software foundation, enabling concentration on the delivery of services and end-to-end optical networking. Sycamore's products and product plans include optical transport, access and switching systems and end-to-end optical network management solutions. Contact Sycamore Networks at www.sycamorenet.com.

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