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Public Networking

Services, Equipment and Issues Shaping Carrier Networks

Bypass Vendor Signs Users

BY BETH SCHULTZ

OAKBROOK TERRACE, ILL. — Metropolitan Fiber Systems Inc. scouts its way beneath the streets of major business centers, blazing fiber optic network trails that give users an alternative to the often-stringent prices and services of local Bell companies.

Based in this Chicago suburb, MFS has laid fiber in Chicago, Philadelphia and Baltimore, and is in the process of doing so in Boston, Minneapolis and San Francisco. By year-end, the company said it plans to add Los Angeles to this list, and by the close of 1990, another 15 cities.

Chicago-based Kemper Financial Services Inc., one of the company's first customers, has been using MFS for the past 18 months to carry some of its traffic in lieu of Illinois Bell Telephone Co., Chicago, said James Bly, Kemper's vice president of telecommunications.

"We wanted to get involved with [AT&T] Megacom '800' service," Bly explained of his company's rationale for seeking out MFS. "The economics to engage Illinois Bell to do this would have been prohibitive," he said, noting that Kemper would have had to invest heavily in new hardware, such as channel banks and add-ons for its Rolm business system. With MFS, Kemper incurred no such expenses. "I wanted a direct connection to AT&T, because that's our lifeblood," Bly said. "Our money comes in over the phone; we don't have a marble lobby with rows of tellers. If one line goes down, that's a big problem."

MFS provides Kemper with a DS-3 connection that shoots from the central office to an MFS hub. At the hub, that 45-megabit-per-second connection is split: Sixteen T1 spans make their way to two separate downtown buildings, one that is served by seven T1 circuits and the other by nine, Bly said.

Each day, Kemper fields some 25,000 inbound Megacom 800 calls and makes about 6,000 outbound Megacom WATS calls, via the MFS network, Bly said. The financial services firm also runs tie lines between its two locations over the network. Illinois Bell facilities carry the company's local calls, and would serve as a backup if the MFS network ever failed.

Taking into consideration facilities-independent factors, such as savings derived from volume of traffic, Bly estimated that Kemper pays MFS at least 40 percent per month less than it would pay Illinois Bell to carry the same traffic. "With MFS," Bly said, "we have insulated ourselves from the upward trend of local loop expense."

Along with price, diversity is a big factor for MFS users. The Chicago Mercantile Exchange, another early Chicago customer, employed the company's services for just that reason.

Now Divides Traffic

Prior to its year-old relationship with MFS, the Chicago Merc used two 1.544-mbps T1 circuits purchased from MCI Communications Corp. to carry domestic and international voice traffic for its staff and tenant member firms. Now it divides that traffic between a T1 provided by MCI and one by US Sprint Communications Co., Kansas City, Mo.

Traffic running over the MCI T1 circuit is sent via an Illinois Bell local loop; calls sent to US Sprint's T1 span are routed over the MFS network, explained Jim Rayburn, senior director of telecommunications for the Chicago Merc.

"So far, not one problem has occurred," Rayburn said.

Another company, Washington-based long distance carrier Mid Atlantic Telecom,

is using MFS networks in Chicago and Baltimore, and "would definitely consider expanding its use both in other cities and as additional capacity warrants," said Donald Burns, director of industry relations for the carrier. At its Chicago network connection point, the MFS network links Mid Atlantic Telecom's network to another carrier's.

In Baltimore, the regional long distance carrier purchased five T1 circuits from MFS.

Mid Atlantic Telecom perceived MFS to be more flexible than the local Bell company—The Chesapeake & Potomac Telephone Company of Maryland, Baltimore. In particular, MFS promised installation of the T1 circuits two weeks before C&P said it could have the T1s in place, he noted.

And, he calculated that the company is paying MFS about \$5,000 less per year than it would to C&P for transporting the same voice and data calls.

MFS also has been well-received by other users. Although Price Waterhouse, Philadelphia, has been using the MFS network only since early this month, MFS has impressed telecommunications manager Rosemary Ward. "Based on the service and responsiveness to my demands for this project, I would use MFS as my primary carrier," she said.

Ward said that she plans to approach MFS to discuss the possibility of bypassing the local Bell company for connection to the company's interexchange carrier.

While MFS is quickly garnering users, it also is gathering bypass-weary foes. But Kemper's Bly has an answer for them: "These kinds of deals should not be viewed as just taking away business from Illinois Bell [or other local Bell companies]. They should be viewed as complementary opportunities. They should serve as a stimulus to provide more competitive phone service."

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—James Bly

Kemper Financial Services Inc.