

Chapter 3 - History of Callback

Who was the first company to offer callback services? In this section, we will explore the roots of the industry, and give you the surprising answer to this question.

There are many debates about who first sold callback as a service, and when. It is very difficult to fix an exact date. Providers of callback services are always paranoid about the FCC, and whether it will begin actually enforcing the FCC 214 Tariff. Users of callback, particularly those in countries lacking a benevolent legal system are not anxious to publicize their use of callback. There are no professional publications for callback, no industry association for callback, and no labor unions. It is one of those really gray areas.

Because of this clandestine nature of the business, it is impossible to determine precisely where and when it started as a commercial service, but it is clearly here. Everyone is talking about it, users, service providers, the FCC, the carriers, and even the PTTs. It is a truly hot topic of discussion. Keep in mind, that depending on whose numbers you choose to believe, callback only represents about 1% of the world wide international long distance market. This “drop in the bucket” is still a industry that could easily approach US\$1 billion in annual revenues.

But back to the beginnings. Many people credit Viatel, which is now one of the largest callback companies, as the first company to offer callback commercially. They appear to have begun operations in 1992 or 1991. Still others point to Gateway USA, who began offering an I-800 callback service in 1986. This offering was not a “pure” offering, since the main (supposedly) feature was an operator who assisted in placing calls, as a value added service. But most subscribers were attracted to the low rates, achieved because the calls originated in the US.

Gateway began as a toll free “call through” service, but rapidly evolved into a manual callback service, resembling a Telephone Answering Service, both in its structure and its operation. Subscribers wanting service could call a Direct Inward Dialing Number, let it ring two or three times and hang up. This unanswered call was not billed to the subscriber. This is a crucial issue, as we will see later. Operators sitting at a console could see the ringing, and would look up the DID number. (Actually, the equipment did this automatically). They would then place a return call to the subscriber, and handle their request for service. This request for service, more often than not, was a request to make an outgoing call, get the party on the line and connect the subscriber to the called party. Even with the two calls involved, and the expense of an operator, there were significant savings to be had.

A few years later in 1991 and 1992, companies such as Viatel, International Discount Telephone and Telatlantic automated the process. At that time operators were eliminated, and PC based equipment saw the DID call request, looked up the subscriber information in its database, placed a return call and handled the subscriber request without human intervention, unless you count the subscribers, who were usually human. (Sometimes a machine at the subscribers location actually uses the service.)

It is said that “imitation is the sincerest form of flattery”, so callback was very flattered in the next few years as dozens and then, hundreds of services of varying sizes sprang up all over the United States. Most were in or near cities that were known for being international gateways, such as Miami, Los Angeles and New York. But there are now services in every corner of the United States, even Huntsville, Alabama!

Although the exact time and place of its inception may be vague, it is clear that by 1992, it had fully arrived on the scene. New bureaus were sprouting up everywhere. Carriers were formulating strategies to deal with callback, AT&T was complaining to the FCC, service providers were building new systems, network and equipment vendors were ringing up the cash registers and users were flocking to the new service.

A new industry had sprung up, almost overnight. At this writing, it is still in its infancy, but the fact of its birth is undeniable. As we continue through this book, we will explore the state of the art, the future and the issues.

But before we leave the subject of the history, we must fulfill our promise to give the name of the first company to offer callback services.

It is none other than AT&T!

In 1984, AT&T introduced a service known as USA Direct in the United States. According to the advertisements placed in airline and other publications that year, a traveling American could save by paying the USA rates, which were then easily the cheapest in the world. This was an innovative service at the time, and predictably, incurred the wrath of the PTTs. This came at a time when the FCC was moving to make foreign entry into the lucrative US market more difficult. As we will see later, the tensions have eased somewhat because of the FCC's relaxation of restrictions on foreign carriers operating in the US.

So AT&T was the first significant callback company! Considering AT&T's position since then, this is quite a revelation. Don't be deceived by the fact that USA Direct uses a "call through" technique, utilizing international toll free access to the carrier's US facilities. This is still reversing the direction of the call, since the I-800 usage charges are incurred at the US end of the initial call. As we shall see later, AT&T has never taken a position against international resale itself, or against callback, but against the practice of code calling.