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Editor in Chief

### LISTEN TO THE WARHORSES, OR MAYBE NOT.

Thirty years ago this month, an enthusiastic young man walked through the front door of a telephone company's business office in Hollywood, Florida. He was equipped with a burning desire to learn the business and the wide-eyed optimism that gives young people an offsetting advantage against the knowledge and wisdom that comes after years of experience by older workers. And his new compatriots were largely much older people than he, warhorses, who had been there for years and had seen it all.

#### OR SO THEY THOUGHT, BUT THE YOUNG MAN BELIEVED THEM.

He listened to their countless stories, and was driven to the conclusion that he had entered the field in the fourth quarter of the game. They convinced him that all the great plays had already been made and that the real action had already taken place and that he had missed it all. They told him that the technology was now fully developed, and that no more significant innovations were on the horizon; it was simply a matter of propagating the technology throughout the country.

After all, the Electronic Switching System (ESS) central office was a reality and, although in 1973 was very lightly deployed, for the next 50 years the mission of the telephone company would be to replace the existing collection of Step by Step and crossbar offices with this new marvel.

The FCC's watershed Carterphone decision was now 5 years old, and the warhorses told the young man that competition had now captured all of the market they were going to be allowed to get. In the Hollywood office, there were about 4000 key and PBX systems, whose records occupied a 15 by 15 room filled with filing cabinets. One drawer in the dozens of filing cabinets there held all the records of these competitive losses and everyone was sure that "they" would not allow any greater incursion of these renegade companies into the Bell System's hallowed turf.

It was all logical. In 1973, AT&T was the world's biggest corporation, with over one million employees and a financial structure that would have ranked it in the top 25% of nations worldwide. Its resources seemed infinite. In addition to the 27 Bell System entities, it owned Bell Labs, who invented most of the world's technology, Western Electric, the world's biggest manufacturing facility and it even owned Sandia Laboratories, who made most of the nuclear weapons in the world. The Bell System appeared to be impenetrable.

In 1973, the telephone had not yet celebrated its centennial birthday, satellites were just coming into widespread use, fiber optics were still secreted in the bowels of Bell Labs, and integrated circuits were just starting to roll off production lines. UNIX was still running on a couple of PDP-7s in Ken Thompson's office in Murray Hill, New Jersey, and MCI won its first battle to connect its private lines to AT&T.

There was also a recession going on in 1973, and the warhorses told the young man that he would not be there by Christmas. Layoffs were coming, and, having the least seniority, he would be the first to go. Marketing account executives, called "Communications Consultants" were union bargained jobs in 1973.

But, it turns out that the warhorses were wrong about the young man, and he did survive that year.

In fact, he stayed for almost twenty years, taking a spin through the core of the company as an executive, and seeing changes that the warhorses could never have imagined.

It turns out that the warhorses were wrong about a lot of things. Competition did grow. In fact, in just a few years it grew to be bigger than AT&T. Technology did change, and Bell Labs no longer invents many new things, and is now the systems engineering arm of Lucent. MCI did interconnect and grew and prospered, until it was punted around the field in a succession of corporate maneuvers, finally being hijacked by a rebel group in Mississippi, who succeeded in doing what AT&T could not do, and neutralized the MCI threat.

By that time, it really did not matter, because the mighty, impenetrable AT&T had itself been eviscerated by divestiture, abetted by uninspired leadership which attempted to cling to the glories of the past, fiddling with internal politics while Rome was burning. It was ultimately fractured into a dozen pieces, most of which regrettably inherited its worse traits and have either already suffered similar fates, or may soon. The "they" that the warhorses said were going to see to it that Ma Bell was never seriously damaged, never materialized. If you own any AT&T, Lucent, or "Baby Bell" stocks, you are painfully aware of how badly damaged Ma was.

No one, including the warhorses could have foreseen the changes that were in the offing thirty years ago. Who could have guessed that competition would grow, and that the technological and political power of the Bell System would be unable to resist it? Who would have dared to opine that the Justice Department's antitrust suit would end up with AT&T's divestiture? The warhorses never saw deregulation, packet, the Internet, the .com craze and crash, equal access, or anything else that really happened. They were clueless as to the real trends. They weren't stupid, they had just been lulled into a false sense of security after years of clinging to Ma Bell's apron strings.

Over the years, the young man attended retirement parties and funerals for the warhorses. At these events, the remaining warhorses lamented the changes they were seeing, if they were watching. Many of them dropped out of the telecommunications business entirely after they took early retirement and lost interest in the developments. Some held on until the bitter end, and retired at 65, unhappy and disillusioned. A few died before they could escape the rat race and retire.

Those of you who know me have probably guessed by now that I am that young man, or was, thirty years ago. It is probably fitting that, at a recent trade show, a young man, about the age I was when I started my Bell System career, referred to me as a "warhorse." I know that he meant it in a respectful sense, since he listened to my prognostications reverently. But I felt that I should warn him that even warhorses can be wrong, and frequently are. ■

## Bellsouth, SBC TO LINK LAND, CELL MINUTES

by Harry R. Weber

BellSouth Corp. and SBC Communications Inc. will soon let customers buy a single bucket of minutes that they can use either on their home phones or their Cingular Wireless cell phones, the latest incarnation of a telecommunications industry trend toward packaging services together.

The idea would let cell phone customers take advantage of unused wireless minutes on their clearer and more reliable landlines. Incoming calls to home wireline phones will not deduct from the bucket of minutes.

The plan is designed to keep customers from switching to other carriers in an increasingly competitive market. Cingular is a joint venture of Atlanta-based BellSouth and San Antonio-based SBC.

"Customers love simplicity and hate having to think all the time and count minutes," said telecom analyst Jeff Kagan. "This allows the customer to stop thinking and just make the call. It's an important step along the way toward a fully integrated, flat-rate, all-you-can-eat-world that telecom is moving toward."

He said the effort, called MinuteShare by the three companies, could increase sales, boost revenue and profitability per customer and reduce churn, the rate at which customers switch carriers.

"We will see other carriers offering similar shared buckets of minutes in coming months," Kagan said. "It's a solid trend, not a fad."

Sprint Corp. is already testing an offer of unlimited local, long distance and wireless minutes for \$150 and up. The offer is available in 35 states and the District of Columbia.

A trial of the MinuteShare plan is underway in Texas, with customers who already had SBC local and long-distance service and Cingular wireless service.

MinuteShare service will be sold through the companies' call centers and retail outlets. Prices for the service have not been disclosed.

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## in memoriam

JAMES D. ("JAMIE") CARRAWAY, THE CHAIRMAN AND FOUNDER OF HERITAGE COMMUNICATIONS CORPORATION (NOW HERITAGE TECHNOLOGIES INC.) OF MELBOURNE, FLORIDA, PASSED AWAY ON MAY 22, 2003, AT HIS HOME IN INDIAN HARBOR BEACH. JAMIE WAS AN ENTREPRENEUR WHO TURNED TO TELECOMMUNICATIONS IN 1994, AND STARTED HCC IN 1995. HE WAS 68 YEARS OLD, AND IS SURVIVED BY 3 CHILDREN, 3 GRANDCHILDREN, HIS WIFE, AND 4 OTHER SIBLINGS.

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