MINIMIZING THE PAIN OF FORCED SERVICE MIGRATIONS

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The forced migration of enterprise customers from telecom services they have been relying upon for decades is a major headache to end users. The pain spawned by service discontinuances calls to mind Kübler-Ross's five stages of grief – Denial, Anger, Bargaining, Depression and Acceptance – though to be honest I've seen more denial and anger than acceptance.

It doesn't have to be that way. You can avoid the worst by trading passivity for action – by planning and taking charge instead of just waiting for the ax to fall. Here's how.

Background – the New Problem

Forced migrations are common in IT – think Microsoft's announcement that it would cease supporting Windows XP in April of 2014 – but they are actually rare and fairly new to telecom. Killing a regulated telecom service requires regulatory approval, and until the middle of the last decade carriers preferred to avoid that route, if possible. The carrier tactic of choice has been to raise the price of the old service while maintaining (or lowering) the price of its replacement until customers see the light and move themselves. AT&T pioneered this stratagem when it sought to move commercial customers from Centrex to PBX's in the early 1970s, and still resorts to it – at the end of 2011, for example, it hiked the list rates for ACCU-Ring service components by 20% and began limiting ACCU-Ring renewals to 'incent' customers to move to Ultravailable Network Service (UVN – a converged SONET/DWDM ring).

Customers still have a choice – they can move or they can go dark.

What's new – or at least trending – in telecom is speeding the pace of migrations by replacing "incentives" with announcements that a service is going to be discontinued. Customers still have a choice – they can move or they can go dark. AT&T presaged this when it began to demand that its largest customers agree to remove from their contracts language providing that the carrier would not discontinue (during the contract term) a service in active and material use by the customer, but AT&T is not alone in embracing the new reality.

Thus, in 2009 Verizon stopped selling Frame Relay to customers not already buying it from the company. Last month, Verizon added the following announcement (in bold faced italics) to the first paragraph of its service guide on Frame Relay Services: "Effective February 1, 2013, existing Frame Relay customers cannot renew their Frame Relay Service nor obtain MAC (Move/ADD/Change) services for Frame Relay." You can keep the service, but can't move or change locations or service at a location. Right.

In mid-2012, Sprint announced that by June 30, 2013 it would be taking down the "push-to-talk" iDEN wireless network it acquired when it bought Nextel in 2005, and in November 2012 it announced a $10 monthly surcharge for iDEN users.

And most importantly, in 2010, and again in late 2012, AT&T filed petitions with the FCC asking the agency to establish a schedule for abandonment of the entire TDM-based public switched telephone network (PSTN) and the Plain Old Telephone Service (POTS) carried by that network so that it can be replaced by IP-based networks and services.

THE ***NEW*** NEW PROBLEM

While forced migrations are never good, what's making them even worse is another new carrier tactic: inserting provisions in contracts and service guides that make it impossible for a customer to migrate from a service that the carrier is planning to discontinue without either paying substantial termination fees or securing the carrier's permission, which is (naturally) conditioned on migrating to the carrier's own substitute service at prices and terms that the carrier specifies. The disadvantage of forced migration to the carriers is that it makes affected customers free agents, but thanks to boilerplate and service guides they've found a way to prevent that.

The best example of this is SIP trunking. SIP – a protocol for establishing, modifying and terminating calls and other communication sessions over IP-based networks – is now the standard way to implement business-grade VoIP. In other words, it's the service that is going to replace the PSTN when AT&T succeeds in doing away with the latter. That's an opportunity for AT&T (and Verizon) but it's also a problem – unlike ILEC services, being the dominant provider of local exchange service in a region conveys no market power in the SIP trunking market in that region. AT&T has chosen to address that problem by inserting provisions in its ILEC agreements that prevent a customer from deploying SIP trunking until AT&T agrees, at prices/terms that meet the carrier's "needs." *See* http://www.nojitter.com/feature/231600342/undefined

SO WHAT'S A CUSTOMER TO DO?

First and foremost, listen, observe, and communicate. Carriers telegraph service discontinuances, usually years in advance. I've yet to meet a user that could credibly claim it didn't know that a migration was coming.

Second, accept the inevitable and get out front when a discontinuance is announced so that you can plan – and thus control – the timing and pace of your migration. There are many ways to do this. Talking to the offending carrier will help – it will undoubtedly have a replacement service in mind, and even if you procure that service competitively (always a good idea) you will learn a lot by listening about the timing, engineering and implementation of the inevitable migration. Having a second carrier is also enormously helpful (and will both reassure your management and persuade your lead carrier to take a softer line on pricing and terms). Use pilots to test out replacement services from a couple of providers at low/no cost.

Third, negotiate protective provisions in your telecom agreements that address the key issues, including the following:

- A provision to the effect that you won't be forced to migrate until all commercial customers are similarly compelled
- Either a healthy cushion over your commitment or, if your spend is large enough, a provision in your commitment reduction clause providing for a *pro rata* reduction of commitments to the extent that a decline in spend is caused by the carrier's discontinuance of a service
- A waiver of early termination charges for services discontinued by the carrier, and any *other* services (e.g., dedicated access) that are adversely affected or rendered useless when a service is discontinued
- A right to terminate without liability if services that constitute a material part of the contract are discontinued
- A commitment to cooperate on migration to another carrier if services are discontinued
- And all of these (except the first) should take effect when a carrier announces or informs you of the termination of a service, not when that termination takes effect.

None of these will eliminate the pain of a forced migration, but all will help by preserving your flexibility and preventing you from being a victim twice.

Conclusion

The bad news is that migrations are inevitable. The good news for enterprise customers is that they really can be opportunities disguised as challenges, offering the chance to move to more cost effective, versatile replacement services through competitive procurements that offer a path to improved terms and pricing.