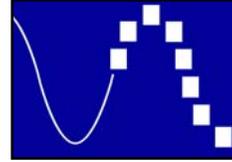


January 10, 2005



President George W. Bush
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

The Voice on the Net (“VON”) Coalition represents the nation’s leading VoIP and IP communications companies – companies on the cutting edge of developing and delivering voice innovations over the Internet. We are writing to encourage the Administration to take actions that will help unleash the full promise and potential of Internet communications.

As the new year begins, the Administration has a unique opportunity to seize upon the potential of emerging voice technologies to launch a new era of economic prosperity. Indeed, emerging Internet-based voice technologies can help jump-start the next wave of the information revolution, spark a powerful new cycle of job creation and economic growth, and unleash a set of extraordinary new consumer benefits.

In order to help meet your laudable goal of making affordable broadband access available to all Americans by 2007, the VON Coalition believes that the Administration should remove barriers to innovation that can enable VoIP-driven broadband investment. With the right policy foundation, VoIP can play a critical role in boosting broadband demand, putting new tools in the hands of American consumers and small businesses to enhance productivity, manage daily affairs, and enjoy leisure pursuits. In fact, many experts now agree that VoIP may be the long awaited “killer application” for driving broadband in both the residential and small business markets. Across the country, consumers are flocking to broadband in order to take advantage of the many benefits of VoIP.

The FCC has already taken an important first step in enabling VoIP-driven broadband investment. The recent unanimous FCC vote, which boldly clarified state and federal jurisdictional issues, demonstrated a commitment to achieving this nation’s VoIP goals. However, to harness VoIP’s full potential, the Administration must continue to be a catalyst for pragmatic policy choices by embracing six key policy enablers:

- First, policymakers must continue their successful hands-off approach to Internet communications regulation. As you have said, VoIP “*may be more similar to email than to regular telephony.*” This hands-off approach has made the U.S. a leader in the development of VoIP and provided an influential policy model that has been emulated by countries around the world. Policymakers should continue this approach and refrain from applying yesterday’s rules to tomorrow’s technologies.
- Second, as you pointed out in a recent letter to CompTIA, “*Internet telephony by its nature relies on technology that does not distinguish geographic borders.*” Policymakers

must continue to recognize the borderless and global nature of Internet communications by refraining from applying geographically constrained legacy access fees and taxes to these innovative services.

- Third, policymakers must reform access charges (and more generally the plethora of intercarrier compensation regimes) and universal service, rather than simply trying to impose yesterday's legacy rules on new technologies. Consistent with the FCC's jurisdiction order that determined that the public interest would be served by a uniform, national regime for VoIP (as it is impossible to determine geographic endpoints), any compensation reform should establish a uniform national regime that is geographically neutral. In addition, while the FCC is deliberating on long-term inter-carrier compensation reform, the agency should provide further interim clarity in this area by granting the Level 3 petition (which recognizes the fundamental non-geographic nature of VoIP).
- Fourth, policymakers must recognize that VoIP is not another flavor of traditional telephone service – but a new frontier in communications for individuals and businesses alike. VoIP, therefore, requires forward-thinking regulatory approaches. Subjecting this new technology to legacy telecom regulation could mean consumers and businesses will miss out on the innovative new services, increased choices, and better prices that VoIP can deliver. We understand that there are important social policy issues that need to be addressed, but believe these issues can be more effectively addressed without imposing heavy-handed legacy telephone regulations on innovative Internet voice communications. Indeed, policymakers must embrace new forward-thinking industry led solutions for ensuring important public policy goals like 911 access are achieved.
- Fifth, consumers must be allowed certain basic Internet freedoms to use any device, application, or service over the Internet. As FCC Chairman Michael Powell has said, “[t]o realize the innovation dream that IP communications promises” ... the Administration “must ensure that a willing provider can reach a willing consumer over the broadband connection.” “Ensuring that consumers can obtain and use the content, applications, and devices they choose is critical to unlocking the vast potential of the Internet.”
- Sixth, and most importantly, policymakers should focus on how to unleash the benefits of VoIP – including making talking more affordable, businesses more productive, jobs more plentiful, and the Internet more valuable. While VoIP raises many important new policy questions, the most pressing question for today's policymakers is how to ensure that all Americans can take full advantage of the promise and potential of VoIP.

The VON Coalition believes that the potential for a vast new wave of VoIP-led technological innovation is at your doorstep. This transformation will enable consumers to do things never before thought possible, businesses to transform the way they do business, and the economy to become an engine for higher paying information age jobs. Yet, automatically applying legacy regulations designed for a 100-year-old telephone network to new VoIP technologies will stifle innovation and stall these important consumer benefits, including demand for broadband.

January 10, 2005

Over the next four years, your administration has the opportunity to set a course that can spread a new communications revolution across America and throughout the world. The VON Coalition looks forward to working with you to achieve this bright future.

Sincerely,

The VON Coalition

cc: Senator Ted Stevens, Chairman Senate Commerce Committee
Congressman Joe Barton, Chairman House Commerce Committee
Secretary-Designate Gutierrez, Commerce Department
Chairman Michael Powell, Federal Communications Commission

About the VON Coalition: The Voice on the Net or VON Coalition consists of leading IP communications companies, on the cutting edge of developing and delivering voice innovations over Internet. The coalition, which includes AT&T, BMX, BT Americas, CallSmart, Convedia, Covad, IceNet, iBasis, Intel, Intrado, Level 3, MCI, Microsoft, PointOne, Pulver.com, Skype, Teleglobe, Texas Instruments, USA Datanet, VocalData, and Voiceglo, believes that Americans are fundamentally better off with a generally hands off regulatory approach to Internet and Internet based services like VoIP.