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**DECLARATION OF KEVIN PETERS**

I, Kevin Peters, hereby declare the following:

**I. Introduction**

1. My name is Kevin R. Peters. I am the Chief Marketing Officer of AT&T Business Solutions. I am responsible for delivering network, application and telecommunication solutions to all of AT&T's business customers. I began my career with AT&T in 1986 in the Information Technology organization, and have held numerous positions in technology development, strategy development, network operations and engineering and sales. Prior to assuming my current position, I served as Executive Vice President of Global Network Operations at AT&T, with responsibility for the maintenance of AT&T's worldwide network across local, global and national wireline and wireless services. I also served as Senior Vice President of Enterprise Systems and Software Engineering, where I was responsible for managing the convergence of network and business systems and their related information technology infrastructure. I served as Vice President and Chief Engineer at AT&T Global Network Services, where I was responsible for the transformation to the global IP/MPLS network. I hold a B.S. from Fairfield University, an M.S. in Information and Technology Management from Stevens Institute of Technology, an M.B.A. from Columbia University, and I completed the Advanced Management Program at Harvard University.

2. The purpose of my declaration is to describe the competitive dynamics for U.S. business wireless customers, particularly how business customers' wireless needs are evolving from basic connectivity to customized integrated solutions. I will also describe why AT&T does not view T-Mobile USA as a close competitor or a significant competitive alternative for

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business or governmental customers. The main reason is that T-Mobile USA has not created the full infrastructure required to serve such sophisticated customers, and does not offer the complex, application-based solutions that AT&T offers to these customers.

3. Business and governmental customers increasingly require sophisticated solutions integrating and managing wireline and wireless services, and wireless business applications customized to their industries. To attract and retain these customers, AT&T competes not only with wireless carriers who can offer such sophistication, but also with system integrators and applications providers who sub-contract basic connectivity and leverage their expertise in IT infrastructure and mobile applications. T-Mobile USA offers limited customized solutions and has not exerted significant competitive pressure on AT&T.

**II. AT&T Business Solutions Offerings**

**A. Overview**

4. To explain the significant differences between AT&T's and T-Mobile USA's approach to business and governmental customers, it is necessary first to set forth the extent of AT&T's offerings. AT&T Business Solutions ("ABS") provides a broad range of integrated wireline and wireless services, devices, and solutions to business and government customers. ABS offers services that go well beyond wired and mobile connectivity. ABS designs, develops, deploys and manages integrated solutions incorporating customized wireline and wireless services, hardware and software to heighten productivity for business customers. In fact, ABS has aligned all of its infrastructure, innovation and strategy to focus on such integrated offerings.

5. In October 2008, AT&T integrated both wireline and wireless business offerings and sales force under ABS to better serve its business customers. The objective was to functionally integrate all of AT&T's business sales and provide a single point of contact for

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business customers. This reorganization helped ABS functionally integrate sales, marketing, delivery, support and finance functions, and streamline operations and support functions to the specific needs of business customers. Importantly, the integration allowed ABS sales representatives to translate the industry knowledge they have developed for wireline customers over many years into new wireless opportunities and solutions.

6. The ABS group sells wireless services as one component of its integrated offerings for large and small businesses or governmental entities. In addition to wireless service, ABS offers a wide range of products and services that incorporate digital media solutions, managed applications, hosting services, network services, collaboration and conferencing services, VoIP and traditional wireline services.<sup>1</sup> Business customers can purchase individual products or choose from various packages in AT&T's Bundled Offerings.<sup>2</sup>

7. As an example of the breadth and depth of the business services offered by AT&T, in May 2010, Shell chose AT&T to manage the oil company's communications' infrastructure and mobile services, including its wide area and local area networks, voice services, mobile services and managed security.<sup>3</sup> As a result, AT&T became responsible for delivering connectivity to 1,500 of Shell's corporate and operating units and managing 600 separate third party contracts with 300 vendors worldwide.<sup>4</sup> To the best of my knowledge, T-Mobile USA does not offer any of these sophisticated services.

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<sup>1</sup> <http://www.business.att.com/enterprise/all-business-solutions/?source=IEa2250011tpdsVA>.

<sup>2</sup> <http://www.business.att.com/enterprise/Family/voice-services/bundled-offers/>.

<sup>3</sup> <http://www.att.com/gen/press-room?pid=4800&cdvn=news&newsarticleid=25389>.

<sup>4</sup> *Id.*

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**B. ABS Integrated Offerings**

8. ABS has developed over time a multifaceted array of integrated business offers that build on ABS' experience with business and governmental customers. These offers integrate wireless and wireline services, as well as sophisticated wireless applications and custom solutions. I have seen no evidence in the marketplace that T-Mobile USA has competing integrated offers.

9. For larger, multinational businesses, ABS offers AT&T OneNet. OneNet enables business customers to consolidate their global network and communications services into a single unified agreement, covering multiple business locations.<sup>5</sup> As a result of the consolidation of contracts, business customers with AT&T OneNet can take advantage of integrated billing, volume discounts based on usage, as well as other incentives.<sup>6</sup> Additionally, AT&T OneNet offers further discounts based on monthly growth and the customer's spending mix.<sup>7</sup>

10. For medium-sized customers, AT&T's Business Network ("ABN") offers contracting, billing, and servicing for a custom mix of services, at a discounted price.<sup>8</sup>

11. Small business customers generally do not have dedicated purchasing or IT departments and typically outsource the responsibility for network and administrative functions. Their networking needs are often focused on more basic connectivity and purchasing decisions are made based on the simplicity of package and perceived value for price paid. In response, ABS offers small business customers "All For Less," with the option to package mobility,

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<sup>5</sup> <http://www.business.att.com/enterprise/Family/voice-services/bundled-offers/>.

<sup>6</sup> [http://new.serviceguide.att.com/portals/sgportal.portal?\\_nfpb=true&\\_pageLabel=sdn\\_page](http://new.serviceguide.att.com/portals/sgportal.portal?_nfpb=true&_pageLabel=sdn_page).

<sup>7</sup> *Id.*

<sup>8</sup> <http://www.business.att.com/enterprise/Family/voice-services/bundled-offers/>.

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broadband, voice with unlimited nationwide calling and optional technical support and web hosting services to provide a complete suite of capabilities to meet their needs.<sup>9</sup>

12. For all business customers, the AT&T BusinessDirect portal provides customers highly secure online access to account information, usage and performance monitoring, order and installation status and network management tools.<sup>10</sup> This includes:

- (a) AT&T BusinessDirect Map, which provides an intuitive graphical display that portrays the customer's network;
- (b) AT&T Network Management Tools, which provide real-time details on the customer's AT&T hosted network infrastructure and allows customers to quickly and easily reroute calls in response to emergencies or shifts in call volumes;
- (c) AT&T eOrder, which enables customers to place and track orders for AT&T's voice, data and IP-based services;
- (d) AT&T eBill, which allows customers to view detailed bills online, print past bills, get real-time credits for incorrect charges, download detailed information into a spreadsheet or accounting software, make online payments, set up automatic bill payment and view payment history; and
- (e) AT&T eMaintenance, which allows customers to report and track trouble tickets online.<sup>11</sup>

This suite of assets we believe is critical to serving business customers in today's environment, and ABS' focus is on enhancing and expanding these integrated solutions to better serve the broader telecom and IT needs of our customers.

**C. ABS Customized Solutions**

13. Increasingly, business customers require advanced wireless offers that go beyond basic voice/data transport services and address industry-related and company-specific business

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<sup>9</sup> <http://www.att.com/gen/general?pid=18167>.

<sup>10</sup> [http://www.business.att.com/content/productbrochures/ABN\\_Product\\_Brief\\_0338\\_04.pdf](http://www.business.att.com/content/productbrochures/ABN_Product_Brief_0338_04.pdf).

<sup>11</sup> <http://www.corp.att.com/ebcc/pdfs/ATTBusinessDirectBrochure.pdf>.

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problems. In response, ABS has developed a portfolio of advanced wireless offers to meet the particular business productivity needs of diverse industry segments and to address cross-industry business process requirements. I understand that T-Mobile USA does not offer a full array of mobile applications for business and governmental customers.

14. As an example, ABS tailors our business offerings to the industries in which our customers operate. ABS' "vertical" solutions combine industry specific expertise with mobile data solutions that are individually tailored to improve productivity and business process. ABS' expertise is deep across a wide range of businesses, including Architecture, Engineering and Construction; Automotive; Banking; Consulting; Consumer Packaged Goods; Financial Services, Investments; Healthcare; Hospitality; Insurance, Life & Annuities; Insurance, Property & Casualty; Legal; Location-Based Service (LBS); Manufacturing; Media; Petrochemical; Retail; Telecommunications; Transportation; Utilities and Wholesale Distribution.<sup>12</sup> For instance, ABS' mobile productivity solutions include capabilities such as: (1) the AIRTIME Manager which gives professionals an easy way to track billable time on their AT&T smartphones; (2) Associate from AT&T which serves as a mobile dictation application; and (3) ProntoForms which allows businesses to transform hard copy business forms into mobile forms.<sup>13</sup>

15. Wireless business applications are becoming a key component in the customization of ABS' offering to business customers. Business customers increasingly depend on mobile applications to automate workflows, improve access to vital information, accelerate

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<sup>12</sup> <http://www.wireless.att.com/businesscenter/solutions/industry-solutions/vertical-industry/index.jsp?wtLinkName=VerticalIndustrySolutions&wtLinkLoc=LN>.

<sup>13</sup> <http://www.wireless.att.com/businesscenter/solutions/industry-solutions/mobile-productivity-solutions/index.jsp?wtLinkName=MobileProductivitySolutions&wtLinkLoc=LN>.

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transactions and facilitate collaboration. Such applications can range from messaging and global position services to complex, custom applications designed to “mobilize” mission-critical enterprise systems. ABS offers a sophisticated suite of wireless business applications and services, including a catalog of over 400 certified business applications featuring fleet management, enterprise messaging; customer relationship management; a wide range of state-of-the-art devices; and a global mobile management wireless service spanning over 50 countries.<sup>14</sup>

16. An increasingly important component of delivering end to end mobile business solutions is the availability of platforms for developing, deploying and managing mobile applications. AT&T’s Developer Program assists the specific needs of small and medium sized businesses.<sup>15</sup> For example, this program identifies business needs (*e.g.*, manage schedule and project details), recommends a wireless mobile application for this need (*e.g.*, Business Process Management (BPM) by BuilderMT), and provides an integrated wireless solution.

17. For larger companies, ABS launched the Mobile Enterprise Applications Platform (MEAP), which provides an integrated platform for developing, deploying and managing mobile applications.<sup>16</sup> AT&T’s MEAP offering provides (1) middleware technology and development tools that extend leading enterprise resource planning, customer relationship management and customer back-end applications to mobile devices in an efficient and highly secure manner; (2) consulting, systems integration and other professional services that facilitate business case development for mobile solutions, requirement definitions, application development, testing,

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<sup>14</sup> <http://developer.att.com/certifiedsolutionscatalog/>.

<sup>15</sup> <http://developer.att.com/certifiedsolutionscatalog/smbolutions.jsp#>.

<sup>16</sup> <http://www.wireless.att.com/businesscenter/built-for-business/AMEAP.jsp>.

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deployment and support and (3) application management services that provide flexible deployment options and low cost of ownership in a hosted and/or fully managed environment.

18. MEAP enables “mobilization” of back end applications to run on the operating systems and form factors of a wide range of mobile devices. For example, MEAP can be used to “mobilize” Oracle software to multiple mobile device platforms, such as Android, Blackberry, iPhone, iPad and Windows Mobile, and to incorporate customer specific workflow and operating processes beyond that available from “out of the box” applications.

19. As T-Mobile USA does not offer the sort of sophisticated applications which can be developed in MEAP, it has not invested in a comparable platform to support business customers.

### **III. AT&T’s Competitive Landscape for Complex Solutions**

20. There are many competitors offering complex enterprise solutions which include wireless service; T-Mobile USA is not one of them. AT&T increasingly competes with a broad range of mobility applications providers and system integrators who can leverage their IT and applications expertise. Competitors include not only other wireless providers who can provide such sophistication (*e.g.*, Verizon and Sprint), but also (i) independent software vendors with a focus on mobility applications, such as Spring Wireless, Antenna Software, Pyxis Mobile, or Kony Systems; (ii) software providers that focus on mobile enterprise applications, such Oracle, SAP/Sybase (with its comprehensive mobility Sybase Unwired Platform), and (iii) systems integrators, such as IBM, Accenture, Deloitte, Hewlett Packard, Cap Gemini, Cognizant, and Dell.

21. These competitors often have historical strength in specific industries, giving them a competitive advantage against wireless carriers. For example:



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- a. Cognizant offers a suite of eHealth applications and services and has deep industry relationships in the healthcare sector.<sup>17</sup>
- b. Accenture excels in the consumer goods industry. Following Accenture's acquisition of CAS (a leading provider of customer management and mobility solution), Gartner awarded Accenture the highest possible rating for its customer management and mobility solutions for the consumer goods industry.<sup>18</sup>
- c. IBM designs, implements and manages sophisticated networking and communications systems for enterprise customers and provides, among other services, mobility and wireless services, converged communications services and telecom expense management services.<sup>19</sup> IBM has developed and implemented wireless communications and mobility solutions for major healthcare centers, colleges and universities, government entities and other enterprise customers.<sup>20</sup>

22. Several new competitors are aggressively entering this segment. Dell acquired Perot Systems in 2009 to aggressively enter the professional services market and has since launched DMAP (Dell Mobility Application Platform).<sup>21</sup> SAP acquired Sybase in 2010 for \$5.8 billion to expand its capabilities to provide mobility solutions with the Sybase Unwired Platform. The Sybase Unwired Platform allows business customers to access business software via smartphones and other mobile devices.<sup>22</sup> Another example are the India-based outsourcing

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<sup>17</sup> <http://www.cognizant.com/healthcare/ehealth-self-services>.

<sup>18</sup> [http://newsroom.accenture.com/article\\_display.cfm?article\\_id=5207](http://newsroom.accenture.com/article_display.cfm?article_id=5207).

<sup>19</sup> [http://www-935.ibm.com/services/us/en/it-services/integrated-communications-services.html?cm\\_re=masthead\\_-\\_itservices\\_-\\_communications](http://www-935.ibm.com/services/us/en/it-services/integrated-communications-services.html?cm_re=masthead_-_itservices_-_communications).

<sup>20</sup> [http://www-01.ibm.com/software/success/cssdb.nsf/CS/LMCM-7XBV39?OpenDocument&Site=corp&cty=en\\_us](http://www-01.ibm.com/software/success/cssdb.nsf/CS/LMCM-7XBV39?OpenDocument&Site=corp&cty=en_us); [http://www-01.ibm.com/software/success/cssdb.nsf/CS/JSTS-7DDL9V?OpenDocument&Site=corp&cty=en\\_us](http://www-01.ibm.com/software/success/cssdb.nsf/CS/JSTS-7DDL9V?OpenDocument&Site=corp&cty=en_us); [http://www-01.ibm.com/software/success/cssdb.nsf/CS/CSDY-78Q5UW?OpenDocument&Site=corp&cty=en\\_us](http://www-01.ibm.com/software/success/cssdb.nsf/CS/CSDY-78Q5UW?OpenDocument&Site=corp&cty=en_us).

<sup>21</sup> <http://content.dell.com/us/en/gen/by-service-type-application-services-mobile-application-management.aspx>

<sup>22</sup> <http://www.reuters.com/article/2010/05/13/us-sybase-idUSTRE64B5OT20100513>

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firms Wipro and InfoSys, which are making the transition from general staff augmentation firms to providing targeted solutions including mobility application offerings.<sup>23</sup>

**IV. T-Mobile USA does not exert strong competitive pressure on ABS**

23. Our perception is that T-Mobile USA has chosen to focus on its core consumer voice and data business rather than attempting to attract business or governmental customers who require more than basic voice and data mobility services. While T-Mobile USA uses its retail network to offer primarily basic employee plans, T-Mobile USA has not developed the infrastructure or sophisticated solutions necessary to attract a significant business customer base or exert strong competitive pressure on ABS.

24. As a result of T-Mobile USA's limited business offering, ABS infrequently competes with T-Mobile USA. To the extent ABS sees T-Mobile USA in the marketplace, it is primarily for basic voice, text and data plans. Because ABS views T-Mobile USA as a competitor of limited significance, AT&T's strategic plan for business customers does not factor in T-Mobile USA.

**V. T-Mobile USA lacks the assets to become a significant competitor in the business space.**

25. Not only is T-Mobile USA not a significant competitive presence today for business customers, in my view, it would have to overcome several significant structural challenges involving significant time and cost to become a competitive alternative.

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<sup>23</sup> <http://www.gartner.com/it/page.jsp?id=741012>

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26. *First*, for most business customers, the strength and ubiquity of the network is critical. T-Mobile was late to transition to 3G, and today T-Mobile has stated publicly it has no clear path to LTE.

27. *Second*, ABS has a dedicated sales force with in-depth industry knowledge, and offers the customized IT infrastructure that business customers demand. As explained above, T-Mobile USA has not invested in the **[Begin Confidential Information]**

**[End**

**Confidential Information].**

28. *Third*, ABS responds to RFPs which include wireline and wireless components, and customizes its pricing to remain competitive. Customers frequently take advantage of their wireline and wireless purchases to obtain greater overall discounts. Being a pure play wireless provider makes it more difficult for T-Mobile USA to compete for these types of business customers.

29. *Fourth*, for larger businesses, ABS competes on the breadth of its services, and the strength of its custom solutions that include mobile wireless applications. These offerings increasingly are the key reason ABS wins business or governmental customers. T-Mobile USA would need to develop a **[Begin Confidential Information]**

**[End Confidential Information].**

30. At the low end, business customers typically require more basic voice, text and data services bundled for price and administrative efficiency. Among others, Verizon Wireless, Sprint, MetroPCS, Leap, US Cellular, and Cellular South all advertise services to small business customers. While these customers also have the need for foundational mobile applications, the competitive dynamics are much more transactional than for high end custom solutions, and share

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some common characteristics with the consumer segment. Indeed, individual or small business owners sometimes use consumer plans instead of business plans.

31. Thus even for small business and individual employee plans, this transaction will not adversely affect the vigorous competition that is only increasing in the wireless business.

**VI. The fact that both carriers operate GSM networks does not make T-Mobile USA a close competitor for business customers.**

32. Any suggestion that ABS and T-Mobile USA are closer competitors for businesses whose employees travel internationally is simply inaccurate. There are numerous options as CDMA carriers offer dual-band world phones, including the popular BlackBerry, Droid and HTC devices.<sup>24</sup> And CDMA carriers have entered into numerous international roaming agreements which allow their subscribers to roam overseas. For example, Verizon advertises that it offers coverage in over 220 countries.<sup>25</sup> In short, GSM technology is not a key differentiation for business customer decisions today, and it will be even less significant as the industry transitions to LTE.

33. Similarly, there are numerous technology alternatives for machine-to-machine (“M2M”) customers. Because these customers can design their devices to be compatible with any wireless technology, ABS competes for this business against CDMA carriers. There also are M2M MNVOs offering both GSM and CDMA technologies, such as KoreTelematics, Numerex, Wyless, M2M DataSmart, and Aeris Communications.

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<sup>24</sup> See, e.g., <http://shop2.sprint.com/en/services/worldwide/worldwide.shtml?ECID=vanity:international>.

And See, e.g.,: [http://b2b.vzw.com/international/Global\\_Phone/index.html](http://b2b.vzw.com/international/Global_Phone/index.html).

<sup>25</sup> See, e.g., [http://support.vzw.com/faqs/International%20Services%20and%20Roaming/faq\\_global\\_and\\_international\\_information\\_overview.html](http://support.vzw.com/faqs/International%20Services%20and%20Roaming/faq_global_and_international_information_overview.html) (“We offer voice service in more than 220 countries utilizing GSM, Quad Band GSM and UMTS services.”)

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34. Once M2M customers award their business to a wireless service provider, the relationships are often governed by multi-year contracts. And if these customers desire a second service provider, they do so only for new devices since it is generally prohibitively expensive to retrofit the installed base. This means, for example, that an existing AT&T M2M customer would consider CDMA providers for an alternative means of service (and vice versa). In fact, M2M customers can and do switch between technologies. For example, Amazon.com used Sprint's CDMA service for the first Kindle, and switched to AT&T for Kindle 2. Another example is **[Begin Highly Confidential Information]** **[End Highly Confidential Information]** which used AT&T for analog cellular device and later switched to a CDMA carrier. **[Begin Highly Confidential Information]** **[End Highly Confidential Information]** deployed pilot trials on both GSM and CDMA carriers, and opted to deploy its M2M device on a CDMA carrier.

35. Finally, evolution in connectivity technologies will make it even easier for M2M customers to switch between GSM and CDMA carriers. For example, Qualcomm's Gobi 3000 Modules offer dual CDMA/GSM network access, and a roadmap for enabling devices to work with multiple radio access technologies and carriers.<sup>26</sup> So again there is no basis for concern that T-Mobile USA is the "only" or even a particularly significant competitor of ABS' for M2M services.

## **VII. Conclusion**

36. AT&T's ABS unit is part of a highly competitive and rapidly changing competitive landscape in which business and governmental customers of all sizes require an

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<sup>26</sup> See <http://www.qualcomm.com/news/releases/2011/02/14/qualcomm-announces-commercial-availability-gobi3000-modules>, and <http://www.qualcomm.com/news/releases/2010/03/23/qualcomm-unveils-new-roadmap-gobi-connectivity-technologies>.

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increasingly complex array of integrated and customized solutions. T-Mobile USA has not been a significant competitor for these customers, and does not have the assets or sophisticated offerings necessary to be competitive for such business. Further, the network and spectrum benefits from this transaction will increase AT&T's ability to compete for such sophisticated customers with even more sophisticated solutions.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on June 8, 2011.

Signed:



Kevin Peters  
Chief Marketing Officer  
AT&T Business Solutions.