

Industry Outlook

WHY SPRINT SALE IS SIGNIFICANT

When you're watching TV at night, you've probably seen those ads touting the long distance transmission services of one of our biggest competitors in that arena: "Sprint" service, which is owned by Southern Pacific Co. Last month, however, Southern Pacific Co. — whose largest operating unit is Southern Pacific Railroad — agreed to sell its communications and satellite subsidiaries to GTE Corp. Significance? GTE Corp. is a worldwide leader in developing, manufacturing and marketing telecommunications products and services. GTE Chairman Theodore Brophy has said this newest acquisition will make GTE "a strong competitor" with AT&T "in every aspect of the intercity business." Judging from the numbers, this may not be a hollow promise. SP Communications reportedly has 400,000 customers in 170 metropolitan areas — and it's adding them at a rate of 40,000 a month.



MCI, of course, is AT&T's other major competitor on the toll side of the business — and significant things are happening from their end, as well. Last month, for instance, the company expanded its services by introducing its Omni-Call system to the San Francisco Bay Area. This allows subscribers to call anywhere in the contiguous United States, as opposed to their being able to call to only 42 states. The new service affects nearly 100,000 MCI subscribers in the Bay Area.



In recent years, ComPath has emerged as a viable competitor of business communications systems, with offices in 14 California cities. Recently, Allied Telephone Co., the nation's tenth largest independent telephone company, announced that it had acquired ComPath for an undisclosed amount of stock. Headquartered in Little Rock, Ark., Allied sells business communications systems in the Southeast.

Recent moves indicate that AT&T is planning to forge strongly into the international telecommunications market. A proposed agreement between AT&T International and N.V. Philips of the Netherlands would initially provide for joint production of sales of digital switching equipment outside the United States. AT&T would gain access to Philips' worldwide distribution network in exchange for the American company's technology. Industry watchers feel that such a move would form what is potentially the most powerful telecommunications group in the world. In terms of size, Philips is ranked 26th in the world and employs 348,000 people.

Can video games come into people's homes via telephone wires? In Ridgewood, New Jersey, they can. That's where CBS Inc. and AT&T have begun testing a new videotext home information system that combines the power of the computer with television and the telephone. Several homes in the area are now receiving the new service, which provides electronically delivered games, advertising, marketing and message services. The terminals are designed for easy use, and carry AT&T's wide range of computer software capabilities. CBS, meanwhile, provides total content of the service: news, weather, sports, education, advertising, shopping and, at a later date, banking capabilities.

Engineering Looks At Changes For The Future

As the first article in this issue of *ESP* and the stories on this page indicate, our industry is going through several changes these days. This also happens to be true on the Engineering side of our business. For instance, on January 1, 1983, a percentage of Engineering employees will transfer to American Bell, Inc. (ABI). Concurrent with this, the responsibility for performing network control office functions for ABI electronic tandem networks will be transferred from Network-Special Services to Business Services by the end of this year.

To handle this responsibility, Business Services will create a Centralized Control Office for ETN customers. Known as a System Control Office, this set-up will perform NCO functions for ETNs, including trouble receipt, network evaluation, and isolation and close-out of network troubles.

The remaining Engineering force will form the Business Segment Engineering Centers, which will be responsible for engineering support associated with embedded vintage and flagship equipment using embedded base inventory. Ultimately, these employees will become a part of ABI in 1984.