

## "FOR WHOM THE 'BELL' TOLLS..."

by Dick Goldman, President, Telesaver Inc.

If uncertainty is the hallmark of opportunity, then these are certainly days for rejoicing. Rarely has so much been said by so many about something of which so little is definitively known!

(1) Over 40,000 pages of tariff requests were filed by AT&T and the Bell Operating Companies with the FCC, and more than that volume was filed by local companies in each state. These are replete with inconsistencies, weakly supported assumptions, and vaguely defined guidelines. No one, AT&T in particular, knows what it actually costs to complete a local or long-distance call, and any allocation of overhaul to one or the other is merely an educated guess.

(2) The Federal Communications Commission devised an elaborate scheme to phase out the existing subsidy of local service by long distance carriers. This was to take two forms: a fixed charge to end users (initially \$2 for residences and \$3-\$6 for businesses) and a special assessment, called a 'carrier's carrier charge,' to AT&T and other carriers such as MCI, Sprint and Telesaver. Those companies competing with AT&T were to pay 35% less for access because they currently receive unequal treatment for their connections. In real terms this means about an 8¢/minute charge to AT&T and 5¢/minute to everyone else. As of today, "other common carriers" pay about 3¢/minute and AT&T's actual payments remain somewhat of a mystery, but probably exceed 10¢/minute. The new charges were to take effect January 1, but the FCC, recognizing that there was not enough time between rate requests and implementation, has extended that period until at least April 3rd. Opponents of the requests now have time to marshall their facts and figures and force appropriate changes.

(3) Congress has been attempting to rewrite the 1934 Communications Act for a decade, with no success. Its ideas, of course, would have precedence over any ruling of the FCC. In the last two weeks, sub-committees in both the House and Senate have passed bills which would substantially modify the FCC's new guidelines. The House bill in particular seems favorable to us and to a competitive environment. AT&T, of course, is lobbying hard against any congressional involvement. With the three month FCC extension, anything is possible.

(4) The Justice Department spent 14 years prosecuting AT&T and the Bell system for anti-competitive and illegal behavior. A year ago, a consent decree was signed which led to a Modified Final Judgement (MFJ) issued by Judge Harold Greene. This requires AT&T and the local Bell Operating Companies to go their separate ways no later than February 18th. How this will reconcile with the FCC's April 3rd date for tariff changes is a big unknown. Meanwhile, there are dozens of cases pending trial in the Washington, D.C., Appeals Court, and the Supreme Court is prepared to rule on new challenges to divestiture details.

Where does all of this leave Telesaver? In my opinion it leaves us in the middle of an \$85 billion dollar expanding marketplace. We don't have a map, but we do have the ability to draw one, and if necessary to erase it and draw it again and again, as we move through the alleyways and thoroughfares, taking note of new construction, road blocks, detours and modern expressways.

For whom does the Bell toll? It rings for those who are prepared to listen to its call. We at Telesaver are not only good listeners, we are in the business of making Bells of our own.



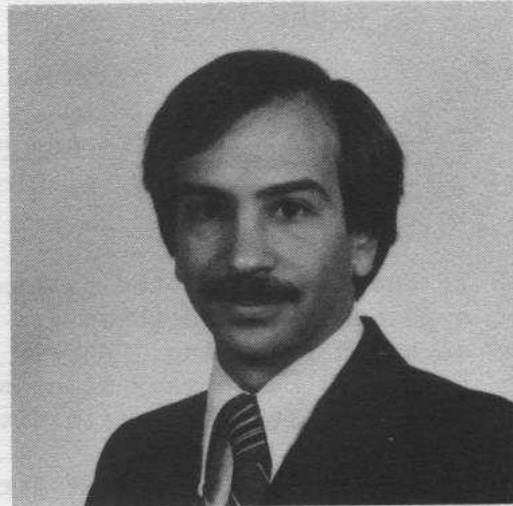
NEW POST CREATED TO MARKET TELESAYER'S  
SWITCHING SYSTEMS

Telesaver is pleased to announce the appointment of Joel H. Maloff to the new post of Director, Systems Marketing and Sales. In this capacity he will develop market plans and strategies for the sale, both nationally and internationally, of Telesaver's new digital switching system. Based on past performance, he has the skills and know-how needed to meet the demands and challenges of his job.

Joel comes to Telesaver from AT&T Information Systems, headquartered in Morristown, New Jersey. As corporate strategic analyst, he followed the current projects of major competitors, predicted what these companies would be doing in the future, and made recommendations as to how AT&T should plan. His tenure with AT&T included sales and sales management with C&P Telephone, where he specialized in the aerospace and fabricated metal manufacturing industries. As an account executive, he utilized the consultative selling approach, analyzing needs and problems and making recommendations to resolve them. His subsequent promotion to sales manager of a three state area (Maryland, Virginia, DC) included the selection and hiring of personnel for sales and technical sales support functions.

Sales and marketing seems tailor-made for Joel's personality and past experience. By his own admission he has always been a competitive person, having successfully competed in wrestling tournaments and in speech competitions during his high school and college days. In 1973, competing against 500 other contestants, he won the National Championship for Informative Speaking in Omaha, Nebraska. A mass communications graduate of Towson State University, he has furthered his education with graduate courses in both interpersonal and organizational communications at Ohio University and Johns Hopkins University.

Joel views Telesaver as "a high technology company on the verge of making a tremendous growth surge," but cautions that we must position ourselves well in the industry. "We are in a position now where we are technologically sound," he explains, "and we want to exploit our technological advantage. Time is of the essence. There is always a window in marketing, and if you don't see



that window and get through it, the opportunity is lost. We must secure as much of the market share as we can before others enter the marketplace." Joel is already hard at work doing just that. We wish him unlimited success!

Joel lives in Baltimore with his wife Leslie and their two children, Shoshana, age two, and Mathias, two months.

COOPERATION IS THE KEY TO PHILLY'S  
TELEMARKETING SUCCESS

The telemarketing operation in Philadelphia offers a fine example of the cooperation possible between inside and outside sales forces. Other alternative long-distance services, in the race to increase their business customer base, have succeeded in their telemarketing attempts at the expense of creating bitter competition between telemarketers and outside sales reps.

Charles Hauptman, telemarketer and trainer in our Philadelphia office, is largely responsible for Philadelphia's success. Charlie comes to Telesaver with 15 years of sales experience in both telemarketing and outside sales. His professionalism and personal commitment to the sales force is evidenced by the number of qualified leads he refers. In a period of just one month he has set what could be considered a record of sorts; as many as 85% or more of the leads he has turned over to reps have been closed.

"I have a very strong feeling for the guys outside," he says. "I know what it's like out there, and I want to do what I can to make sure it's worth a rep's time to go to that appointment. With competition in the marketplace as tough as it is, what sets us apart is the professional approach we use in handling accounts."



## FOR YOUR INFORMATION

\*\*\* Expansion of Universal service in eastern Pennsylvania continues with the addition of Pottsville and surrounding communities to the Hazleton, Pa, switch. Pottsville residents, and those living in Auburn, Frackville, Friedensburg, Minersville, New Philadelphia, Orwigsburg, Saint Clair, Schuylkill Haven, and Tamaqua finally have the opportunity to save on their long-distance phone bills. No other discount service is available to them in that area of the state.

\*\*\* The following cities have been added to Telesaver's GTE Sprint Travel Network: Salinas, Santa Cruz, Thousand Oaks, Vacaville, CA; Boise, ID; Bloomington, Evansville, Kokomo, IN; Davenport, IO; Wichita, KS; Lexington, KY; Houma, Lafayette, LA; Farmington, MI; Rochester, MN; Niagara Falls, NY; Durham, High Point, NC; Middletown, Warren, OH; Columbia, Greenville, SC. New travel cards will be printed soon with these cities and their access numbers listed. In the meantime, you can call customer service for the numbers you need.

\*\*\* Network Operations reports that an optimization analysis has been completed for all switches on the Telesaver network and resulting line orders have been placed. Line installations will proceed through November with the ultimate goal of greatly reducing the cost of transmission and increasing profits.

\*\*\* Northern Virginia customers will receive notice of a change in their local access number beginning on or about November 8. The number change reflects a change in lines and a resulting improvement in line quality.

\*\*\* Sunday hours for customer service are now in effect. Customers can call between 9am and 5pm on the weekend, and between 9am and midnight Monday through Friday for assistance.

\*\*\* Telesaver's Universal customers can now call the following Canadian cities and receive a 7% discount off the prevailing AT&T rate, regardless of time of day: Montreal (area code 514); Ottawa (613); Toronto (416); and limited exchanges in 403 area code, Calgary.



Installation of 144-path switch in Manhattan was a "first" for Telesaver. See story below.

### TELESAVER OPENS ON BROADWAY

Telesaver's Manhattan office at 291 Broadway is ready to serve what is estimated to be the largest long-distance audience in the United States. With the installation of a 144-path Telcro II switch complete, the New York partnership anticipates this "opening" to attract standing-room-only crowds. If the interest shown by several major multinational accounts is an indicator, Telesaver is certain to have a "long run" in the Big Apple.

After months of negotiations with carriers and local telephone companies, the New York installation was completed in less than 24 working hours. "It was the largest single installation we've ever done," says field technician Dan Dumler. "In the past we've started with a 36 or 72-path switch and added to it according to demand. Since New York has the largest potential customer base, and is slated to be the largest switching center, it was decided to put more lines in initially for greater cost efficiency. We had to hook up with 600 pairs of telephone wire - quite a task for the technicians!"

A standing ovation for Dan, Curt Cavey, Bob Smith, and Manufacturing Director Mike Senate for carrying out what is expected to be a tremendous hit on Broadway. We also applaud Tim Gayheart's efforts in moving the switch on-site prior to the October 7th installation.

For further information, call the Manhattan office at (212) 608-7500.

"THE LOGIC AND MANAGEMENT OF SAVING MONEY  
ON LONG DISTANCE CALLING", by Harry Newton

The following excerpt is taken from Dr. Robert Self's second edition of Long Distance for Less. Harry Newton, editor of the publication, and president of the Telecom Library, lists these nine facts in his Forward to the book:

1. The telephone bill is today's fastest growing expense for most American businesses.
2. The telephone bill is the most-ignored major expense in most American businesses.
3. The telephone bill is the easiest major corporate expense to reduce and control.
4. There are at least 150 different ways to make long distance phone calls between major U.S. cities -- the major difference being price, not quality.
5. You can make the same long distance phone call for 6 cents a minute or for \$1.20 a minute. The choice is yours.
6. No other industry sells the identical product for such enormous differences in price. There's a 2000% difference between 6 cents and \$1.20.
7. For any business, there are at least a dozen different phone systems that would work well.
8. Putting time and money into attacking the corporate phone bill often is the best investment a corporation can make -- far better than investing in the corporation's own business, be that banking, retailing, manufacturing, etc.
9. In the past 10 years, the telephone/telecommunications industry has been opened to competition. Prices of many products and services have dropped dramatically. Quality, technology, features and usefulness of telephone equipment has risen dramatically. As a result, most American businesses can now acquire a more efficient and less expensive way of making phone calls -- intercom, local, and long distance calls.

"One of the greatest sources of energy is pride in what you are doing."

- Spokes

"A hunch is creativity trying to tell you something."

- Frank Capra

WELCOME!

ERNESTINE TOWNES, receptionist at New Plant Court; JOEL MALOFF, Director, Systems Marketing and Sales; ELLEN RINEHART, word processor; MICHELLE LANE, weekend customer service representative; and PAT STROUD, office assistant in Rochester, NY.

STAYING ON TOP OF INDUSTRY NEWS

The break-up of AT&T and the Bell operating companies, just a couple of months away, has resulted in complexities that even Congress and the FCC find difficult to comprehend. To keep abreast of current happenings, and to understand what effect new regulations will have on Telesaver, company executives are attending briefings and conferences on the telephone industry.

Allan Zendle, director of network operations, attended a seminar earlier this month hosted by Bell Atlantic Corporation. Bell Atlantic is the newly formed regional Bell Operating Company which will serve as an umbrella for seven northeastern BOCs. At the meeting, announcement was made about the creation of a centralized organization - the Interexchange Carrier Service Center (ICSC) - which will serve as a single point of contact for the provision of Bell Atlantic service. Allan reports that much of the seminar addressed the wide range of new billing and collection services that will be offered to interexchange carriers after January 1.

Executive Vice President Robert Chertkof traveled to Chicago to attend an all-day conference headed by Attorney Vic Toth, a specialist in FCC law. Toth is knowledgeable about the implications of divestiture on resellers in particular. The conference focused its attention on proposed tariffs, increased connection charges, lead time for ordering facilities, access charges to customers, pricing of FXs, long haul facilities, and WATS. Upon his return to Telesaver, Bob commented, "There are enormous complexities, and as some questions get answered, that many more are raised. The bottom line is that costs will go up in certain sectors (FXs) and down in others (WATS), and it will take time to analyze what the net effect will be on resellers."



## A CAUSE FOR CELEBRATION

The sound of hammers and saws had ceased; the dust had finally settled. Other than a few minor details, the building at 31 New Plant Court had reached the completion stage - on schedule and within budget. The occasion called for celebration, so celebrate we did! On Friday afternoon, October 13th, Telesaver's employees gathered to raise a glass or two in honor of our beautiful new quarters.

President Dick Goldman expressed his admiration and appreciation for the extra effort put forth by each and every employee of the company during an especially trying time. Special recognition and praise was directed at Manufacturing Director Mike Senate for the extremely commendable job he did as general contractor for the building. Mike transformed 10,000 square feet of empty warehouse space into clean, bright, carpeted office space, a separate specially designed area to house the new DEC/VAX computer system, and a spacious, well-lit area for manufacturing.

The additional space at New Plant Court is a real plus for the company. It allows us to accelerate and expand the production of switches, which we will begin introducing on a worldwide scale. (See article introducing Joel Maloff.) It allows network operations to keep up with Telesaver's anticipated growth, with network traffic expected to double over the next six months. And it provides the research and development department an ideal environment for planning and designing enhancements and special services. With construction behind us, and the reshuffling of people and departments nearly completed, Telesaver can continue in its direction of being a significant force in the telecommunications and information industry.

## CONGRATULATIONS...

...to SHERRY BERMAN, SIBBY PETERSON, and CLYDE SENNETT on their recent promotions  
...to Carole and ALLAN ZENDLE on the birth of their son, Marc Edward...to GARY COLTON and Annette on the arrival of daughter Nicole.



Toasting the completion of Telesaver's new building are Lenny Moskowitz and Robert Chertkof. (See "A Cause for Celebration")

## THE EVOLUTION OF TELESAYER'S CORPORATE IMAGE

Telesaver in its infancy did not have the time, talent, or financial resources necessary for the design of promotional and customer literature. Brochures, instructions, and general correspondence were basic and utilitarian. Our customers, who for the most part were family, friends, or friends of friends, were accepting and understanding. We were young and inexperienced, and the bottom line, after all, was that we were saving customers lots of money on their long distance phone bills!

Those very early days are behind us now. We no longer xerox or mimeograph brochures and correspondence on brash-colored paper. As the company has grown and tried to reach a more widespread audience, it has recognized the need to express itself visually, and Telesaver's corporate image has matured to reflect the company's growth.

With the help of Dynamic Images, a graphic design and advertising agency, Telesaver has put together a "package" of sales literature and other printed materials that is bold and visually distinctive. The consistency in design and color makes us readily identifiable to the consumer.

We continually strive to enhance and improve Telesaver's communications with its publics, and to communicate visually our commitment to quality. The competitive environment in which we operate demands that we do so. Today we can be proud of the image Telesaver conveys.