

Thursday, October 23, 1980

David vs. Goliath

MCI offers reduced rates

By M.B. DILLON

businesses' costs will be slightly reduced. Profit-wise, Bell will note no change.)

Michigan Bell's news relations manager William Hensley agreed to talk about the competition.

But not right away.

"What are you going to give us — one or two paragraphs?" asked Hensley. "Let me call you back."

About 10 minutes later, he called to deliver a prepared statement.

"We recognize that competition in the telecommunications business is a way of life," read Hensley. "We stand fully ready to compete and we intend to continue to give good service to all our customers."

"BELL'S LONG-DISTANCE rates are based on the concept of universal service and price averaging," he continued.

"That means that unlike competitors, we cannot concentrate solely on the lucrative big city to big city long-distance routes."

"If people are looking at a competitive service, they should examine their past phone bills to see if they're taking advantage of discounts," added Hensley.

"The best advice is to dial direct. When an operator is involved, it costs more."

"Also, you may find that the long-distance numbers you dial are not served by the competitive service," he added.

"With Bell, you can call virtually anywhere in the world day or night."

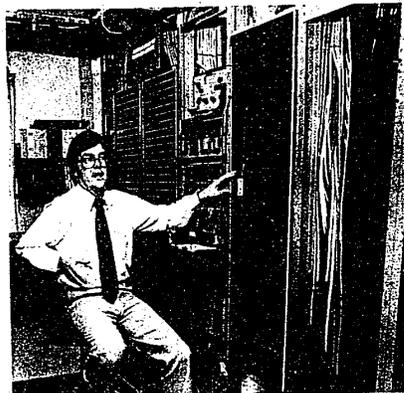
Said Dixon: "Bell has accused us of being a cream-skimmer. What we discovered is that Bell is the biggest cream-skimmer of all."

"There are many rural, low-population areas that they don't serve because they aren't profitable."

MCI ISN'T THE ONLY long-distance service reaching out for a piece of the pie.

Southern Pacific Communications, Litton Business Telephone Systems Inc. and International Telephone and Telegraph have entered the long-distance market as well.

IT&T has reached out the furthest — into the overseas market. Recently, it named Detroit a "gateway city," enabling business to telex directly overseas for the first time.



Russ Dixon of MCI works in the room housing customer test boards. (Staff photo by Mindy Saunders)

MCI claims its nighttime and weekend residential rate is 55 percent less than Bell's rate of 12 years ago when MCI was founded.

A 60-MINUTE CALL from Ann Arbor to New York City that would cost \$14.15 (Bell's evening rate) costs \$7.35 using MCI's evening/weekend rate.

Bell charges \$3.40 for a 15-minute call from Detroit to Chicago — MCI charges \$1.67.

During the business day, Bell's rate is \$2.17 for a 4½-minute call from Los Angeles to New York. MCI's rate is \$1.85.

How does it work? Relatively simply. There's no contract to sign, nothing to install and no deposit to make. You just punch a few extra numbers — your personal code — before dialing the area code and number.

YOU MUST HAVE a touchtone phone, or, if you've got a rotary-dial phone, you can install a \$25 device to transform dialed numbers into tones which MCI computers can pick up.

MCI encourages installation of a push-button phone available from Bell offices for a small monthly charge.

"Other than that, it's a totally transparent service," said Dixon.

The MCI system works by bypassing Bell's long-distance network. It uses microwave communications but depends on Bell companies to deliver the call through local offices.

"If you're consistently spending more than \$25 per month on long-distance calls and if you make most of your calls to areas we serve, you stand to save a substantial amount of money by using MCI," said Dixon.

Presently, more than 2,000 cities in nearly 100 major metropolitan areas are served by MCI.

"TO USE MCI AFTER 5 p.m. and on weekends, it costs \$5 per month plus usage (the cost of individual calls)," said Dixon.

"Our 24-hour, seven-day service costs \$10 per month plus usage."

"We bill just like Bell — based upon the destination, duration and date of the call. The only difference is that we bill by 30-second increments, not by the minute."

"That's another way users save," he added.

"Signing up is a simple process. All a person has to do is call us. We verify that they have a push-button phone by having them push a few buttons."

"Then we send the customer a personal identification code in the mail along with instructions," continued Dixon.

"That's all there is to it."

The service can be used away from home or office by using any touchtone pay-phone.

"People are going to be able to save cash where no one thought possible," said William Stern, MCI's public relations representative.

MCI has raised concern at AT&T, Bell's parent company. A federal court judge awarded a record \$1.8 billion in damages to MCI last June.

The jury found the communications giant had monopolized the country's long-distance telephone market by denying MCI the intricacy phone connections it needed to complete long-distance phone calls.

AT&T IS APPEALING the ruling. It seems MCI is reaching out, touching Ma Bell's profits and she doesn't like it.

"The verdict showed that the jury will not allow the biggest corporation in the world to use its power to try and stifle its competitors in this business," MCI Chairman William McGowan.

"The Bell monopoly has kept telephone rates artificially high."

"A fairly applied access charge will expose AT&T's concept . . . which commingles local with long-distance operations for the sham it is," said McGowan.

"It was like David and Goliath in court," recalled Dixon.

"AT&T was ordered to pay us \$1.8 billion. Do you know what its profits were last quarter? \$1.6 billion. Our profit was about one percent of that."

"But we don't want to fight. We want to provide service," Dixon said.

SO FAR, METROPOLITAN Detroit has proved to be a lucrative market for MCI. "All the automotive companies subscribe and so do many businesses," said Dixon.

"We save about \$80-90,000 per year since we began using MCI," said Michael Elbert, Volkswagen of America's manager of office services.

"We have a direct line to our plant in Pennsylvania and we also use MCI to call all over. We find the response time is quick and the quality is good."

"It's a viable alternative," added Elbert.

Betty Toulouse, secretary to E.F. Hutton and Co.'s vice president in Southfield said, "We've used MCI for four years and are very pleased."

"We save a considerable amount of money and maintenance problems are very minimal," she said.

WHAT DOES BELL have to say?

"They just won't talk," said Stern. "Bell has repeatedly refused to join us for radio talk shows to discuss competition."

"Sooner or later they'll have to rethink their billing system."

(Already, AT&T has filed with the Federal Communications Commission for a restructuring of

WAYS — Wide Area Telephone Service, a standard-rate, long-distance service for businesses. Larger users will pay substantially more while the small

INTEREST ON CHECKING?

NOT UNTIL JANUARY 1st.
BUT RIGHT NOW, YOU CAN GET
"INVESTMENT CHECKING"

FROM CNB: EVERY
CENT YOU DEPOSIT
AUTOMATICALLY

EARNS 5 1/2% INTEREST.

WHEN YOU WRITE CHECKS,
WE WITHDRAW JUST
ENOUGH TO
COVER THEM.

ASK ABOUT IT AT
ANY CNB OFFICE.

Starting January 1, 1981, checking accounts that pay interest can be legally offered here in Michigan. But you don't have to wait until then to have every cent you deposit in the bank earn interest if you have a CNB "Investment Checking" account. It means you write the checks you want, while all the money you don't need to cover them keeps on earning 5 1/2% — which we'll continuously compound to give you an effective annual yield of 5.467%. What's more, if you keep a minimum of \$1500 in your account, you won't have to pay the \$5 monthly service fee or any charges for checking or statements. It's as close right now as you can get to interest on checking . . . and it's as close as CNB!



The Talking Bank means business.

City National Bank

Also available at: First National Bank of Plymouth • National Bank of Rochester • First Citizens Bank in Troy

Members FDIC.