

Despite cuts, telecom technology boom expected to resume

By: Nathan Dayani, Sun Staff Writer

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Cost-cutting measures continue to grab headlines in the telecommunications industry. But on the growth side, officials at Sprint Corp. expect that 2004 will ring in an explosion of demand not witnessed by the industry in years.

On Wednesday, the corporation announced that it will outsource about 1,300 customer-service jobs, as part of a five-year agreement with IBM Business Consulting Services.

The shift includes about 170 Sprint employees in the metropolitan area, who will be transitioned to work for IBM, said Jennifer Bosshardt, public relations representative.

The initiative to join forces with IBM could save the corporation \$550 million in the next three years, the company announced.

Meanwhile, the telecommunications industry is poised for a significant resurgence, according to Bob Bennett, president of CommWorld of Kansas City, a Kansas City, Mo., firm that has been marketing business telephone systems and products since 1981.

He recently voiced confidence that "the dust has finally settled from the industry's shakeout over the last few years" and attributed telecom's bright future to the acceptance of advanced technology, a rebound in the economy and the ability of the industry to cost effectively produce new products.

"The popularity and penetration of advanced technology into the marketplace will take off in 2004," Bennett said, adding that significant numbers of business customers will begin to view technologies such as Voice Over Internet Protocol (VOIP), Web conferencing and automatic call distribution as essential.

Sprint is gearing up to introduce the next generation of cellular telephone, which will enable individual and business customers to send and receive video images.

This new generation of wireless phones could net significant revenues for the company, which is continuing to rebound from the post-Sept. 11 recession that forced the company to cut 6,000 jobs in the metropolitan area. The company now employs about 68,000 people worldwide, including 13,500 employees who work at Sprint's \$1 billion, 4-million-square-foot campus in Overland Park.

To help Sprint boost its annual revenues of nearly \$27 billion and maintain its status as a leading technological innovator, the company has been making important strides toward video phones, CEO Gary Forsee announced at a recent convention in Las Vegas.

"If people can send pictures, why not video clips?" asked Forsee. "As the moving picture was the natural extension of the still image, video mail is the natural extension of picture mail. Just like Sprint helped create the camera-phone market in the U.S., we are doing the same with video-mail phones with our partners Sanyo, Samsung and Toshiba."

Certainly, this development could be lucrative for Sprint, whose 26 million customers sent more than 66 million pictures in 2003 - the first full year following the fall 2002 rollout of that capability.

"Our ideas have created new markets," Forsee said. "The camera phone, for example, went from a new to a nearly mature market in a fraction of the time that most products follow the same evolution. Camera phones have set a new adoption-rate benchmark. Until now DVD players had been the fastest growing consumer tech device. Thirty million were sold in its first three years. In comparison, nearly 60 million camera phones were sold worldwide last year alone."

A recent development has furthered Forsee's optimism regarding the forthcoming video-phone technology, he said. About two months ago, he explained, Sprint enabled some of its customers to watch live television for the first time on their wireless phones.

"Clearly, these multimedia applications are one way that Sprint is differentiating itself in a competitive marketplace," he said.

Forsee also cited another development in wireless phones - Game Lobby, a system that allows patrons who play video games on their wireless phones to meet and compete with other video-game enthusiasts.

"We expect that the next generation of our customers will want something from us more than a phone - even if it has the most gee-whiz capabilities," he said.

Forsee, who replaced former longtime Sprint CEO Bill Esrey last March, said at the time that it would be a huge challenge to follow in the footsteps of the man who transformed Sprint from a rural, local telephone company to a leader in 21st century local, long-distance and wireless communications.

Another big change for Sprint and other telecoms last year was the Nov. 24 implementation of a new federal law allowing customers to retain their wireless and wireline phone numbers upon switching carriers.

Forsee said at the first-ever Johnson County Economic Summit in November that the so-called number-portability law would result in more customers "cutting the cord," or getting rid of their land-line phone service - a development that bodes well for wireless providers like Sprint.

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