Issue #25
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# The Telecomm Analyst
September 19, 2000

## 1. Strong Buys

## Two Sides of the DSL Coin

By Paul DeMartino

The Telecomm Analyst℠ *combed through research submitted to the Multex.com database this week, looking for Strong Buys. In order to be included in this column, a stock must receive a firm's highest rating, and the valuation methodology must be included in the report.*

**SPECTRASITE HOLDINGS (SITE):** On Sept. 11, Morgan Stanley Dean Witter reiterated its STRONG BUY on the shares of wireless-tower operator SPECTRASITE HOLDINGS. The report details a valuation model for SPECTRASITE and is largely a reaction to the Aug. 28 announcement of SPECTRASITE's deal with SBC COMMUNICATIONS (SBC). The same deal prompted CIBC World Markets to repeat its STRONG BUY on SPECTRASITE (Strong Buys, The Telecomm Analyst, Sept. 6, 2000). In a nutshell, SPECTRASITE will effectively acquire and manage SBC's 3,900 towers, and has the right of first refusal on any towers built by SBC in the next five years. Morgan Stanley values SPECTRASITE using a 5-year discounted cash-flow analysis. In the firm's view, the SPECTRASITE/SBC deal will add about $6 in discounted value to SPECTRASITE's shares over the next five years, but about $4 of that will be given back in "opportunity cost, leverage, and tax-indemnity risk." The tax-indemnity risk stems from a provision of the contract that holds SPECTRASITE responsible for all capital gains taxes should the IRS rule that the deal is a sale rather than an operating lease. Morgan Stanley raised its price target to $32 from $30 based on its analysis. The report does not include share earnings projections. SPECTRASITE closed at $21.13 on Sept. 13. Research on SPECTRASITE was accessed 469 times and 45 new reports were added to the Multex.com database from Aug. 28 to Sept. 3.

**AT HOME CORP. (ATHM):** Prudential Volpe Technology Group reiterated its STRONG BUY rating on AT HOME shares on Sept. 13. The premise behind the report is that the provider of cable modem services is in a good place to take advantage of consumer backlash against DSL. The report notes that VERIZON (VZ) customers were upset at DSL installation service and it believes that such bad publicity will result in people deciding against DSL in favor of cable modems. AT HOME would probably benefit from this shift. Prudential notes that the company is not only well regarded by its customers, they actually tend to associate the service with AT HOME rather than the supplying cable company. There may be some near-term weakness in AT HOME shares because of the softness in advertising revenues in the Internet space, but Prudential Volpe notes that this "short-term blip" should not affect its discounted-cash-flow-determined price target of $80. The firm projects a loss of $0.26 a share for this year.

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Next

Shares of AT HOME closed at $16.19 on Sept. 13. Research on AT HOME was accessed 1,271 times and 43 new reports were added to the Multex.com database from Aug. 28 to Sept. 3.

**COPPER MOUNTAIN NETWORKS (CMTN):** On Sept. 13, Dain Rauscher Wessels reiterated its STRONG BUY on COPPER MOUNTAIN, whose principal product is a digital subscriber line access multiplexor (DSLAM), which allows multiple users to dial into an ISP and access the Internet using a DSL connection. COPPER MOUNTAIN attended Dain Rauscher's technology conference, and based on what its analysts heard, the firm feels the company is currently on track to meet estimates. The company has strongly established itself among CLECs, and as more of these independent service providers are acquired by or enter into agreements with Baby Bells, it should mean more access to new business for COPPER MOUNTAIN, according to Dain Rauscher. One negative, a bottleneck in consumer provisioning, is being addressed through better ordering procedures. The firm projects earnings of $0.97 a share in 2000 and $1.36 a share in 2001. Its $150 a share target price is based on a price-to-sales relative valuation. COPPER MOUNTAIN closed at $43.94 on Sept. 13. Research on COPPER MOUNTAIN was accessed 388 times and 11 new reports were added to the Multex.com database from Aug. 28 to Sept. 3.

## 2. The Sell Report

*Research In Motion*

### The Widget Conundrum

By Aram Fuchs

RESEARCH IN MOTION (RIMM) makes a nifty device that allows you to receive and return e-mail via a wireless device it calls "BlackBerry." Industry magazines have all given the device rave reviews. Everyone who has seen it, including me, is amazed by its functionality. If we follow Peter Lynch's popular "buy what you know" strategy, you would think I would recommend buying RIMM, right?

The answer, of course, is "No." In the last several years, technology investors have made money by detecting nascent demand for a new widget, without ever figuring out all of the other elements necessary for a successful investment. Too many times I've seen the stock of consumer technology companies become expensive because everyone follows the same strategy of buying companies based on a good product. Traders bid up the stock without looking at the economics of the industry, the financials of the company or the competitive landscape. Inevitably, these companies are priced for near-perfect execution.

Investors still don't believe that a company with a good product can be an awful investment. Besides execution risk, there are basic concerns of fundamental financial analysis that have to be addressed. We can use RIMM as an example of what needs to happen for a popular product to become a great investment.

- How much money does RESEARCH IN MOTION make from each BlackBerry subscriber? At the $40 a month it charges subscribers, the company is barely breaking even. While it's clear that the number of subscribers is growing, how many does the company need to justify its $6 billion market capitalization? For instance, CHARTER COMMUNICATIONS (CHTR) serves 6.2 million cable subscribers with similar revenue per customer, yet its market capitalization is only $3.2 billion. Therefore, to justify RIMM's current market capitalization, investors have to believe that the company will eventually have many more subscribers (or revenue per subscriber) than CHARTER. The only way that can happen is if the BlackBerry becomes a mass-market product.

- How big is BlackBerry's market? These numbers are notoriously difficult to find, but they are crucial in determining the company's investment merits. There are countless firms that will produce forecasts and estimates that are, essentially, little more than educated guesses. If you don't trust the numbers – and if they come from investment banks or industry trade associations, I don't blame you – try to estimate them for yourself. Is BlackBerry going to be a mass-market item?

I think the obvious answer is "No." BlackBerry is only for road warriors – people who really need instantaneous "send" and "return" features on their wireless e-mail. Many cell phones allow users to get an e-mail address and receive e-mail, which seems suitable for most consumers. Yet, the company is selling at 60-times latest 12-month revenue. The shares closed at $81.75 on Sept. 14.

In the end, I think the BlackBerry device is a much better investment for daytrading road warriors than RESEARCH IN MOTION.

## 3. Insider Trading Alert

*InterVoice-Brite*

# Executives Are Phoning In Some Purchases

By Kevin Schwenger

**Weekly Insider Activity Totals in the Telecom Industry**

Total dollar value of all insider purchases and sales provide an aggregated measure of how telecom insiders feel about the market.

| WEEK ENDING | $ VALUE SELLS | $ VALUE BUYS | $ VALUE SELLS / $ VALUE BUYS |
|---|---|---|---|
| Sept. 8, 2000 | $33,303,037 | $4,640,800 | 7.18 |
| Sept. 1, 2000 | $269,602 | $5,354,565 | 0.05 |
| Aug. 25, 2000 | $4,791,535 | $1,834,979 | 2.61 |
| Aug. 18, 2000 | $295,867,820 | $34,080,893 | 8.68 |
| Aug. 11, 2000 | $32,427,736 | $9,067,598 | 3.57 |
| Aug. 4, 2000 | $1,973,086 | $0 | – |

INTERVOICE-BRITE (INTV) is a technological leader in call automation solutions and enhanced network services. Financial institutions, corporations and network service providers in more than 70 countries use INTERVOICE's systems and software for call center management, advanced messaging, bill collection and other network solutions. QWEST COMMUNICATIONS (Q), MICROSOFT (MSFT) and AMERITRADE HOLDING (AMTD) are among the company's most high-profile customers. The company's OneVoice product, which lets users access computer databases by phones, computers or credit-card kiosks, accounts for 65% of annual sales.

Dallas-based INTERVOICE-BRITE was co-founded by Daniel D. Hammond, an engineer and Michael Tessarowicz, a mathematician. Their company, InterVoice, went public in 1985. In 1999, InterVoice acquired Brite Voice Systems, a rival in the field of network-based voice recognition and messaging products, and changed its name to INTERVOICE-BRITE. The company has operations in the United States, the United Kingdom, Singapore and Brazil, and is currently focusing much of its expansion efforts on emerging Latin American markets. INTERVOICE competes with such giants as LUCENT TECHNOLOGIES (LU) and NORTEL NETWORKS (NT).

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The company reported revenue of $286.2 million in fiscal 1999, which ended in February 2000, up 109% from fiscal 1998. The company lost $14.8 million, or $0.49 a share in fiscal 1999 compared to net income of $20.2 million or $0.68 a share the previous year. In its fiscal first quarter, which ended May 31, 2000, revenue was $71.5 million, down 15% from the fourth quarter. That was slightly better than the $67 million to $68 million that the company had predicted in early June when it warned Wall Street that it would not meet expectations. Earnings were $0.01 a share before taking into account a charge related to an accounting change. The consensus Wall Street rating on the stock is HOLD, based on five published opinions. Analysts expect INTERVOICE to earn $0.15 a share before extraordinary charges in fiscal 2000.

INTERVOICE shares, which closed on Sept. 13 at $12.50, are down 46% in the year to date. By comparison, COMVERSE TECHNOLOGY (CMVT) has risen 24% while NORTEL NETWORKS (NT) is up 33% over the same period, and the Nasdaq composite index has shed 4%. INTERVOICE shares plunged 60% to $6.13 in June after the company's earnings warning, but since then the shares have rebounded, making INTERVOICE one of the best performing stocks in the communications-technology industry over the past three months.

INTERVOICE executives have not sold any shares since February of this year, when the stock was headed toward its record high of $38.75 reached on March 9. However, INTERVOICE insiders did increase their holdings in numbers during July and August, once the stock began to rebound from its mid-year downturn. The buying represents the executive purchases at INTERVOICE so far this year.

From Aug. 1 to 17, four INTERVOICE insiders bought a total of 537,000 shares at $6.79 to $10.60 a share. David W. Brandenburg, who replaced Mr. Hammond, the co-founder, as chief executive officer on June 26, bought 416,000 shares, the largest insider purchase on record at the company. Mr. Hammond, who remains chairman of the board, bought 75,000 shares. His brother, Dwain H. Hammond, who is senior vice president, engineering, purchased 30,000 shares. Rob-Roy J. Graham, chief financial officer, bought 16,000 shares. On July 24, George C. Platt, a director, bought 1,000 shares. His purchase marked the first insider buying at INTERVOICE since October 1999.

Several of these insiders have enjoyed good timing with their previous purchases. In the six months following Mr. Brandenburg's six previous purchases, INTERVOICE-BRITE shares have risen an average of approximately 40%. Daniel Hammond's six previous purchases have been followed by an average six-month return of 83%. Mr. Graham has made five previous purchases and INTERVOICE shares rose an average of 37% in the six months following those purchases.

**Telecom Companies with the Most Buying Activity**

Companies that are showing the highest levels of consensus insider buying over the past week based on the total dollar value of the transactions.

**Activity for Week Ending Sept. 8, 2000**

| TICKER | COMPANY | NUMBER OF INSIDERS | SHARES | MKTVAL($) |
|---|---|---|---|---|
| CITC | CITADEL COMMUNICATIONS | 4 | 90,000 | $2,524,194 |
| PSIX | PSINET | 2 | 55,000 | $922,015 |
| HSP | HISPANIC BROADCASTING | 1 | 10,000 | $260,775 |
| TSCP | TELSCAPE INTERNATIONAL | 1 | 65,000 | $231,563 |
| HLIT | HARMONIC INC | 2 | 8,200 | $216,019 |

**Telecom Companies with the Most Selling Activity**

Companies that are showing the highest levels of consensus insider selling over the past week based on the total dollar value of the transactions.

**Activity for Week Ending Sept. 8, 2000**

| TICKER | COMPANY | NUMBER OF INSIDERS | SHARES | MKT VAL($) |
|---|---|---|---|---|
| WCOM | WORLDCOM | 1 | 475,000 | $18,145,333 |
| FCOM | FOCAL COMMUNICATIONS | 5 | 278,687 | $9,134,342 |
| VTSS | VITESSE SEMICONDUCTOR | 1 | 25,000 | $2,070,313 |
| NPNT | NORTHPOINT COMMUNICATIONS | 2 | 130,000 | $1,499,156 |
| DISH | ECHOSTAR COMMUNICATIONS | 1 | 21,300 | $962,638 |

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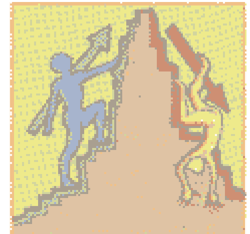
## 4. Upgrades & Downgrades

# Capacity to Spare Spurs Upgrade for Sprint PCS

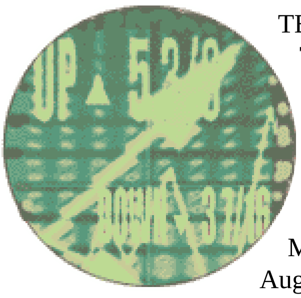


By Emily Burg

**SPRINT PCS (PCS):** On Sept. 8, William Blair & Co. analyst William Benton upgraded SPRINT PCS to STRONG BUY from BUY, saying that the company is the best-positioned wireless operator to benefit from anticipated growth in the U.S. wireless market. Behind the upgrade is the analyst's contention that SPRINT PCS enjoys "unmatched pricing flexibility," thanks to its copious supply of spectrum and its use of high-capacity CDMA technology. "Even with 7.5 million customers averaging more than 400 minutes a month," said the analyst, "we believe the company is using less than 20% of its network capacity, on average." And, the firm expects SPRINT PCS to add to its advantage in the future by introducing efficient voice sampling technology.

SPRINT PCS shares, which closed at $46.25 on Sept. 14, are down 28% over the past two months, but Mr. Benton argues that the decline can't be attributed to problems with the company's performance. He blames a perceived oversupply of wireless issues, citing expected IPOs from VERIZON COMMUNICATION's (VZ) wireless unit and from the wireless joint venture of SBC COMMUNICATIONS (SBC) and BELLSOUTH (BLS). In addition, AT&T (T) is set to distribute its remaining 80% holding in AT&T WIRELESS (AWE) to shareholders. FRANCE TELECOM (FTE) and DEUTSCHE TELEKOM (DT) are also said to be planning IPOs for their wireless subsidiaries. Mr. Benton also says that valuation favors SPRINT PCS. He estimates that SPRINT PCS trades at $8,000 per subscriber while DEUTSCHE TELEKOM's offer for VOICESTREAM WIRELESS implies a value of $20,000 per subscriber for that smaller operator (2.5 million subscribers) that uses the GSM standard. Research on SPRINT PCS was accessed 965 times and 39 new research reports were added to the Multex.com database in the week of Aug. 28 to Sept. 3.

**DIGITAL LIGHTWAVE, INC. (DIGL):** Robinson-Humphrey analyst Greg Mesniaeff upgraded this supplier of testing and measurement gear to telecommunications companies to BUY from OUTPERFORM on Sept. 11. The analyst says that demand for the company's products remains strong, especially its network information computer. The company has responded to concerns about a shortage of components in the fiber optics industry by retaining additional suppliers to insure consistent supply. The analyst is confident that the company is on track to meet third-quarter forecasts that call for 72% year-to-year growth in revenue and 156% year-to-year growth in earnings. The analyst also says the company is likely to sign some original-equipment manufacturer agreements in the coming quarters and cites NOR-



TEL NETWORKS (NT), CISCO SYSTEMS (CSCO) and CIENA (CIEN) as possible partners. DIGITAL LIGHTWAVE closed at $76.06 on Sept. 14. Research on the company was accessed 114 times and 15 reports were added to the Multex.com database in the week of Aug. 28 to Sept. 3.

*For more on DIGITAL LIGHTWAVE's business, please see Top Company Picks, The Telecomm Analyst, Sept. 12, 2000.*

**ALLEGIANCE TELECOM (ALGX):** Vik Grover, an analyst at Kaufman Bros., upgraded shares of ALLEGIANCE to STRONG BUY from BUY on Sept. 11, but cut his target price on the shares to $100 from $127, to reflect the fact that investors have become increasingly risk averse. The report argues that recent weakness in the shares of this competitive local-exchange carrier targeting small- and medium-sized businesses is unwarranted and the result of a perceived surplus capacity in the telecommunications market, which has led to an overcapitalization in the stock market. "We believe these concerns have exacerbated a sell-off due to investor perceptions that certain mature businesses, such as long-distance and Internet access, will become increasingly suspect as those products become further commoditized," the firm writes. But the analysts don't think that this will have an impact on ALLEGIANCE, since the company only derives 5% of revenues from long distance. The firm also likes ALLEGIANCE's superior management, its 1,100 sales professionals and its conservative accounting. Kaufman Brothers expects a banner third quarter from the company. ALLEGIANCE closed at $40.69 on Sept. 14. Research on the company was accessed 480 times and 16 new research reports were added to the Multex.com database in the week of Aug. 28 to Sept. 3.

*For more on ALLEGIANCE TELECOMMUNICATIONS, please see The Local Loop, The Telecomm Analyst, Aug. 8, 2000. Thomas Lord, the chief financial officer of ALLEGIANCE, was interviewed in Executives Zero In, The Telecomm Analyst, Aug. 15, 2000.*

## 5. Keyson's Hot Lunch

### *Part II: IP Convergence*

### Olov Schagerlund, President, CEO and Co-Founder, Dynarc

By Lauren Keyson

My conversation with Olov Schagerlund, president, CEO and co-founder of privately held Dynarc continued. Dynarc builds network infrastructure for a host of different applications.


[LAUREN KEYSON] How do your network solutions simplify IP infrastructure and reduce the time to provision new services?

[OLAV SCHAGERLUND] We have a technology called Channelized Reserved Services that enables the carriers and service providers to design the network with less fiber and equipment. That's how we simplify. It allows them to invest less in equipment costs, and it's more cost effective to run the network.

We also have a mechanism that makes it easy for carriers to provide new services. We call it auto-provisioning. It's not very complicated. Today, if you ask your service provider for a videoconference, it could take weeks to arrange that – to provide the extra bandwidth, for instance. In our system, the customer can do it themselves, in seconds.

[LK] Let's talk more about some of the things that are going on out there in general in IP. We've heard about bandwidth bottleneck. Is it happening out there?

[OS] Currently, we see that the national backbone is OK. We can cope with the amount of traffic that we have. The challenge now is the so-called Last Mile. That's where we see the deployment of cable modems and xDSL technology [where the "x" represents one of various flavors of digital subscriber line technology].

[LK] So there is a bottleneck?

[OS] Yes, definitely.

[LK] What do you see occurring with bandwidth in the future? You had mentioned bandwidth on demand in one of your press releases. Is that happening right now or somewhere down the line?

[OS] We can provide that service today. If you look at what's out there today, it's a technology called SONET [for synchronous optical network, an international standard that allows for transmissions of up to multigigabit speeds]. It's a perfect technology if you want to carry voice traffic. But it's very hard to rearrange bandwidth – it's not very flexible. If you look at a network providing data and voice services, you need the mechanism to rearrange bandwidth. We can give that support today.

[LK] So what kind of things will be happening in the future of optical access architecture?

[OS] As an end user, you'll see offerings from the service providers with more bits per second throughput than you could have dreamed of three years ago. There are also smarter building mechanisms, so you're actually paying for what you get. You're no longer paying for a large pipe without the ability to use it 24 hours a day. You'll actually pay for the type of service you get from the network. From our perspective, we see competition in this field and in a couple of years, I think we will see an emerging standard of how the networks are designed.

And we're pretty strong. We have proved that our technology works. We have an installed base in Europe. So I think we're in a good position to take the lead here, compared to some of the other start-ups that are coming out now.

[LK] Do you have any facts or information on how widespread fiber optics are today, as opposed to in past years?

[OS] I can give you one figure from a research institute called RHK. They looked at this new, emerging market opportunity and, according to them, optical metro access will grow from basically $0 today to $25 billion in 2003.

[LK] Can you talk about the current bandwidth trends?

[OS] I think we're going to see companies squeezing out as much bandwidth as possible from the copper infrastructure. That's good in many situations. That's where xDSL and also cable modems fit in. But you always have to consider that if you invest $1 in such a solution, how much revenue can a service provider get from that? How many new services can you actually introduce? Unfortunately, I don't think you will open up a wide enough service window using those technologies. If you take an investment of $3 and deploy fiber instead, you will probably be able to offer services that generate more revenue and much higher margins to your customers. We can't just look at the investments; we also have to look at what opportunities the different technologies will give us.

[LK] Do you see telecom and Internet merging into one?

[OS] No.

[LK] Why do you say that?

[OS] We have to look at this from different perspectives. What I see now, when I talk to customers, is that when you deploy DWDM [dense wavelength division multiplexing, which allows multiple messages to be sent down the same strand of fiber-optic cable] you actually create multiple physical infrastructures. This will allow the service provider to actually keep an existing phone network. They can keep the legacy network as it is and start deploying a next-generation, IP-based solution on the rest of the wavelength. Gradually, they're going to move their phone customers to this next-generation IP platform. Five years ago everybody thought we needed one new single platform to provide voice services and new IP services. I believe that we're going to build separate networks but gradually everything will move to IP. That's another type of convergence.

[LK] How easy is it to have headquarters in both Sweden and the United States?

[OS] It's great. What's great is that we can leverage the fact that we're in Europe and the United States. If you look at the different functions in the company, it's very natural to have the marketing in the U.S. because the market is very U.S.-centric. The competition is in the U.S. and the trade shows and magazines are in the U.S. When it comes to sales, we have a great opportunity to take on the European market before the U.S. startups do.

**Recent Hot Lunches:**

| | |
|---|---|
| September 12 | Paving the Way for Next-Generation Networks-Olov Schagerlund, President, CEO and Co-Founder, Dynarc |
| September 6 | Charles Payne, Founder, CEO and Chief Analyst, Wall Street Strategies. |
| August 29 | Cary Joshi, President and CEO, Clarity Integrated, All Together Now |
| August 22 | Robert Wingrove, Application Expense Accountant, Adobe |

## 6. Executives Zero In

*Evoke Communications*

**Paul A. Berberian, Chairman, Chief Executive Officer and President**

Interviewed by George S. Mack

Paul A. Berberian
Evoke Communications

When business people in different cities want to conference, they have traditionally used the telephone. But today one company is helping its customers powwow on a whole new level of sophistication. With its clever integration of traditional telephone service with video- and audio-over-Internet, EVOKE COMMUNICATIONS (EVOK) is taking the business meeting and seminar to a totally new plane of intensity and functionality. The Louisville, Colorado-based company is leveraging the latest technologies so that people many miles apart can do things like share slide presentations and access live or on-demand content (including voice and video). Customers can even chat, collaborate on an interactive whiteboard, or take a poll of participants. Second quarter revenue came in at $3.1 million, up 646% from the year-earlier quarter. EVOKE went public on July 25, 2000, and has seen its shares trade as high as $12.75 and fall as low as $4.81. EVOKE closed at $8 on Sept. 13, unchanged from its initial offering price.

[THE TELECOMM ANALYST – GEORGE S. MACK] What are you doing for your customers that they may not be able to do on their own?

[PAUL A. BERBERIAN] If you're familiar with conferencing, you know its limitations. If you're familiar with the Internet, you know its limitations. The two most powerful communications tools invented by man are the telephone and the Internet, but they are still not talking to each other in an elegant fashion. EVOKE makes things like that happen gracefully.

[GSM] As yet, you can't do a video-over-IP [Internet Protocol] conversation like we are having on the phone. Is that right?

[PAB] Not yet, but I assure you that EVOKE COMMUNICATIONS is certainly looking at creating technology or working with companies that have created technology that will enable true video collaboration in the near future. It's definitely where we want to go, but we want to do it in a fashion that works with the tools we already have. For example, I'm on a cell phone now. Why should I be excluded from a video collaboration if I want to be part of that meeting? The idea in the future – for all of these devices, no matter where you are, no matter what device you're on, no matter what network you're using – is that we want to facilitate collaborative communications over those networks and devices. That's the vision of our company.

[GSM] Your flagship product is Web conferencing, I understand.

[PAB] That's correct. We are the first, and I believe the only, company that has completely integrated telephone-based conferencing with visual sharing on the Web and instantaneous Webcasting for both live and on-demand functionality. That's our flagship service, but there are other services that are growing at a rapid rate that show enhanced functionality, such as our Web Collaboration, which I consider to be the best of breed in the industry.

[GSM] You got Web Collaboration with your acquisition of Contigo Software.

[PAB] Yes, but we've added some recent enhancements to the platform that I think are tremendous compared to other solutions that are out there.

[GSM] Who are your customers?

[PAB] Some of our customers are large corporations that want a better communication experience, whether it's CISCO SYSTEMS (CSCO) for video on-demand, or ORACLE (ORCL) for online collaboration and seminars or WELLS FARGO (WFC) for our Web conferencing platform. These are some of our large customers. We currently have approximately 1,000 customers using our service on a regular basis – and that's across all service platforms. We also have customers that we consider partners that are using our convergent platform to create new ways of communicating with their users.

[GSM] Give me an example.

[PAB] One is Blue Mountain Arts, which uses our platform to add voice to their electronic greeting cards. That's a functionality they never had. They came to us, and we enabled them to do it in scale. When you look at other solutions out there, no one can handle the volume that EVOKE can. We've invested $35 million in our platform to truly enable broad scale convergent communications. This is not a trivial feat.

[GSM] One analyst forecasts that you'll do $50.5 million in revenue next year. Could one of your big customers spend $100,000 a year with you?

[PAB] Absolutely, they could spend in excess of that. The typical large customer will spend somewhere between $400,000 to $500,000 at the high end and $100,000 at the low end.

[GSM] How big is the market?

[PAB] I think the market is tremendous. If you try to triangulate on this notion of convergent communications from the collaboration, streaming and conferencing sector, then you could easily project that it's $40 billion plus. It seems like the industry is exploding under our feet, and that points to tremendous opportunity.

[GSM] How big can you get?

[PAB] I think we can be huge. Is it conceivable that in five years a business such as EVOKE can be doing a half-billion dollars to a billion dollars in revenue? Absolutely it's conceivable that can happen. To me it's a no-brainer that EVOKE can achieve that kind of mass and scale.

**Vital Statistics**
**Evoke Communications (EVOK)**

| | |
|---|---|
| **Market Cap** | $374.3 million |
| **Shares Outstanding** | 46.8 million |
| **Recent Stock Price** | $8 (9/13/00) |
| **52-Week Range** | $12.75 – $4.81 |
| **Price to Est. 2000 Revenue** | 21-times |
| **Price to Est. 2001 Revenue** | 7-times |

| Years end December | EPS | Revenue (millions) |
|---|---|---|
| 1999A | ($14.06) | $2.43 |
| 2000A | ($3.16) | $17.5 |
| 2001E | ($1.25) | $50.6 |

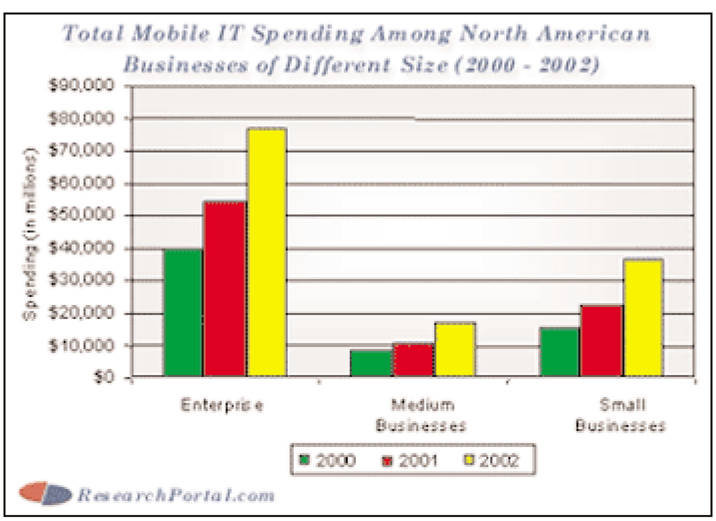
*Source: Robertson Stephens*

## Recent Executive Zero In's:

| | |
|---|---|
| September 12 | Symmetricom-Thomas W. Steipp, President and CEO |
| September 6 | ALLTELL-Scott T. Ford, CEO |
| August 29 | inSilicon - Wayne C. Cantwell, President and Chief Executive Officer |
| August 22 | Allen Telecom - Robert G. Paul, President and Chief Executive Officer |

## 7. Telecom Insight

# Spending on Mobile IT by Business Size




The surge in mobile IT spending among North American businesses of all sizes is due in large part to the increased emphasis businesses are putting on the development of mobile applications, service and support. Businesses of all shapes and sizes are getting in on the act, but the bottom line is that enterprise businesses – companies that employ more than 500 people – account for the majority of mobile IT spending in North America, so much of the focus is on this group.

Still, billions of dollars will be spent by medium-sized (100 to 500 employees) and small businesses (fewer than 100 employees), so it's shortsighted to exclude these companies from the discussion. We thought it would be helpful to add some perspective by breaking down spending on mobile IT for the years 2000 to 2002 by company size.

Total North American mobile IT spending will more than double in the next two years to $131.25 billion in 2002 from its current annual rate of $64.5 billion. Enterprise businesses currently account for about $40.25 billion in spending, or 62% of the total. We expect their share to drop slightly to 58.5% in 2002, although spending by these large companies will still rise to $76.75 billion in the next two years. Meanwhile, spending by medium-sized business will grow to $17.5 billion in 2002 from $8.5 billion today. Small businesses will show the largest percentage increase as their mobile IT outlays rise 135% to $37 billion in 2002 from $15.75 billion in 2000.

For additional information please click here to visit ResearchPortal.com

***The Research Portal is a sponsor of Telecom Insight.***

## 8. The Local Loop

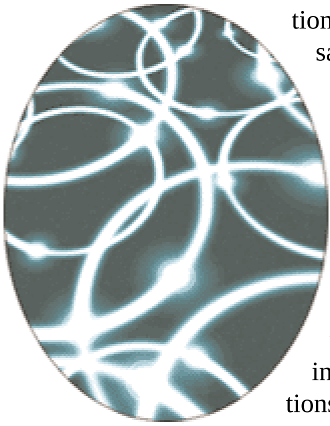
*Covad Communications*

# New Guidance From a Leader in DSL

By Ben Mattlin

On Monday, Sept. 11, the management of COVAD COMMUNICATIONS (COVD), one of the largest providers of high-speed digital subscriber line (DSL) Internet access, hosted a special meeting with analysts. On the Friday before the meeting, several major Wall Street firms were hastily composing terse research summaries and reiterating ratings.

Why? When a prominent competitive local-exchange carrier like COVAD speaks, industry watchers not only listen, but try hard to predict the message – and its impact – before it's delivered. Nearly three months earlier, on June 16, the Santa Clara, Calif.-based company had surprised analysts by unveiling an acquisi-



tion and a new strategy and, at the same time, lowering its forecast of access-line installations for the third quarter and for the year 2000 as a whole.

In his Sept. 8 report, Ken Hoexter, Merrill Lynch's broadband analyst, said that he expected COVAD "to make several upbeat announcements, including increased net access-line expectations (even in light of the impact of the VERIZON (VZ) strike) and better than expected EBITDA [earnings before interest, taxes, depreciation and amortization] loss forecasts." Mr. Hoexter, who rates the stock ACCUMULATE, said the company should be able to beat his "conservative" estimate of 47,000 net access line additions in the third quarter.

The meeting lived up to expectations, with COVAD making several positive announcements. Its forecast for total third-quarter line additions was raised to 62,000. It said it would break even on an EBITDA basis in 2003, a year earlier than its previous prediction. The company also announced a deal with SBC COMMUNICATIONS (SBC), under which SBC will purchase services valued at $600 million over the next six years. In addition SBC will invest $150 million in COVAD for a 6% stake. COVAD also filed for a $500 million private-placement convertible note. The SBC investment and the private placement should fund the company until 2002, according to Mr. Hoexter.

The stock got a lift from the meeting, rising as high as $20.94 on Sept. 11 as the news from the meeting filtered out. The shares have since settled back a bit and closed at $18.31 on Sept. 14. COVAD shares have been volatile, to say the least. The stock hit a new 52-week low of $13.31 on Aug. 17, only to rebound by 15% the next day on renewed confidence that third-quarter earnings would not be substantially hurt by the lengthy labor strike at VERIZON. The stock is down 51% in the year to date. By comparison, competitor NORTHPOINT COMMUNICATIONS (NPNT) is down 62% in 2000, while RHYTHMS NETCONNECTIONS (RTHM) has fallen 68%.

The company has three broad categories of customers. Its largest category of customers are ISPs like UUNet, PRODIGY (PRGY) and EARTHLINK (ELNK), which buy COVAD's DSL technology to offer broadband access to their business and consumer end-users. It is also making an effort to sell to affinity groups like GATEWAY (GTW), which is selling DSL connectivity to buyers of its PCs. A second class of customers is telecommunications carriers, which re-sell COVAD services to their ISP affiliates, Internet users and enterprise customers. Finally, COVAD sells to corporations, which use COVAD as a cost-effective way to give their employees high-speed remote access to the enterprise's local area network. These business customers are highly sought after because they produce the most revenue on average.

Of course, an investment in COVAD is not without risks. Jeffrey Camp, an analyst at Morgan Stanley Dean Witter, recently reiterated his OUTPERFORM rating on the stock and a 12-month price target of $45, based on upbeat expectations for the third quarter. But Mr. Camp did say that the company was warning analysts that some of its ISP customers were having trouble paying their bills. According to management, the problem is confined to six ISPs representing $8 million to $10 million, some of which may be not be collected.

After the meeting with analysts, Matthew J. Janiga of Goldman Sachs reiterated his MARKET OUTPERFORM rating. Mr. Janiga noted that a big part of COVAD's strategy is to leverage its scale by offering customers more value-added services that include Internet access, e-mail, virtual private networks and customer care and billing. Another positive move, according to the analyst, is COVAD's increased focus on selling DSL services directly to businesses in smaller cities through its recently acquired BlueStar subsidiary. Mr. Janiga, whose firm was a co-manager of COVAD's January 1999 IPO, expects to raise his current $24 year-end target price for the shares after further talks with COVAD management.

COVAD had revenue of $66.5 million in 1999 and published estimates see that rising to at least $265 million this year. The consensus Wall Street estimate is for a loss of $4.03 a share in 2000 and a loss of $5.20 a share in 2001, according to the Multex.com database. The company's principal competitors include NORTHPOINT COMMUNICATIONS (NPNT), RHYTHMS NETCONNECTIONS (RTHM), DIGEX (DIGX), EXODUS COMMUNICATIONS (EXDS), FIRSTWORLD COMMUNICATIONS (FWIS), and GENUITY (GENU).

*For a different take on COVAD, please see The Sell Report, The Telecomm Analyst, Aug. 15 and June 27, 2000.*

## 9. Wireless Dispatch

*Silicon Storage Technologies*

### Finding Profits in Flash Memory

By Randy Myers

Investors are in a dither over the outlook for the cellular phone components market. Some recent developments – like reduced profit forecasts from manufacturers NOKIA (NOK) and ERICSSON (ERICY) – suggest that demand for wireless handsets is set to slacken. Yet many experts argue that the handset market still has plenty of solid growth ahead of it. Stocks of component makers have been


zigzagging all summer.

Confused? SILICON STORAGE TECHNOLOGY ([SSTI]) offers a way to retain some exposure to the component market without risking a blowout if the bearish view prevails.

SILICON STORAGE makes flash memory chips used in wireless handsets and other electronic products, from PCs to digital cameras to MP3 players. These chips retain information stored on them even when they aren't supplied with electrical power. Demand for these chips has been strong over the past year, and SILICON STORAGE has benefited, both on its income statement and in the stock market.

When Salomon Smith Barney downgraded semiconductor stocks in July – in part because of concerns about the cellular components market – SILICON STORAGE's stock tumbled along with shares of other chipmakers. But since then, the company's president and chief executive, Bing Yeh, has gone so far as to issue a press release reminding investors that products sold into the cellular handset industry accounted for less than 2% of SILICON STORAGE's second-quarter revenue. In the second quarter, the company's net income hit a record $0.71 a share, far exceeding analysts' forecasts and reversing a loss of $0.15 a share in the year-earlier period.

To be sure, the cellular handset industry isn't the only consumer of flash memory, and the market for flash memory has in the past been as cyclical as that for any other type of semiconductors. Still, Mr. Yeh's observation suggests that if the handset market does tank, SILICON STORAGE won't necessarily tank with it. Meanwhile, if the market continues to grow, SILICON STORAGE should benefit.

Alvin Kressler, semiconductor analyst for Kaufman Brothers, a small New York investment bank specializing in the communications industry, rates SILICON STORAGE a STRONG BUY with a 12-month price target of $60 for the shares, a little more than double their Sept. 13 close of $29.69. (Kaufman Brothers has done underwriting work for SILICON STORAGE.)

Mr. Kressler credits the company with some competitive advantages in the low-density – 16 MB and less – segment of the flash memory market. It's where the company has focused most of its attention, and its proprietary "SuperFlash" technology, he says, not only gives it a low-cost production edge but also should allow it to shrink the size of its memory chips more easily than other manufacturers without losing storage capacity.

Recently, Mr. Kressler notes, INTEL ([INTC]), the world's largest maker of flash memory, licensed SILICON STORAGE to make flash memory destined for use in basic input-output systems for PCs. The agreement not only suggests that INTEL's current capacity in this area is constrained, but also that its added capacity is targeting a different niche of the flash memory market – the high-density, 32 MB and above – segment.

If Mr. Kressler is right, it means that SILICON STORAGE may not get crushed by INTEL, but rather co-exist peacefully with it. But that's no sure thing.

"The biggest risk this company faces is that there are a number of large flash producers," the analyst explains. "A lot of [new] capacity has been announced, and much of it is targeted at the high-density end of the market. But if the pricing environment gets to the point where it makes sense for someone optimized for high density to shift to low density, pricing would become a problem."

Even if SILICON STORAGE could ride out a market downturn, Mr. Kressler adds, the company's stock could be hurt if the market simply viewed the firm as a semiconductor company going through a weak semiconductor cycle.

For now, though, Mr. Kressler says SILICON STORAGE's future looks bright. He projects that the company will earn $1.03 a share this year and $2.19 a share in 2001, up from a loss of $0.05 a share in 1999. He's looking for revenue to jump to $498.5 million this year and $1.09 billion in 2001, up from $124.8 million in 1999.

Part of the reason for the company's steep ramp-up in revenue, according to Mr. Kressler, is its recent success in introducing new products. In 1998, he notes, the company had four products. By the end of last year, it had more than 40.

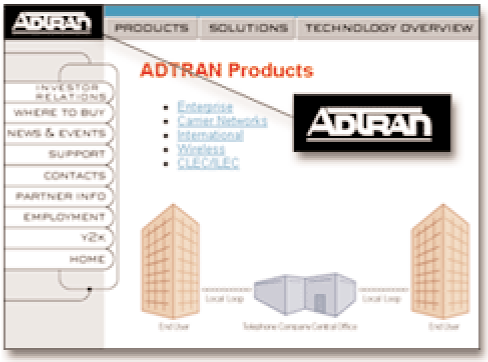
*Eli Harari, president and chief executive officer of SANDISK, another flash-memory powerhouse, was interviewed in* *Executives Zero In, The Telecomm Analyst, June 13, 2000.*

## 10. Analyst Spotlight

### *ADTRAN*
### George Hunt, Wachovia Securities

Interviewed by Taylor Smith

The Telecomm Analyst℠ *recently spoke with George Hunt, senior vice-president and analyst for Wachovia Securities, about ADTRAN (*ADTN*). The company's stock has suffered due to the absence of Mark Smith, its CEO,*




*who took a four-month leave of absence beginning June of this year. (Mr. Hunt is an ADTRAN shareholder. Wachovia has not been an underwriter of a public equity issue for ADTRAN in the last three years.)*

[THE TELECOMM ANALYST – TAYLOR SMITH] What does ADTRAN do?

[GEORGE HUNT] ADTRAN makes equipment that telecommunication service providers install in the local loop, which is the area from the subscriber's home to the service provider's central office. This equipment enables high-speed digital subscriber line [HDSL] technology. In addition, the company produces integrated access devices that allow competitive local exchange carriers [CLECs] to get their products to market in a more timely fashion.

[TS] Who is ADTRAN's competition in the HDSL market?

[GH] ADTRAN's main competition in this market comes from ADC TELECOMMUNICATIONS (ADCT), but ADTRAN dominates the HDSL market with a 60% market share. The company is one of the best ways to take advantage of telecommunications service providers' trend toward upgrading their local loop networks from analog to digital.

[TS] What has been happening recently with the stock?

[GH] The stock has suffered lately due to the absence of CEO Mark Smith. In June, he began a four month hiatus in order to battle throat cancer. Luckily, the cancer was caught in an early stage and he is expected to make a full recovery. His absence is unfortunate, though, because Smith is an integral part of the ADTRAN management team. In addition, the weakness of the telecommunications market hasn't helped ADTRAN's stock performance.

[TS] What is your price target for the stock?

[GH] I have a 12-month price target of $85 with $463 million in revenues and $1.89 of earnings for fiscal year 2000. That compares with $367 million in revenues and $1.31 of earnings per share during 1999's fiscal year. For fiscal year 2001, I expect $556 million in revenues and $2.24 of earnings. [ADTRAN shares closed at $47.94 on Sept. 13.]

**Vital Statistics**
**George Hunt**
**Senior Vice-President, Wachovia Securities**

| | |
|---|---|
| **Education** | MBA, University of New Mexico |
| **Industry covered** | Communications equipment |
| **Companies covered** | ANTEC CORP. (ANTC), ADTRAN (ADTN), ADC TELECOMMUNICATIONS (ADCT), CISCO SYSTEMS (CSCO), COMMSCOPE (CTV), LUCENT TECHNOLOGIES (LU), JDS UNIPHASE (JDSU), SCIENTIFIC-ATLANTA (SFA) and CONCURRENT COMPUTER (CCUR). |

**Recent Spotlight Articles:**



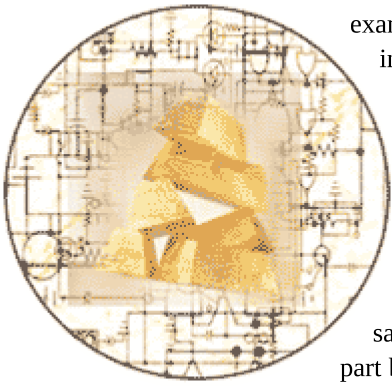
## 11. Panning For Gold

*DSP Group*

# A Small but Dynamic Play in the Digital - to - Analog Space

By Marc H. Gerstein
Market Guide, Director of Investment Products

By now, most of us have experienced digital signal processing (DSP), even if we don't yet know what it means. Briefly, it's a set of processes through which we can go back and forth between the digital and analog worlds. It's the process by which we are able to stop worrying about worn out cassette tapes in the current generation of telephone answering machines, which use digital technology to recreate human voices. That's just one



example. Actually, DSP is used in many places throughout the telecommunications chain.

DSP GROUP (DSPG) is a small company (its annual revenue run rate is about $100 million) with a noteworthy position in its namesake technology. It has a two-part business model: chip manufacturing and licensing of DSP intellectual property.

The company came to my attention through the Market Guide Return on Investment stock screen. I usually see this screen as one component of a "good company" investment strategy. It directs me toward companies whose shares I'd be willing to hold even if things don't pan out well at the outset. The idea is that ill-timed stock purchases are bad, but poorly timed panic selling is even worse, especially when the company's ill fortunes prove temporary and one winds up chasing a stock upward in a renewed rally.

DSP's trailing 12-month returns, which approach 40%, are affected by some non-recurring gains in the period. But the five-year averages, around 20%, also come in way above the single-digit levels we see when we look at communication equipment industry averages.

Does the return on investment approach really apply to a technology company like DSP GROUP, where product cycles are apt to be short and unpredictable? The answer: sort of. The risk that great corporate returns will cease if the company finds itself left behind future technology shifts is definitely present. But remember: There have been shifts in the past, and it's reasonable to draw at least some sort of conclusion when a company has already accumulated a record of success in keeping up with or ahead of developments.

A qualitative look at DSP suggests that the company is likely to continue to move ahead as telecommunications technology progresses. Two of the company's DSP core product families are already aimed at high-end emerging applications such as DSL, Internet telephony and 3G (third-generation) wireless.

At present, analysts project that the company's EPS will grow 25% to 30% in the next three to five years. That rate yields PEG (P/E-to-growth) ratios that are, if not ideal, at least tolerable compared with others in the technology sector. The stock, which closed at $41.75 on Sept. 14, sells for about 32-times estimated 2001 EPS.

Meanwhile, earnings visibility is reasonable. There's a big backlog of licenses waiting to start generating revenue in the form of

## 12. Top Company Picks

*VERITAS Software*

# Building a Big Lead in Managing Stored Data

By Alexander Muylle
Technology Fund Manager, Delta Beursvennootschap

Storage is central to the third wave of information technology evolution: Internet computing. It's the infrastructure that has been enabling today's complex computing environment to meet current unprecedented demands to store information. Individuals are driving the demand for information exponentially higher, and corporations, realizing the value of data, are investing their resources accordingly. VERITAS SOFTWARE (VRTS) is in the sweet spot of the storage field, along with EMC CORP. (EMC), NETWORK APPLIANCE (NTAP) and BROCADE COMMUNICATIONS SYSTEMS (BRCD).

VERITAS is the world's leading independent provider of storage management software, which enables the effective and efficient management of today's explosive data growth. With increased storage capacities and complexities, software-controlled storage management is becoming a must in order to control the growth of data. Recently, VERITAS management estimated its potential revenue to be $8.3 billion by 2004. The company noted that it is taking further market share from its main competitors, LEGATO SYSTEMS (LGTO) and COMPUTER ASSOCIATES (CA).

VERITAS is enjoying similar characteristics of other leading high-tech companies: limited competition, a large "ecosystem" through partnerships, a strong and growing market and a product line with many points of entry. Its business model is very seductive: gross margins around 90%, operating margins around 30% and strong free cash flow generation.

In May 2000, VERITAS entered into a significant original equipment manufacturer (OEM) agreement with IBM (IBM) that will make its software products compatible with IBM's AIX/Monterey software used for big servers. The agreement is expected to increase VERITAS' sales dramatically in 2002. Including IBM, the company has partnerships with major operating system vendors MICROSOFT (MSFT), SUN MICROSYSTEMS (SUNW) and HEWLETT-PACKARD (HWP). The integration in those multiple platforms increases the barriers to entry for other companies and enhances VERITAS' competitive advantage period, which ultimately should translate into a higher


valuation. Moreover, that same month, VERITAS announced a three-way joint alliance with ORACLE (ORCL) and SUN to provide integrated services. This is a further validation of its leadership in storage management software.

Another opportunity for VERITAS lies in replication software. The company intends to go after EMC's product in this segment with a compelling proposition. VERITAS says it will offer replication across storage devices from multiple vendors. Currently, EMC's storage software can only be used with its EMC hardware.

A significant growth opportunity can also be found in VERITAS' interoperability lab, one of the company's most powerful strategic assets. It is one of the most comprehensive interoperability labs in the industry, by a wide margin. The company has invested $50 million in this lab to configure heterogeneous storage area networks, or SANs. VERITAS will likely become the de facto standard in the further build-out of heterogeneous SANs, since its software offers "any client" to "any server" to "any storage device" interoperability. Furthermore, BROCADE has embedded VERITAS' code in its switches, which allows it to couple its products closely with VERITAS' software. This is again a significant competitive advantage and increases the value of VERITAS' ecosystem.

The strength of SUN's Solaris platform bodes well for VERITAS in the second half of 2000 as it gets about half of its revenues from this platform. In 2001, it should begin reaping the rewards of its previous and ongoing infrastructure investments. VERITAS is a leading Internet infrastructure enabler and has all the features of a compelling long-term investment.

**Vital Statistics**
**VERITAS Software (VRTS)**

| | | |
|---|---|---|
| **Market Cap** | $49.52 billion | |
| **Recent Stock Price** | $123.19 (9/14/00) | |
| **Shares Outstanding** | 402 million | |
| **52-week Range** | $174 – $29.70 | |
| **Proj. 5-year EPS Growth+** | 50% | |
| **Years end December** | **2000E** | **2001E** |
| **EPS** | $0.53 | $0.72 |
| **Revenues (millions)** | $1,138 | $1,637 |
| **Price-to-Sales Ratio** | 44-times | 30-times |

## 13 . The D.C. Buzz

# Congress Tackles Foreign Government Ownership of U.S. Telecoms

By John Filar Atwood

The FBI, the Clinton Administration and others told Congress last week that no steps should be taken to curb foreign government ownership of United States telecommunications companies. Foreign investment has increased as telecommunications has evolved into a borderless industry. That evolution was hastened by a 1997 agreement in which the World Trade Organization nations agreed to open their telecom markets to foreign companies.

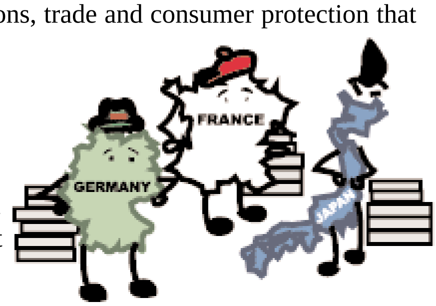
The problem with the agreement, according to Congressman Tom Bliley, is that many foreign governments have been slow to relinquish control. "Many members of Congress supported the agreement with the expectation that WTO members would quickly and fully privatize their telecom monopolies, but privatization is slow in coming," he said.

He noted that Japan still owns 53% of NIPPON TELEPHONE AND TELEGRAPH (NTT), the German government owns 58% of DEUTSCHE TELEKOM (DT) and France holds 54% of FRANCE TELECOM's (FTE) shares.

Larry Parkinson, the FBI's general counsel, said that control of U.S. communications networks could give a foreign government access to certain confidential information. A government could have "the ability to direct key employees to use routine monitoring capability to access confidential private communications and data of U.S. companies and citizens using the network," he said.

However, he advised that it is not a large problem yet because the FBI and Department of Justice have been working with companies deploying global systems to grant the FBI the leeway it needs to protect privacy and the country's national security.

Assistant U.S. Trade representative Richard Fisher, speaking on behalf of the Clinton Administration, told the House subcommittee on telecommunications, trade and consumer protection that real progress had been made since the WTO's Basic Telecommunications Agreement went into effect in February 1998. Mr. Fisher also said that "the U.S. government

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already possesses effective tools to address the competition and national security concerns raised by any foreign government-owned carrier wishing to participate in the U.S. telecom market."

He cited, among other things, the FCC's public interest test, which allows the agency to scrutinize carefully competitive, national security and other concerns posed by foreign investment in the U.S.

## 14. Rants, Raves & Stress

### *Stress Relief*

## Happier Working Than Being Retired

*George McAuley M.D. is a psychiatrist in private practice and a medical director of psychiatry in Los Angeles. Mae McAuley Ph.D. is a clinical psychologist in private practice. The McAuleys work in all areas of psychology and have special expertise in stress disorders. If you have a telecom-psychological question, they will try to answer it in a subsequent issue. E-mail the McAuleys at maegeomagic@aol.com.*

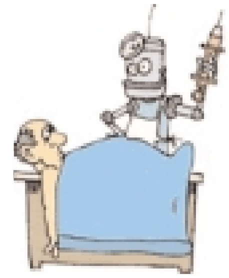
**SITUATION:** More people are living past the traditional retirement age of 65 than ever before in our history. A decade ago, the average life expectancy was 70 for men and 75 for women. Now we can expect to live well into our 80s and 90s. Better health has accompanied this longevity. So as people live longer and healthier lives, more people are opting to keep working rather than retire. According to the AARP, two million retired Americans said that they would rather work than retire.

Of course, we understand that many retirees need more income and need to keep working whether they want to or not. However, for thousands of others the issue isn't money. They are simply happier working than being retired. If this applies to you, consider retirement not as a time to stop work, but as a time to choose your work options. We understand that it can be a scary time. It can often reawaken anxieties from your earlier years when you were wondering what you were going to do for the rest of your life. But consider yourself fortunate that you have the choice of retiring or working – or both.

Older workers are in demand today. They tend to cost less in benefits, take fewer sick leaves, quit less often – and they are highly dependable. You have several options open to you, and here are some things to think about:

- You may be working for a company that would like to have you continue to work on a part-time basis.

- You may use this time to launch a new career or start a new business.



- You could volunteer at dozens of different organizations that would welcome you.

- Maybe you have always enjoyed writing, painting or restoring antiques. Now you have the time to devote to your hobby and you might be able to turn it into a moneymaking venture.

**SOLUTION:** If working after retirement is the right option for you, it's best to start planning before you retire. Experts recommend starting to think about the different post-retirement options five years before you actually retire. Begin by asking yourself "How do I want to spend my time after my current job is over?"

If you are stimulated and intrigued by the idea of a second career, brainstorm your options. List where and when you felt most productive and satisfied. Were you with people, or did you work alone? Is analytical work your forte, or do you want to deal with the public?

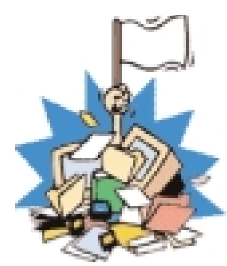
Next list your personality traits – are you shy and quiet, or friendly and outgoing? Describe yourself and ask someone close to you to describe you, too.

List your dream job. It is not necessary to be practical at this point. Give free range to your imagination.

Given your personality, interests, dreams and abilities, narrow your list to a few jobs or careers that interest you. Research these thoroughly. Talk to people in the field who can help you with your wish list. Now is the time to get a clear and objective picture of what it would be like to be in the job that interests you. You should ask about hours, responsibilities and frustrations.

And, ask for an honest evaluation of your chances for entering these fields. Do you need special preparation? Perhaps you need to take some classes that can give you a better idea of the career you are interested in pursuing. Taking classes can not only increase your knowledge – it can help you network with other people.

Keep a positive attitude toward this fresh new career. There is the added benefit to this. It is not surprising that people who choose to continue working at retirement age stay young. They feel more vital, happy, active, and fulfilled.



It should not come as any surprise that the brain thrives on fresh new challenges.

When stimulated in this manner, it sends messages throughout your body that help you stay healthy and cognitively intact.

Whoever would have thought that the fountain of youth is at the office?

## *Letters to the Doctors*

**Y. Zlee Dezine writes:** I beg to differ with you about work and vacation. For me, work and vacation are synonymous. I always have my cell phone and laptop with me. I can keep in touch with friends and co-workers, head off problems so that I don't return to chaos. I am creative. For me I can work and surf at the same time. It's all fun.

*Dear Y. Zlee Dezine: We feel that we can be most helpful to you by posing some questions. Can you turn off your mind from work even for a day? If you were to lose your job, would you be OK with yourself as a person? Does your job define who you are? Are you a human doing or a human being? – Drs. Mae and George McAuley*

## *Letters to the Editor*

### Sorry, Gotta Split

**cdpfly@aol.co writes:** In the article on ATMEL CORP. (ATML), (Wireless Dispatch, The Telecomm Analyst, Sept. 6, 2000) was the 12-month target price of $64 a share adjusted for splits?

*cdpfly: Oops. No, although the other per-share data in the article were adjusted for the 2-for-1 split, the target price was not. The Credit Suisse First Boston analyst's target should have been listed as $32 a share. – James C. Condon*

### Stealth Merger?

**Paul Arthur writes:** Just curious as to why I can find no mention or comment on the merger of AT&T (T) and FirstCom to form AT&T LATIN AMERICA (ATTL)?

*Mr. Arthur: There is no good reason for us not to have at least found a way to remind our readers that the merger closed and the new company began trading on the Nasdaq on Aug. 29. The Telecomm Analyst will work harder to find a way to tell readers more about the company, which offers broadband service to business customers in five South American countries. – J.C.C.*

### To Sell, or DSL

**Daniella Ki writes:** Regarding the suggestion in the Sell Report (The Telecomm Analyst, Sept. 6, 2000) to sell DSLNET (DSLN): Would it not stand to reason that now that DSLNET has signed a contract with IBM (IBM) that their revenue would tend to go up in the future? Either that or there is potential for the company being bought out.

*Ms. Ki: Thank you for writing. As the article made clear, the rationale for selling DSLNET shares after their run up following the announcement of the IBM deal lies in the fact that at this time the company's expenses far outstrip its revenue. Furthermore, despite the agreement with IBM, the company has lowered the number of subscribers it expects to have by the fourth quarter of this year. DSLNET shares closed on Sept. 14 at $4.94, down 18% since the article was published. For a different take on the company, please see The Local Loop, The Telecomm Analyst, Sept. 13, 2000. – J.C.C.*

### Translating Transponders

**Elstun W. Lauesen writes:** Broadband reaches the local loop in two modes: wirelessly or wired (POTS, DSL, cable, or fiber). The backbone that connects all these nodal loops often link to a satellite transponder. Strangely, there is very little in the literature or research on the transponder business. Who are the players? How are transponder rates set? What is the impact of "open skies," under which the Federal Communications Commission allows World Trade Organization members to provide satellite transponder services in the United States marketplace? What are the new launches with Ka band, Ku band, C band and other spectrum mean for regional U.S. markets? I would like to see some articles on this industry.

*Mr. Lauesen: Thank you for your letter and your interesting suggestion. The Telecomm Analyst certainly has some homework to do before we can attempt to answer your questions. But you have awakened our interest. Thanks again. – J.C.C.*

### The ARTTful Interview

**HLTxAziz writes:** I very much enjoyed the excellent interview with Robert S. McCambridge of ADVANCED RADIO TELECOM (ARTT) in Executives Zero In, The Telecomm Analyst, Aug. 8, 2000.

*HLTxAziz: Thank you for your taking the time to tell us you enjoyed the interview. – J.C.C.*

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