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**NEW PARADIGM RESOURCES GROUP SEES LESSONS FOR CLECs  
IN RECENT AT&T RESTRUCTURING**

**Competitive Carriers Need to Hurdle First Mile/Last Mile Barriers**

CHICAGO, OCTOBER 31, 2000 – AT&T’s frustrated efforts to enter the local phone market, culminating in the dismantlement of what was once the world’s largest telecommunications company, hold important lessons for the competitive local exchange carrier (CLEC) industry, according to New Paradigm Resources Group, Inc. (NPRG), the nation’s leading competitive telecom analyst organization.

“AT&T’s disappointing local market foray shows that the problem of securing first mile/last mile access can undo any player, large or small,” said Terry Barnich, NPRG President. “While the CLEC model is hardly dead or even seriously wounded, they need to learn from what happened to AT&T.”

According to NPRG, AT&T’s failed cable strategy in the local market – contrasted with the incumbents’ success in entering long distance in states such as New York – proves the golden rule of the industry: He who touches the customer first controls the customer. CLECs that heed the rule will succeed.

“There is no single access solution that fits all carriers, and competing technologies will coexist,” said Barnich. “However, CLECs such as metro broadband access providers, who directly touch the customer and don’t rely on cooperation from the incumbent, will enjoy a strategic advantage.”

“AT&T’s restructuring reflects similar changes throughout the CLEC industry,” said Craig Clausen, NPRG Senior Vice President. “CLECs have always adapted to market challenges, and the best will refine their strategies, build stronger ties with customers, and ultimately thrive. We remain very bullish on the CLECs as a whole.”

New Paradigm Resources Group, based in Chicago, is a research and consulting firm serving the investment community, equipment vendors and competitive carriers on a variety of issues ranging from due diligence review to business planning and market assessment, as well as project development. NPRG publishes *CLEC Report*<sup>™</sup>, a biannual multi-volume review of the state, trends and future of the competitive local telecom

industry, as well as the *ISP Report*<sup>™</sup>, *ASP Report*<sup>™</sup> and *BLEC Report*<sup>™</sup>. For more information, call 312-980-4796 or visit NPRG on the Web at [www.nprg.com](http://www.nprg.com)