

---

# BARRON'S

Investors' Soapbox AM  
**Telecom Sector Facing Some Hang-Ups**

489 words

23 October 2009

Barron's Online

BON

English

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved.

Morgan Keegan

WE DEBATED WHETHER to even attend the Supercomm tradeshow this year, especially considering the timing relative to earnings season, the lack of Wall Street attendance, and the limited number of companies able to schedule meetings.

Having attended this show and its variants for close to two decades, we opted to attend, which served as a harsh reminder of how the telecom industry has changed. Crowds were light, many companies opted not to attend, but we had opportunities to garner interesting perspectives.

In the heyday, the trade show would effectively fill every hotel room and restaurant in Atlanta, and with the right contacts industry players would attend events featuring key industry contacts and entertainment like Elton John and Ray Charles.

We covered the show in a few hours and left with the clear recognition that tradeshowes are less relevant with AT&T (ticker: T) and Verizon Communications (VZ) dominating the U.S. market and spending unlikely to grow. We gained insights on potential shifts in the regulatory environment and carrier spending trends. We left the show encouraged regarding opportunities for Adtran (ADTN), yet incrementally more nervous about the outcome of Ciena's (CIEN) bid for Nortel Networks' assets.

The discussions regarding growing threats from regulatory shifts were concerning. We think the financial crisis put the shifts in the regulatory environment to a lower priority, but now the topic of new regulation and network neutrality have re-emerged, and it worries us.

While complex, the issue is that the Federal Communications Commission establishes a new framework of rules and regulations intended to keep networks open that could result in the unintended consequence of discouraging investment and slowing growth. Several industry contacts we met raised concern that equipment vendors could suffer in the process.

Network neutrality can be defined as the principle that all Internet traffic should be treated equally. Under a neutral network, user-demanded information is forwarded on a first-come-first-served basis and does not allow a service provider to impede or enhance the delivery of information to an end-user based on its source, ownership, or destination. Network neutrality also allows for consumers to access network information using any equipment, content, application, or service they choose, without interference from the service provider.

With traffic growing far faster than carrier revenue, service providers face an increasing challenge to generate profit while investing in infrastructure.

-- Simon Leopold -- Paul Bonenfant

To be considered for the Soapbox feature, please submit an original article of less than 1,000 words to [research@barrons.com](mailto:research@barrons.com) with "Soapbox Submission" in the headline. Please include your daytime telephone number and credentials.

The opinions contained in Investors' Soapbox in no way represent those of Barrons.com or Dow Jones & Company, Inc. The opinions expressed are those of the newsletter's writer(s).

Comments? E-mail us at [online.editors@barrons.com](mailto:online.editors@barrons.com)

Document BON0000020091023e5an0005I

#### Search Summary

Text	
Date	All Dates
Source	Newspapers: All
Author	All Authors
Company	Adtran Inc
Subject	All Subjects
Industry	All Industries
Region	United States
Language	English
Results Found	213
Timestamp	17 July 2018 17:22