

Cutting Costs by Replacing Old Switches with Tmedia Gateways



BACKGROUND

- This service provider is an incumbent local exchange carrier in multiple local access and transport areas (LATA) in [north/east/midwest/western] United-States (hereafter referred to as “ILEC”).
- Over the last 10 years, ILEC has rolled out Fiber-to-the-home (FTTH) connectivity to households in its LATA. FTTH connectivity in its coverage area reaches 95%.
- ILEC receives \$700k in annual Universal Service Funding (USF) to recuperate the costs and investment related to this FTTH rollout. USF represents [75%] of ILEC’s revenue.
- ILEC is receiving USF through the [model/cost] approach and will continue to receive USF until [2033].
- ILEC offers regulated voice to all households in its service area to maintain Eligible Telecom Carrier (ETC) status so that it can continue to receive USF, even if only [x]% of households choose to use its regulated voice service.
- ILEC’s regulated voice is delivered from the ILEC to the ISP then to the customer, such that the end customer can choose the regulated voice as VoIP delivered over the fiber.
- ILEC relies on legacy switches in its LATAs to maintain ETC status because they have always done it that way and they don't want to risk losing the USF funding.

CHALLENGES

- ILEC had the legacy switches for more than 15 years.
- Only one person at ILEC knew how to turn the switch on and off and that person is considering retiring in 2025. Replacing that person with another engineer that had experience on the legacy switches would have cost over \$[150]k annually.
- ILEC was paying \$[50]k in annual maintenance on the legacy switches even though they were using less than [5]% of the switch’s capacity.
- The total cost of ownership for the legacy switches was close to \$[200]k annually between the personnel and the maintenance contracts. ILEC considered this cost necessary to maintain its ETC designation and receive USF money until 2032.

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SOLUTION

- ILEC worked with Moss Adams to evaluate their network needs and explore ways to reduce their total cost of ownership (TCO).
- ILEC installed [3] Tmedia gateways from TelcoBridges, specifically TMG3200s, to replace their legacy switches.
- Tmedia gateways act as stand-alone class 4 switching platforms, so ILEC still has the switching functionality for their regulated voice service in their LATAs.
- ILEC maintained ETC status and continues to receive USF funding.
- TelcoBridges was present and helpful during the testing and installation phases. TelcoBridges also provides 24/7 support, offers free equipment replacements.
- ILEC was able to leave the position of the retired engineer vacant as internal expertise is not required to manage Tmedia gateways beyond basic training.

RESULTS

- ILEC saved money by not needing to replace their retired engineer with experience on the legacy switches.
- ILEC saved money because the annual maintenance for human support and free replacements for the Tmedia gateways is drastically less expensive than the maintenance on the old switches.
- ILEC maintains ETC status and continues to receive USF funding to recuperate the cost and investments made for its FTTH rollout.
- Annual cost of ownership was reduced by [80]% by replacing legacy switches with Tmedia gateways, while USF funding remains the same, so annual profit was increased significantly.

MORE INFORMATION

- More about TelcoBridges: telcobridges.com
- More about Moss Adams: mossadams.com