

## Qwest, Level 3, others share \$20B government telecom contract

Dibya Sarkar  
AP Business Writer  
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WASHINGTON- Five companies—AT&T, Level 3 Communications, Qwest Communications, Sprint Nextel and Verizon—on Thursday were awarded a federal telecommunications contract worth up to \$20 billion over 10 years.

The winners of the so-called Networx Enterprise contract must now compete with each other to win business from agencies looking to improve their voice, data and other telecom services.

It's the second telecom contract awarded by the General Services Administration in about two months.

In late March, Qwest Communications International Inc., AT&T Inc. and Verizon Communications Inc. were winners of the much larger Networx Universal contract, the government's largest telecom contract ever awarded. That deal is potentially worth up to \$48 billion over a decade.

For Sprint—the only bidder shut out from the Universal contract—getting on the Enterprise contract was critical. The company had been providing telecom services to federal agencies for the last 18 years.

GSA officials said Thursday they expect agencies to spend roughly \$20 billion over the life of both contracts—or less than one-third of what's allowed.

Universal will require companies to not only maintain current agencies' needs, such as supporting older network systems, but also will offer advanced services, such as Internet-based telephone service, network security and video and Web conferencing, to as many as 135 agencies operating in 190 countries.

Enterprise has far fewer requirements than the much larger Universal contract and is only available to agencies domestically.

However, John C. Johnson, GSA's assistant commissioner for integrated technology services, said the smaller contract will offer lower prices than the Universal contract.

Technology consultant Warren Suss of Jenkintown, Pa., said the question now becomes which contract the various agencies choose. They must either choose one or the other.

If agencies choose Universal, which offers more mandatory services and greater breadth and scope of technologies, then he said it could be an "uphill battle" for Sprint.

However, he said Sprint's current customers in the federal government may want to remain with the company to ensure transition from the previous government-wide telecom contract to Networx is smooth and easy rather than go with another carrier.

Tony D'Agata, vice president of Sprint's federal sector business, said a majority of the company's federal customers said they want to continue doing business with Sprint. He predicted most agencies will be attracted to the Enterprise contract not only for the lower prices, but also because it will likely offer more Internet-based technologies and wireless capabilities than Universal.

Qwest senior vice president Diana Gowen said getting on Enterprise was vital for the Denver-based company, which was considered a longshot to even win a spot on the first Networx contract. She said being on both contracts puts the company in the best possible position.

Like AT&T and Verizon, Qwest expects to get orders from agencies in late August or early September.

"I have folks out there today stirring the pot with every single agency," she said.

Shares of AT&T rose 36 cents to \$41.34 Thursday, while shares of Level 3 Communications Inc. fell 10 cents to \$5.81 and shares of Qwest edged up 2 cents to \$10.29. Sprint Nextel Corp.'s stock price was unchanged at \$22.85, while Verizon's shed 29 cents to \$43.53.