

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION
OF NATIVE AMERICAN TELECOM, LLC
FOR A CERTIFICATE OF AUTHORITY TO
PROVIDE LOCAL EXCHANGE SERVICE
WITHIN THE STUDY AREA OF
MIDSTATE COMMUNICATIONS, INC.

Docket No. TC11-087

DIRECT TESTIMONY OF

DAVID ERICKSON

ON BEHALF OF

NATIVE AMERICAN TELECOM, LLC

February 7, 2014

PURPOSE OF TESTIMONY

Q: Please state your name.

A: My name is David Erickson.

Q: Please summarize your background and experience.

A: I am the founder of FreeConferenceCall.com and have served as the President of Free Conferencing Corporation for over twelve (12) years. I pioneered a business model that eliminated the fees associated with consumers organizing and facilitating a conference call.

I have received many industry awards, including Innovator of the Year from VON for building the first High Definition audio conferencing bridge, a Stevie for Best Executive 2007, an International Stevie for Best New Telecommunication Service 2012, and the International Stevie for People's Choice 2012 overall.

Q: Please describe FreeConferenceCall.com and Free Conferencing Corporation.

A: FreeConferenceCall.com is one of the largest (if not the largest) retail conferencing brand in the world. FreeConferenceCall.com provides in-country service to over fifty (50) countries and receives calls from over 160 countries. Since its inception, Free Conferencing Corporation has

had millions of consumers register for its services and has facilitated over 1 billion calls.

However, FreeConferenceCall.com is more than a well-marketed audio conferencing company. FreeConferenceCall.com is a highly-innovative technological industry pioneer with HD audio conferencing, scalable software based bridges, three medium bridges (voice, video and data), and geo-diverse conferencing bridges. FreeConferenceCall.com's network is by far the most sophisticated global audio conferencing network in the world.

FreeConferenceCall.com is used by governments around the world, including the United States House of Representatives and United States Senate. President Barack Obama 2008 campaign used over five (5) million minutes, and the service is now widely used in the campaign and elections process at state, local and federal levels.

FreeConferenceCall.com also serves following organizations through Native American Telecom:

Government:

United States Department of Homeland Security
United States Federal Aviation Administration
United States Food and Drug Administration
United States Center for Disease Control
State of South Carolina - Department of Social Services
State of Indiana - Family and Social Services Administration
State of North Carolina - Department of Health & Human Services

Education:

University of Chicago
University of Wisconsin
New York University
Cornell University
University of Pennsylvania - Wharton School of Business
University of California at Berkeley
Georgetown University

Non-Profit:

Teach for America
YMCA
Brain Injury Association of Georgia
NAACP of Georgia

Business:

Coca-Cola
Deloitte
Mary Kay Cosmetics
AETNA
Geologics (contracted to support NASA launches and International Space Station)

Q: Have you had an opportunity to review the testimony of Randy

J. Farrar?

A: Yes.

Q: What is your analysis of Mr. Farrar's testimony?

A: It is clear that Mr. Farrar knows very little about the conferencing industry and even less about Free Conferencing Corporation.

Mr. Farrar erroneously asserts that once “terminating access” is reduced to “bill and keep,” NAT’s business opportunities will evaporate. This assertion is patently incorrect for many reasons.

First, NAT will be able to implement the advantages of the “Buy Indian” Act. NAT’s experience with Free Conferencing Corporation together with the contracting preferences available to it under the “Buy Indian” Act give NAT an advantage in providing pay audio conferencing, video conferencing, and data conferencing to federal agencies.

Second, Mr. Farrar’s testimony failed to anticipate the millions of consumers using “free services” would also use “pay services” (such as “flat-rate conferencing”). Mr. Farrar erroneously presumes that FreeConferenceCall.com’s users only use the service because it is “free.” This presumption is simply wrong. In fact, most of FreeConferenceCall.com’s users actually come from “pay” conferencing services and would go back to “pay” if “free” was no longer available. Thus if “free” conferencing services are no longer available, there would be even more revenue to share between FreeConferenceCall.com and companies like it and NAT.

Third, Mr. Farrar did not consider the various other business model for FreeConferenceCall.com and other conferencing companies, such as providing “free” service as a “loss leader” to on-board consumers

that collaborate and sell “pay” services to the percentage that is willing buy additional services. Today, Free Conferencing Corporation earns a significant part of its revenues in this way. This business model follows the trend of companies like Google that offers Google Voice for free and Skype that offers voice and video for free and then charges for SkypeOut to some percentage of the free users.

Fourth, Mr. Farrar erroneously asserts that FreeConferenceCall.com’s business model is somehow “illegal.” Nothing could be further from the truth. This business model has been subjected to unyielding scrutiny by the Federal Communications Commission and South Dakota Legislature, which expressly rejected bills sponsored by some phone companies that would banned revenue sharing for “free” conferencing companies

Now, NAT follows the exact same rules that are being used by other local exchange carriers in South Dakota, California, Iowa, New York, and Minnesota. In fact, Sprint even has agreements to connect with these other carriers. Sprint, in fact, is also engaged in wholesaling connectivity and re-selling toll conferencing service provided by others – even though Sprint is going to great lengths in this proceeding to stop NAT from participating in this same business activity.

Fifth, Mr. Farrar submits that NAT's Second Revised Application should be denied because "access stimulation" is not in the "public interest." However, Mr. Farrar fails to provide any justification for this submission. Telephone company pricing has always been dictated by competition. Telephone companies now use "flat rate pricing" and make the most money when the consumer makes no calls at all. Companies like Sprint have the ability to cancel consumers if they use "free" conferencing services. However, the conferencing traffic is too valuable to the consumer and the telephone company wants to keep the consumer. This is not bad for the consumer – the consumer is receiving the best price and getting what he or she wants . Allowing Sprint to dictate to its consumers who they can call and who they can't call when it voluntarily decided to offer flat rate unlimited long distance plans is against the public interest.

Indeed, I am a Sprint customer and feel that I should be able to call anywhere in the United States (as Sprint represents I can). Sprint's reasoning is flawed because conference calls actually decrease the number of calls that I have to make. For instance, the average Free Conference Call is six (6) people for about thirty (30) minutes. Mr. Farrar makes the incorrect assumption that people call more because the service is "free." Sprint customers buy their unlimited plans so that they

can talk to more people and conferencing helps them talk to more people more efficiently without using as many minutes on their plan if they were to call all those people individually.

In connection with the "Connect America" proceeding, I and Free Conferencing Corporation provided to the FCC information about the benefits of free conferencing. The phone companies, internet service providers, and other stakeholders in the industry provided information on their own points of view. Free Conferencing Corporation provided information on its clients, statistics about its services, and complete transparency as to the true impact of its business. In creating the CAF Order, the FCC had a full understanding of the free conferencing business model.

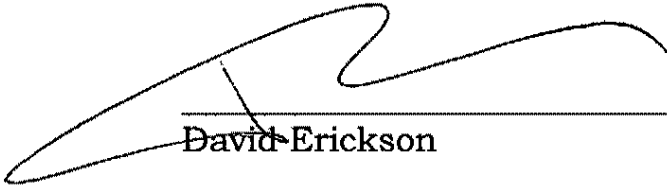
The FCC's CAF Order created the policy of the United States in the area of "access stimulation." That policy expressly rejects the proposals and positions of companies like Sprint, which repeatedly represented to the FCC that free conferencing was "bad" and not in the "public interest."

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VERIFICATION

I, *David Erickson*, state that I have first-hand knowledge of the matters set forth above and hereby verify that, to the best of my knowledge and belief, the allegations and statements contained herein are true and correct.

Dated this 7 day of February, 2014



David Erickson

STATE OF CALIFORNIA)
COUNTY OF Los Angeles)

Subscribed and sworn to before
me this 7 day of February, 2014.



Notary Public

My Commission Expires: 10-8-15

(SEAL)

