

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In The Matter Of Telemarketing Rulemaking -

FTC File No. R411001

**COMMENTS OF
TECHNION COMMUNICATIONS CORPORATION ON
THE PROPOSED REVISIONS TO THE
TELEMARKETING SALES RULE**

Submitted by:
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INTRODUCTION

Technion Communications Corporation (“Technion”) is a company based in Tamarac, Florida which operates eight teleservice campuses. Technion was founded in 1994 and currently employs approximately 2,200 people. Technion clients are blue chip companies such as AT&T, American Express, J.P. Morgan Chase, Bell South, Motorola and AARP. The services we provide for our clients include inbound and outbound teleservices, business communication services acquisition, customer care, technical support, business process automation and outsourcing and database management.

We are writing to offer our comments concerning the proposed revisions to the Telemarketing Sales Rule.

We support the recent efforts of the FTC to investigate and eliminate fraud in the industry and support the Telemarketing Sales Rule as drafted. However, we cannot support the revisions proposed by the Commission in this proceeding. The proposed revisions place many burdensome restrictions on the thousands of companies like ours that have ethically used the telephone as a legitimate sales and marketing tool. For the reasons set forth below, we are concerned that the FTC’s attempts will do nothing to curtail the abusive and deceptive telemarketing practices of the few, while penalizing the business practices of reputable companies. We believe these changes will have a disastrous impact on the industry as a whole. With regard to the impact on Technion, we will have to revisit our ability to continue to employ the quantity of employees we currently employ.

General Effect of the Proposal

I. Benefits Provided by the Teleservices Industry :

- A. The teleservice industry is one of the few growing and healthy industries in this ailing economy. The following is worth noting:
 - 1. According to the ATA, the teleservice industry employs approximately 1.2 million people;
 - 2. The ATA also reports that of those persons employed, 10% are disabled, 10% are on welfare to work programs, 35% are minorities and 58% are women (some of these persons fall within two or more of these categories).
 - 3. In a recent market study, the Winterberry Group estimated that the total annual expenditures for teleservices (telemarketing and customer support) was \$148 billion in 2000 (up 19% from 1999), with an estimated 13%, or \$19 billion, generated by outsourced service providers. Moreover, the study estimated that teleservices expenditures would increase to \$240 billion by 2004 (13% average annual growth), with outsourcing growing to \$36

billion, or 15% of the total market (representing 17% compound annual growth);

4. International Data Corporation (IDC) estimated that the market for outsourced customer relationship management services was approximately \$39 billion in 2001, with projected annual growth of nearly 21%, on average, through 2005, resulting in a global market in excess of \$82 billion.
5. Also according to IDC, the telecommunications, consumer goods and services, financial services, technology, and utility industries accounted for about 86% of all outsourced contact center services in 2000. Other markets experiencing growth include the transportation and government sectors.

- B. Considering the economy is as fragile and unstable as it currently is, we believe the Federal Government should do everything in its power to encourage and support the few industries that are strong enough to provide the backbone for the current economy to get back on its feet.

II. Examples of Benefits Provided by Technion:

- A. Technion is proud of its accomplishments and positive impact within the communities it has a presence. Two examples are the positive impact Technion has had in the cities of Tamarac and Miramar, Florida. In 1998, Technion rented a 58,000 square foot locale at a strip center in Tamarac. We found the strip center completely depressed and on its way to becoming run down and crime ridden. Currently, Technion employs approximately 1000 people from four locations in Tamarac. Due to Technion's growth and the presence of a significant number of employees at that location, the strip center now has numerous restaurants, a child care center and various other businesses. The Tamarac center is now a booming commercial center providing jobs and a safe and clean environment within the City of Tamarac.
- B. Technion also has a call center in the city of Miramar. The location Technion chose was a building that had burned down, also at a strip center. As with the Tamarac center, this location was starting to become extremely run down and to suffer from crime. Technion has taken over the great majority of that building, has built a state-of-the-art facility, and now employs approximately 300 people in the city of Miramar.

III. Overall Financial Burden on the Industry:

- A. The proposed rule is silent regarding who will bear the cost of creating and maintaining this Registry. Unless the FTC funds this Registry itself, the cost of operating this Registry will fall on the teleservice industry, on its clients and ultimately on the consumer. This would likely have a very significant and negative impact on the teleservices industry.

- B. The cost of the increasing regulations will affect the companies that use teleservice companies to market their products. In the current economy in particular, some companies cannot afford to market their products in an efficient manner with any other medium. Teleservices provides an efficient and cost effective way for many companies to inform their customers and to sell their products and services.
- C. The likely effects would be that certain companies will go out of business. These would include the teleservice companies that cannot bear the additional and rising costs of unreasonable compliance laws, as well as those companies that cannot market their products and services in a cost effective manner without the teleservice option.
- D. The impact of the type of sweeping legislation proposed by the FTC would have a disastrous effect on the number of people employed not only by our company, but within the industry as a whole. Our company exists because consumers use telemarketing. We follow the appropriate state and federal laws and we honor consumer do-not-call requests. The ATA estimates that if the national DNC registry is established, it is likely that the industry may see as much as sixty (60) percent of the persons it employs being laid off. This translates into approximately 600,000 people losing their jobs.

Specific provisions Technion Opposes

IV. Creation of a National Do-Not-Call Registry :

Federal law already provides an easy and efficient means for consumers to remove their names from telemarketers Do-Not-Call lists. The industry has also provided consumers with a one-stop service to remove their names from all calling lists through the DMA's Telephone Preference Service which offers consumers an easy, free, nationwide Do-Not-Call system.

V. Use of Pre-acquired Account Information

In today's marketplace, businesses require efficiency and ease of use to survive. Thus, consumers are able to purchase goods, to obtain account and bank information and to transact a myriad of services through the telephone or the web. Consumers should be allowed to take advantage of the ease of access provided by these mediums. Since there are instances where this can be misused, the laws should be geared towards those that perform the misuse. Potential problems should not be allowed to destroy the benefits to the consumer. As long as a marketer has obtained the express consent of a consumer to use the same information, this practice is legal and ethical. We support the guidelines established by the ERA for the use of pre-acquired account information.

VI. Definition of Outbound Call

It seems unnecessary to define the term inbound call. If a company receives a call from a consumer, it is an inbound call. For the FTC to suggest that simply because the company might want to offer certain goods and services to that consumer during the call does not make it an outbound call. This is a way to circumvent the spirit of the telemarketing laws which are meant to give guidelines regarding outbound campaigns. It makes no sense to apply those same requirements and restrictions when the consumer needs the products and services and reaches out to the companies to obtain such assistance. There is no reason to redefine an outbound call simply because the call may include the offer of products or services from more than one seller.

VII. Payment Issues

As long as the consumer has a clear understanding that they will be billed for a product or service, and that they will be billed to a particular credit card, debit card, bank account, or utility bill, the transaction should be valid and enforceable. There is nothing wrong with the written confirmation prior to submission method of obtaining such authorization, and this method should be retained in the Rule.

VIII. Predictive Dialers

Predictive dialing devices are used by many telemarketing companies and make operation of such businesses much more cost effective by increasing productivity. Increased efficiency in marketing products and services over the phone through the use of predictive dialers helps to reduce costs and ultimately saves consumers money. Any regulation that would render this technology unusable would result in significant, perhaps unacceptable, cost increases to business and, ultimately, the consumer.

Conclusion

Technion urges the Commission to look at the overall negative impact that these proposals will have on jobs, our community and the economy as a whole. Thank you for your consideration and we would be happy to assist the Commission in the future.

Marta Lederman Rub
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