



Weird & Wireless: What happened to AT&T and Bell Labs?



Welcome again to the wonderful but sometimes weird world of wireless comms, written by Joel Young, [CTO of Dig International](#).

What happened to AT&T and the venerable Bell Laboratories?

I know some of you will look at this question and say - AT&T is still around, I keep seeing ads for all sorts of AT&T stuff. Isn't it the largest cellular carrier?

Well, the answer is of course yes, but I'm actually talking about the original AT&T, the one that invented telephony. The company who, with its research arm Bell Laboratories invented the transistor, the laser, the Unix operating system, and color television, just to name a few.

I spent the first 10 years of my career at Bell Laboratories and AT&T in Holmdel, New Jersey.

I started at Bell Labs right after something called divestiture. This was an event which ended years of antitrust lawsuits. The result was that all of the local telephone companies were spun off into seven large regional holding companies.

AT&T kept long distance and the telephone equipment business and was allowed to enter into the computer business.

As I look back, one of the things that amazes me is that AT&T during the late 1980s

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and early 1990s had the strategy nailed, but failed execution caused a once mighty company to collapse, only to be reborn through the transformation from one of its original, Baby Bell offspring.

During the 80s and 90s, long distance revenue per minute, due to the competitive entrance of MCI and Sprint, was on a decline. Without control of the access pipe, AT&T embarked on a spending spree with the goals of extending its equipment business and replacing access the customer access lost with the divestiture of the Baby Bells.

On the equipment side, AT&T acquired NCR for computers and Paradyne for modems, to name a few. On the customer access side, TCI was acquired for cable television access and Craig McCaw's Cellular One was acquired for cellular service.

The concept was to rebuild the Bell System with cellular, cable TV and data communications.

Internally there was a belief that data would replace voice and cellular could someday replace wires.

Unfortunately, AT&T overpaid for everything. The computer side was a flop and NCR ended up being spun out again. In an effort to focus more energy on the network, the rest of the equipment business was spun out into what became Lucent Technologies. Bell Laboratories was split up, most of it going to Lucent. Lucent collapsed after the telecom bubble burst and was picked up by France based Alcatel.

Most of the old Bell Labs buildings, including my old office in Holmdel are now empty shells.

Nonetheless, the amazing thing here is that one could argue that AT&T still had the right strategy. With a dominant share of both the cable television footprint and cellular footprint, the area was ripe for unbelievable growth. For reasons that I still don't quite understand, other than a lack of capital and mounting debt, AT&T had to sell off cable television to Comcast and sold the cellular business to Cingular, a joint venture between SBC and Bell South. All that was left was the data and voice network.

During this time, SBC, one of the seven regional operating companies spun off by AT&T during divestiture, had been growing through acquisitions of its own.

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After acquiring sister Baby Bells Ameritech, Pacific Telesis and Bell South, it finally acquired the old AT&T for its backbone network.

In one swoop, SBC renamed itself AT&T (note the use of lower case letters in the logo) and Cingular became AT&T wireless again.

A part of the bell system had been rebuilt, with headquarters in Texas instead of New Jersey. In the same line of course, Comcast, in addition to television, offers internet service and voice telephone service.

I wonder how it would have turned out had AT&T been able to execute on the original vision.

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Joel Young, VP of Research and Development and CTO at [Digi International](#), has more than 22 years of experience in developing and managing data and voice communications. He joined Digi International in June 2000 and in his current role he is responsible for research and development of all of Digi's core products.

Prior to joining Digi, Joel was VP of Sales & Marketing at Transcript International where he was responsible for sales, marketing, and product development for all

information security products. During his tenure at Transcript, he also served as VP of Product Development and VP of Engineering where he was responsible for engineering, research and product development for wireless communications products, cellular telephony, wireline telephony and land mobile radio, data security and specialized digital radio products.

He also served as District Manager for AT&T Business Communications Services where he was responsible for the creation and implementation of voice processing and network database strategies, including deploying new voice processing platforms into the AT&T switched network for private network and other outbound calling services.

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