

July 16, 2002

Steven Teplitz
Vice President and
Associate General Counsel

Marlene H. Dortch, Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20054

Re: Third Progress Report on Instant Messaging Interoperability

Dear Ms. Dortch:

Pursuant to the FCC's *Memorandum Opinion and Order* granting consent to the transfer of control of licenses and Section 214 authorizations from America Online, Inc. ("AOL") and Time Warner Inc. ("Time Warner") to AOL Time Warner Inc. ("AOL Time Warner"),¹ AOL Time Warner hereby submits this progress report to update the Commission on AOL's efforts to develop a secure and reliable approach to instant messaging ("IM") interoperability to allow for the exchange of messages between a user of an AOL IM service and a user of an unaffiliated IM service.

As AOL Time Warner has detailed in its first two progress reports, AOL has been seeking solutions that will allow users of its IM services to exchange text-based messages with users of unaffiliated IM services in a way that adequately protects IM network performance, privacy, and security. AOL believes that a critical component of its success in delivering IM services has been its vigilance, both in design and day-to-day operations of its IM services, in protecting its users' experience from disruptions, service outages, and/or security lapses that

¹ *Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations by Time Warner Inc. and America Online, Inc., Transferors, to AOL Time Warner Inc., Transferee*, Memorandum Opinion and Order, 16 FCC Rcd 6547, ¶ 327 (rel. Jan. 22, 2001).

might jeopardize user confidence. In pursuing interoperability therefore, AOL has placed paramount importance on ensuring that it find a safe and secure method of interoperability that does not undermine consumer confidence in instant messaging or the features that have made IM a popular and fast-growing form of communications.

AOL has, as previously reported, tested various methods of interoperating AOL's IM networks with unaffiliated IM providers, including a trial of a gateway server to provide for server-to-server interoperability. After developing an initial prototype gateway server to translate basic text-based IMs and presence information between the internal AOL IM protocol and one that is based on the Internet Engineering Task Force's ("IETF") SIP for Instant Messaging and Presence Leverage ("SIMPLE") protocol, AOL conducted a server-to-server interoperability trial with Lotus Development Corporation ("Lotus"). This initial server-to-server trial enabled the transfer of text messages and was conducted under controlled circumstances. While the Lotus test demonstrated that, at the very least, a gateway server for server-to-server interoperability could be effectively designed, the prototype server was limited in scope and functionality² and demonstrated that true IM server-to-server interoperability would require further significant expenditures of time and resources to develop.³

AOL's own experience with server-to-server interoperability testing seems to mirror the experience of the industry generally. For example, despite the ready assurances of other IM

² The Lotus trial, for example, was not designed to test the scalability of the system to handle large amounts of traffic, nor was it designed to address security threats such as distributed denial-of-service attacks, data hijacking, identity spoofing, namespace discovery, and spam.

³ The Lotus trial is more fully described in AOL Time Warner's Second Progress Report on Instant Messaging Interoperability, filed January 17, 2002.

providers that interoperability could – and would – be easily and quickly achieved,⁴ no other IM service has implemented server-to-server interoperability in the eighteen months since the Merger Order was released. In addition, other endeavors to developing a secure server-to-server based solution, most notably through the IETF, are moving slowly. While the IETF working groups continue to examine these issues, they have not yet developed a final version of the SIMPLE protocols that are needed to fully support server-to-server interoperability.⁵

Based on the present state of technology development and significant resources that would be required to continue to pursue server-to-server interoperability, together with existing marketplace conditions,⁶ AOL has decided on a going forward basis to focus its efforts on pursuing alternative solutions that will enable its IM users to communicate with the users of alternative IM providers. Toward this end, on May 6, 2002, AOL Time Warner and Apple Computer (“Apple”) previewed iChat, an Apple developed – and AIM compatible – instant messaging client that will be included with the next major release of Mac OS X. Pursuant to an agreement between AOL and Apple, Apple will build and bundle its own distinct IM application

⁴ IMUnified, *IMUnified Announces Completion of Specifications For Functional Instant Messaging Interoperability* (Press Release) August 31, 2000, <<http://www.imunified.org/pr.html>>.

⁵ There are currently three IETF Working Groups--APEX, PRIM, and SIMPLE--pursuing divergent approaches to server-to-server interoperability. *See* First Progress Report at 7-8; *see generally* “Application Exchange (apex) Charter,” at <<http://www.ietf.org/html.charters/apex-charter.html>>; “Presence and Instant Messaging Protocol (prim) Charter,” at <<http://www.ietf.org/html.charters/prim-charter.html>>; and “SIP for Instant Messaging and Presence Leveraging (simple) Charter,” at <<http://www.ietf.org/html.charters/simple-charter.html>>. The SIMPLE Working Group protocols are still in the discussion stage and the group has yet to identify any quantifiable timeframe for development of fully functional standards. *See* <<http://www.ietf.cnri.reston.va.us/html.charters/simple-charter.html>>.

⁶ Despite the lack of a server-to-server solution, the IM marketplace has become increasingly competitive over the past two years. In particular, MSN Messenger and Yahoo! have enjoyed a steady increase in users and usage of their services, and both companies have supplemented their text based IM offerings by introducing new video streaming IM applications. Microsoft’s inclusion of the MSN Messenger with Windows XP has the potential to further increase the usage of its service.

Marlene H. Dortch, Secretary

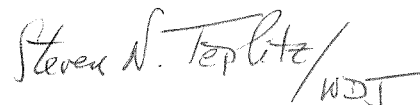
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with its new version of Mac OS X, while AOL will handle the hosting and transport of the messaging across its network. Subscribers of Apple's Mac.com and future subscribers to iChat will be able to exchange instant messages with AIM's full user base. There will be no need for the Mac.com and iChat users to obtain an AIM account, and Apple's subscribers will be readily identifiable through the use of a separate suffix on their usernames.

We believe this kind of hosted IM solution provides, at least in the short-term, a secure, reliable and cost-effective means to provide interoperability between AOL IM and unaffiliated IM communities. While this is not the kind of server-to-server interoperability that AOL has looked at in the past, it does represent a way forward that is available now to allow AIM users and users of unaffiliated IM communities to exchange messages conveniently, and with their security protected. AOL has not, however, foreclosed the use of a server-to-server solution if and when one is developed, and remains open to proposals designed to enable various IM communities to communicate with one another.

Respectfully submitted,



Steven N. Teplitz
Vice President and
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AOL Time Warner Inc.

cc: Chairman Michael K. Powell
Commissioner Kathleen Q. Abernathy
Commissioner Michael J. Copps
Commissioner Kevin J. Martin
W. Kenneth Ferree, Chief, Media Bureau
Royce Sherlock, Media Bureau