

TSX	DOW	NASDAQ	DOLLAR	OIL	GOLD	PRIME
10,312.30 ▲ 66.85	10,402.77 ▲ 172.82	2089.88 ▲ 26.07	84.90¢ ▼ 0.43¢	\$61.22 ▲ \$0.13	\$473 ▼ \$0.80	4.75 OCT. 18

BUSINESS

THE GAZETTE | MONTREAL | SATURDAY, OCTOBER 29, 2005 | BUSINESS EDITOR: BRYAN DEMCHINSKY | 514 987 2486 | bdemchin@thegazette.canwest.com

PHONE FIGHT



THE INTERNET HAS REVOLUTIONIZED THE TELECOMMUNICATIONS INDUSTRY AND QUEBEC IS A BATTLEGROUND IN THE COMPETITION FOR CUSTOMERS

NICOLAS VAN PRAET
THE GAZETTE

It's just past 9 on a chilly Saturday morning and dozens of men and women are lined up outside the **Vidéotron** building behind Parc métro station eager for a crack at a job.

Vidéotron, **Quebecor Inc.**'s fast-growing cable unit, has launched a recruiting drive. The company is expecting 1,500 hopefuls to show up after unleashing an unprecedented publicity blitz. In all, 300 jobs are up for grabs, many of them in Vidéotron's growing Internet phone business.

Fethy Benkelfat is at the back of the line. Dressed in a tie and black corduroy blazer, he's after a customer-service gig.

"I see the future more in Vidéotron than in **Bell**," the 46-year-old says.

"For me, Bell is way too big. And Vidéotron is on its way up."

A cynic would say Benkelfat rehearsed what his prospective bosses want to hear. But he's also put his finger on an underlying truth: The days of big, bloated phone monopolies like Bell Canada are over. And the rise of cable companies has just begun.

For the first time, Bell, **Telus Corp.** and other big

telcos are expected to lose a measurable piece of market share in their residential phone businesses this year to cable rivals like Vidéotron, **Rogers** and **Shaw**.

That's the Canadian story.

Globally, a wave of tech upstarts like Luxembourg-based **Skype**, which distributes software that allows people to place free calls via computers anywhere in the world, are undoing the long-standing business models of telecom operators everywhere.

Please see VoIP, Page B3

PHOTO ILLUSTRATION DAVID FITZPATRICK

This could be Bombardier Aerospace's tipping point



JAY BRYAN
ON THE CRJ-200

"The decision to suspend production is freighted with symbolism."

If you make an effort, it is still possible to see **Bombardier Inc.** as a company with a promising future in the aerospace business. But it gets a little harder with each month that goes by.

That's why yesterday's decision by the company to suspend production of its legendary CRJ-200 is so freighted with symbolism.

With this little 50-seat jet, Bombardier played a big role in creating the thriving regional-airline industry that now provides speedy connections to less-travelled routes all over the world.

But today, these airlines want larger regional jets that can carry passengers more cheaply. That squeezes Bombardier, which isn't very competitive in this part of the market.

When the CRJ-200 was introduced in 1992, it was a gamble, seen by some airline experts as a plane that really didn't have much of a potential market.

But it created its own market. About 1,000 of these aircraft have now been produced. They faced no real competition until a little-known Brazilian company, **Embraer**, finally started deliver-

ing a similar small jet four years after Bombardier.

Today, the tables are turned. Embraer made its own risky gamble six years ago, betting that regional carriers would move toward jets that could fly as many as 100 passengers and would have wider fuselages with more room for passengers to stretch out.

Embraer is now beginning to deliver these big new jets and they seem to be a big success. **Air Canada**, a loyal Bombardier customer for years, has ordered 45 of them. **JetBlue**, one of the most successful low-cost carri-

ers in the U.S., is buying 100.

Bombardier has its own larger jets, seating up to 90, but they are essentially elongated versions of its small one. Many customers find the fuselage cramped and unpleasantly narrow. Analysts see sales prospects as limited.

Bombardier also has a wider-bodied, brand-new jet on the drawing board, the C-Series. It could maybe leapfrog Embraer's, because it offers even more seating and newer technology – but it has stalled.

Bombardier has been dithering over whether to go ahead

with a plane this size for years. The delay has lasted so long that now its flagship airliner is out of production, leaving it with nothing much to drive its next decade of growth.

Perhaps it's good that the company is being careful about this very big decision, suggests Isabelle Dostaler, head of the Aviation MBA program at Concordia University's business school.

"I think Bombardier is a great company, not a complacent one," she says.

Please see BRYAN, Page B2

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