

CHAPTER 2

Defining the Strategic Goals for Broadband

In my high tech marketing/PR heyday, I swore by a book titled “How to Get Your Point Across in 30 Seconds or Less” by Milo Frank. In just over 120 pages you get a blueprint for crafting and delivering a persuasive 90-word (30-second) statement that tells people what you want and why. Those pursuing broadband projects of any sort would benefit greatly by reading this book.

This isn’t a creative writing or business presentation lesson. I’m suggesting how you protect your broadband project from the Achilles heel that could hobble many who are involved with broadband efforts, whether they are private sector companies, broadband grant applicants, federal agencies or local governments. The inability to succinctly and effectively state the mission of your broadband project could severely limit your project’s ability to get off the ground, or the chances of reaching its goals if it does move forward. The process of creating an accurate, motivating vision statement is also how you define effective broadband strategic goals.

The Vision is the Mission

I read quite a few of the summaries of the 2,200 proposals submitted to NTIA/RUS for possible broadband stimulus funding. Read any 10 and you’d be hard pressed to find one 90-word blurb that by itself answers the key questions, 1) what does the applicant plan (want) to do, 2) what will the network achieve and how, 3) why is their approach better

and 4) how will they financially sustain the network? Each community is different with distinct technology needs, yet does one of these applicant's summaries say something markedly distinct from the 1000 proposals before or after it?

You may wonder why this matters. It matters because thoroughly researched answers to these four questions determine whether, and to what degree, your broadband project will succeed. The 30-second, 90-word summary of these answers is your vision for the broadband project. A well-articulated vision entices money besides from sources stimulus grants, inspires sweat equity from stakeholders and keeps the network project team focused on the things that matter.

To put the value of vision statements in context, President John F. Kennedy articulated this vision in 1961: "I believe that this nation should commit itself to achieving the goal before this decade is out of landing a man on the moon and returning him safely to the earth." In July of 1969, the first man walked on the moon and returned safely to the earth. This simple mission statement that produced awesome results is only 31 words.

Though much is written about the value and virtue of a good vision statement, its real power comes from the process by which you distill a complex technology and the facets of its deployment down to 90 words or less. I spoke with someone who worked with several stimulus grant applicants, and feels people who can't write a good summary statement probably don't have all the information needed to develop a good plan. There are project teams and stakeholders who don't fully understand the benefits of broadband, so they intend (hope) to sort that out later if they receive a grant. For those trying to secure budget funding or commercial financing, you likely don't have this luxury. You'll have to do the legwork upfront.

So how do you get from here to there? Let's say your goal is to create a vision statement that results in a broadband network that accomplishes the equivalent of taking you to the moon in eight years. You first need to spend time working on getting the answer to those four key questions I posed. It requires a lot of critical thinking, initial planning, some problem solving and idea generating.

Once you formulate reasonable answers, and accept that these answers will evolve as you move through the various stages of planning and deployment, you have to do more critical thinking to get to your vision statement. In some ways coming up with an effective summary is a more intense cerebral exercise than uncovering the answers, and

usually requires many people participating in the process to come up with the right words.

“Know what you want”

Mr. Milo’s book presents several steps to creating your 30-second message, but one in particular is critical to making your case for a broadband implementation: know what you want.

If you don’t know or can’t coherently articulate an answer to the burning question “what do you want,” chances are your project faces an uphill battle to get funded, or to be successful if it is. Who has the clearer vision, the project team that intends “to deploy a shovel-ready, sustainable, licensed microwave Middle Mile to WiMAX wireless broadband Last Mile network to provide broadband services in a service area comprised of six counties...?” Or the team that wants to “bring fiber optic service to over 47,000 homes, 7,000 businesses and 200 anchor institutions in 9 underserved Indiana rural communities [and] create an expected 270 plus new jobs?”

You may want to build a network and convince a lot of people to use broadband, or just achieve a somewhat limited objective such as creating a few dozen public computer centers and set up local libraries and schools with Internet access. In either case, Milo says “know what you want.” The main hooks in a summary or executive statement are, what do you want to do with broadband, what do you want to accomplish, how will people’s lives subsequently be better?

This issue of knowing what you want covers all aspects of broadband, and extends to everyone influencing broadband locally or nationally. Headlines in Fall 2009 asked why do we need \$100 million to do broadband mapping? Earlier in February that year, the stimulus bill set aside \$350 million for states to develop maps. But what was it that the government, underserved communities or private sector companies wanted to accomplish that requires maps? Despite the fact the government eventually figured it might get the job done for 2/3 less money, which should have been the headlines, something’s missing if the media was still questioning the money’s mission seven months later.

The exercise of probing, pondering and distilling the answers to “what do they want” down to 90 words could have inspired a quite compelling vision. Just as important, a good vision statement might have resulted in a different approach than spending that much money or limiting eligibility for receiving this money to only nonprofit organi-

zations. Maybe the strong vision would have justified the full \$350 million.

In Chapter 6 I tackle the issue of broadband maps and what the vision should be. However, for now let's just say that "we need good maps to get a good broadband strategy" is not quite the vision statement to make a lot of people feel warm and fuzzy about spending several hundred million dollars. More importantly, I don't believe it's the right vision.

Vendors and service providers are not immune to the challenges posed by not knowing what the vision is. For them, creating effective broadband networks comes down to getting in sync with what prospects need or want, or helping those prospects figure out what they want. Conversely, communities can't get broadband networks into their areas without some sort of private sector involvement, but life could be difficult if no one's sure what the private sector players want from the relationship besides money.

Moving from the complexities of technology, community interests and politics to a simple but powerful vision is rarely quick and is often difficult, yet the payback is huge. As I said earlier, once you do the critical thinking about a project that leads you to write an effective vision statement, you are more likely to plan and implement an effective broadband project.

Gotta Know Up from Down with Your Broadband Sustainability Strategy

Once you get settled on a vision, it's time to think about strategy. There may be many strategic objectives you wish to achieve with your broadband project: improve the delivery of local government services, boost economic development, close the digital divide in your community. I will touch on these throughout the book. However, there should be one overarching strategic goal—ensure the financial sustainability of your network.

Whatever it is you do with it and whomever you serve with it, the broadband network has to generate enough revenue, grants or money from other sources that pays the bills. That's what ensures financial sustainability of the network. It costs money to build and operate networks, buy or create the various broadband applications and develop the content that has to run on the network so people and organizations are motivated to use it. Private sector entities involved with these

networks have the added pressure of stockholders, boards and banks to financially satisfy.

If the heart of your broadband network's sustainability strategy is selling subscriptions to individual residents and general mobile consumers, you should re-think your plan. Were the network a house, this is similar to fixating on making a classy roof or cool playroom while ignoring the strength of your foundation.

Starting with the hype-heavy days of muni wireless, community broadband projects have been plagued with this concept that individual subscribers are the main base for sustaining a network. Residential subscribers collectively are important, but they are the secondary consideration. Why are they not the foundation of the network? In areas most in need of broadband, individuals are often too few in number to offset the price of the network, the costs of winning and keeping them is huge and there are financially superior alternatives. This last factor, superior alternatives, can lead to 60%, 70% or more of your network's revenue.

Go for the gold, add the silver

The stimulus program has put the broadband grants needs of unserved or underserved populations front and center. However, many of those lacking adequate service live in small towns and rural areas, and/or they have low incomes. In each community that's a small universe of potential paying subscribers for network buildouts that come with six-, seven- or eight-figure price tags. Furthermore, only a portion of these universes will become paying customers since not everyone who can afford service wants to pay for it, at least initially.

The cost of winning and then keeping individual subscribers is a major pain in the assets. Yeah, you can quickly snag that low-hanging fruit, people who currently have no access and desperately want it or despise the access they do have. But you have to spend money to win everyone else as customers, maybe \$200 or \$300/person that take months to recoup. Collecting monthly payments isn't cheap, and tech support is expensive. There's customer churn too, since competitors won't sit still while you rake in the bucks. They'll raise the heat. So you have to drop prices, offer incentives, bring lost customers back to the fold.

Smart cities go after financially superior alternatives, and consider individual subscriptions bonus bucks. Towns such as Fredericton, New Brunswick in Canada bring the largest local businesses into a room and

convince everyone to chip in to underwrite the network buildout and operating costs. Each business gets superior broadband service for a cheaper price than incumbents were going to charge. Or you can imitate Santa Monica, CA's focus on selling fiber services to local businesses that churn much less than consumers.

Another tactic is to use broadband to convince two or three major businesses to move into the area bringing significant dollars and other benefits. Lafayette, LA was able to seal the deal with a major call center operation that brought 600 jobs to the community thanks to their fiber network. The center benefits the network directly as a customer, and the community economically with new jobs and taxes.

The bottom line is this. Individual subscribers can comprise a quality roof on your house of sustainability. But the financial foundation lies with government use of the network to cut its operations costs and with your leading businesses. They're solid, they don't require much (relatively) customer support and once satisfied they rarely churn. Other institutional customers such as medical facilities and colleges are the sturdy walls that hold up your roof. And a fresh generation of broadband-stimulated home-based businesses provides financial insulation.

Here's an important side note. Building your sustainability strategy by initially focusing on institutional rather than individual customers helps avoid some of the spitting contests over networks such as Wilson and Salisbury NC were forced to have with conservative think tanks and incumbent astroturf organizations. These groups are generally PR pawns funded by large telco and cable companies to fight community broadband projects. If you come to the table and slap down a dozen memoranda of understanding from prospective institutional subscribers, your network plans are much less vulnerable to opponents' charge of being fiscally risky.

Strategic Thinking Beyond the Network

One downside of the broadband stimulus program is that it has limited a lot of communities' and private sector companies' focus to building a physical infrastructure. When you read the media coverage, city councils' proclamations that broadband is equivalent to gas and water and so on, you get the clear impression that it's all about access. "Once we have access, [fill in the blank] will improve." However, the network's value and financial sustainability do not rest solely with the access, but also with the applications and services the access enables. Therefore

your strategic thinking must encompass question #2 raised earlier, what do I do with this beast once I finish building it? What do I want to achieve and how will we do it?

If you presume to know what constituents want or need to do with the network, you'll often be wrong. As a result, the network may not be built with enough capacity or the right technology, it may not be properly marketed once it's built or it could fall victim to any number of other shortcomings that limit your success. In diverse communities, the various constituent groups need different content, services and applications.

The wants of individual subscribers seem to evolve or totally change every 6 to 12 months and depend a lot on consumer trends. With institutional customers, they tend to lock into a relatively small set of applications they want to use (e.g. data warehousing, mobile workforce management, video conferencing). Their data trafficking and quality of service needs may be very demanding, but they tend to remain constant for one or two years, maybe longer.

To put the proper post-buildout strategy in place for the network, you have to execute a needs assessment process that is very intense, inclusive and ongoing. During the assessment, focus on what people want to do on the network so you can decide what infrastructure should be deployed. Within the confines of budget, though, you need to build the network with attention to how it's going to be used five years from now as well. You want to cast a wide net for gathering feedback with lots of feet on the street, plenty of constituent meetings and a few town hall events.

Once the network is built, you need some sort of feedback-gathering mechanism that keeps a finger on the pulse of your various constituent groups so you keep your operations strategy current. Maybe you can rely on service providers and vendors to do this as part of their responsibility to upgrade the network, or turn to the stakeholders you identify through the tactics I discuss in later chapters.

Your institutional network customers can be responsible for gathering feedback from their own employees, and pass results on to you. Whichever feedback-gathering methods you settle on should be determined by the nature of your community and the constituents involved with the project, and the methods should be flexible.

Getting to long-term strategic thinking

One of the biggest challenges for both public and private sector organizations involved with broadband is trying to predict and adequately plan for the future. Unless you have a great crystal ball vendor, there are so many unknowns when using technologies that change as fast as Internet-related infrastructure and applications. One strategy that communities can consider is to focus on building the middle mile infrastructure and let others such as private sector companies build the last mile and deliver applications directly to consumers.

In case the term middle mile is new to you, often used with its companion “last mile,” think of a broadband network as the Mississippi River and its tributaries. The mighty Mississippi hauls a huge amount of water between Lake Itasca in Minneapolis to the Gulf of Mexico. At numerous places along the river, tributaries run out from the river into communities. The last mile of a broadband network, similar to the Mississippi’s tributaries, is the infrastructure where consumers, businesses, et al attach to the network to send and receive data, Web content, e-mail, etc. The network middle mile is the Mississippi itself. The middle mile moves data from any number of communities and constituents.

The broadband stimulus program has made middle mile projects a big topic of discussion because: 1) you can’t have a broadband network without some sort of middle mile infrastructure hauling data back and forth between network customers and the Internet; and 2) even though it costs a lot to build, you can make broadband available to communities without needing to build or sell current and future technologies that touch customers. Operationally, someone else carries the expense of keeping the customer satisfied through last mile infrastructure, applications, customer support and new features.

Cambria County, PA is a good example of how to proceed with a network project if a community decides to go with this middle mile strategy. They wanted to build a network primarily for public safety, and to also enable all of the towns and townships in the county to have valuable Internet access. However, the county didn’t want to be in the business of serving end users directly.

Cambria county’s story

In Pennsylvania, Cambria County overcame restrictive legislation by using the telco’s own anti-muni network rules to build a county-owned middle mile network that moves beyond public safety to impact education, economic development and digital inclusion. Planners

of the 700 square-mile network, which has been up and running since June 2008, used the following approach that I believe you will see become the foundation for many projects.

For a brief bit of background, Verizon and Comcast lobbied Pennsylvania legislators to pass a restrictive anti-muni network bill in the face of Philadelphia's plan to build a citywide wireless network. The law says any local government must present to the incumbent telco (Verizon) plans for a network they want. If the incumbent refuses to build the network to spec as presented, the community can move forward. Verizon could agree to build the network, thus killing the community's right to own it, but Verizon would have to build the network within a year. In this case, Verizon let Cambria County have at it.

The county thus created a network infrastructure with features developed to withstand the rigors of public safety use (e.g. must-have-24/7 reliability, redundancy, disaster recovery). Once you build a network with that much power, there is tremendous excess network capacity for other uses.

They incorporated into the infrastructure multiple wireless technologies (5.8 GHz, 900 MHz, 4.9 and WiFi), and support for other wireless technologies such as WiMAX, SCADA and automated meter readings. This gives the last mile builders and service providers great flexibility in being able to use a technology that best meets their respective customers' needs.

The county generates various cost savings by reducing or eliminating telecom service contracts so they can receive these services through the network, therefore recovering much of the money they spent to build the network. If you identify one or two key uses for the middle mile infrastructure that allows you to recoup costs, you're in a strong financial position to facilitate last-mile capabilities.

Cambria County offers the network infrastructure as a digital "turnpike" to their 62 municipalities, enabling those munis to deploy applications and services that meet their respective needs, rather than trying to sell everyone the same package of applications. The latter was the fatal flaw that led to the demise of a major Silicon Valley, CA regional network project. The organizers could never get 44 municipalities to agree to funding a set of services the planners wanted to offer.

Along with Conxx, the county's vendor that manages the network as a contractor, officials offer Cambria County schools a package of services that enable them to now provide education and training that prepares the local workforce to function in a digital economy.