

PRESS RELEASE

Municipalities impatient for Big Broadband face Political Obstacles

New white paper examines the merits of waiting for ISPs or building public infrastructure instead.

AUSTIN, TX – November 23, 2004 – “Big Broadband: Public Infrastructure or Private Monopolies” contrasts the incentives of incumbent ISPs, municipalities and other stakeholders while suggesting that the capital expense of extending fiber closer to premises is high enough to cause ISPs to cherry pick the most profitable customers in greenfield installations, leaving others to fend for themselves. That’s where public broadband comes in.

“Success in a digital economy depends on sharing knowledge,” notes Wayne Caswell, the report’s author. “So telecommunications infrastructure is just as vital as transportation systems in the past, where companies, industries and cities thrived by being near waterways, highways, railroads and airports. All are critical public infrastructures.”

Caswell describes public broadband projects as analogous to airports, where cities can endure longer payback periods than commercial companies, where initial funding comes from long-term bonds that get paid off with ISP access fees, and where network construction and operation are outsourced. The communities that have done this already (over 200 of them across the country) have seen more competitive choices, lower prices, and better features and performance, resulting in faster economic development. Even countries such as Japan and South Korea have noticed benefits from their aggressive broadband policies, while by comparison the U.S. is losing ground.

The politics of broadband can pose obstacles for municipalities that want their own networks, so the paper also includes a section explaining the fears of various stakeholders. Incumbent phone companies, for example, fear competition from voice-over-Internet-protocol alternatives and are using their deep pockets and powerful lobbyists to delay municipal networks as long as they can.

This paper, “Big Broadband: Public Infrastructure or Private Monopolies,” is available online at www.cazitech.com/big_broadband.htm.

ABOUT THE AUTHOR

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