

Growing Network Revenues and Driving Economic Growth without Investing More Capital





Case Studies: How Economic Growth Is the Payoff
for Driving Local Broadband Demand

Broadband Communities Summit, Austin, Texas

May 2, 2018



Without broadband, how can any community ...

-  Improve local business competitiveness, innovation, and growth?
-  Provide smart city services?
-  Maintain or grow your revenue base?
-  Survive ...?

Broadband is essential to quality local jobs, fiscal revenues, and community sustainability.

CITY OF **HIGHLAND** ILLINOIS



**We built a successful fiber network to own
our future, now we're driving demand**

Highland Communication Services (HCS)

- **Municipal network owned by City of Highland**
- **Established in 2010, HCS was developed in response to overwhelming support from citizens to create a fiber-to-the-premises system**
- **Currently HCS is serving:**
 - **82% of businesses**
 - **52% of households**

Challenge: Continue to increase revenues to support cost of system and drive economic growth

HCS Goals

- **Increase the real and perceived value of HCS to the community**
- **Make HCS a force for economic growth**
- **Move to sustainable operations through revenue growth**
 - More customers
 - New value-added services and new pricing
 - More revenue per customer

HCS Activities to Drive Growth

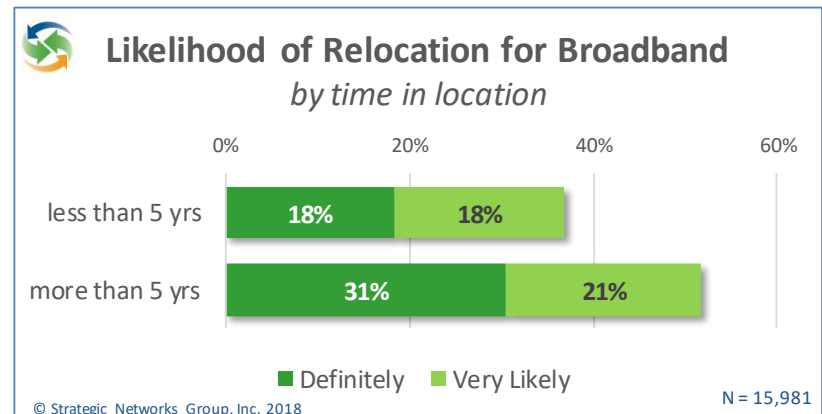
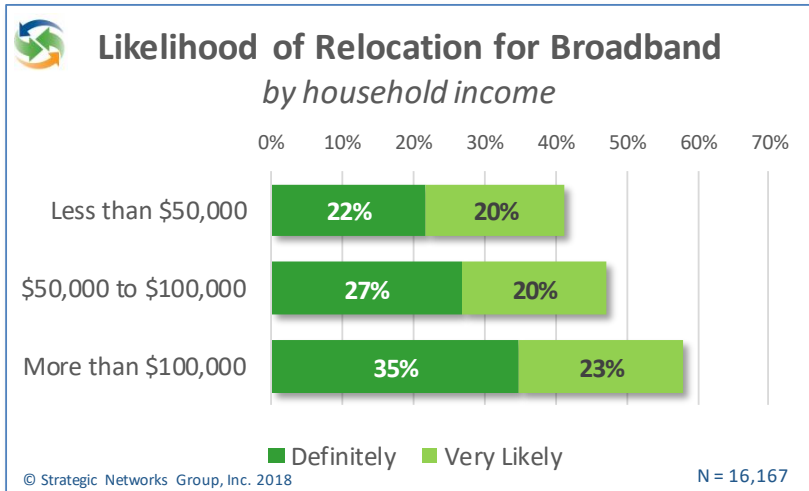
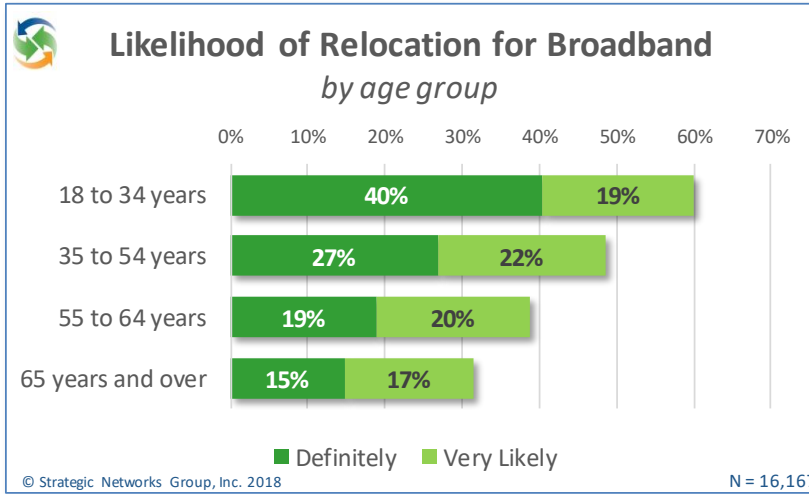
- **Pilot research of selected businesses**
- **Community-wide residential market research (in progress)**
- **Community-wide business market research (May 2018)**
- **Revise business model based on demand data**
- **Create professional services arm to implement services for local businesses**

Risks of Not Owning Your Digital Future

The Value of Broadband

Nothing speaks to the value of broadband better than the likelihood of relocation

- Over 40% express a likelihood of relocation
- Poor broadband risks high-value residents
 - Younger working age residents
 - Higher income residents
 - Long-standing residents
- Impacts to community vitality and economy



Should Communities Care About Their Digital Future?

Benefits from Broadband

ISP Benefits

Subscriber Revenues



Community Benefits

Economic Development

Efficient Government

Livability

Smart City / IOT

Smart Grid

Distance Education

Teleworking

Public Safety

Transportation

Real Estate Value

Smart home

Telemedicine / Aging in Place

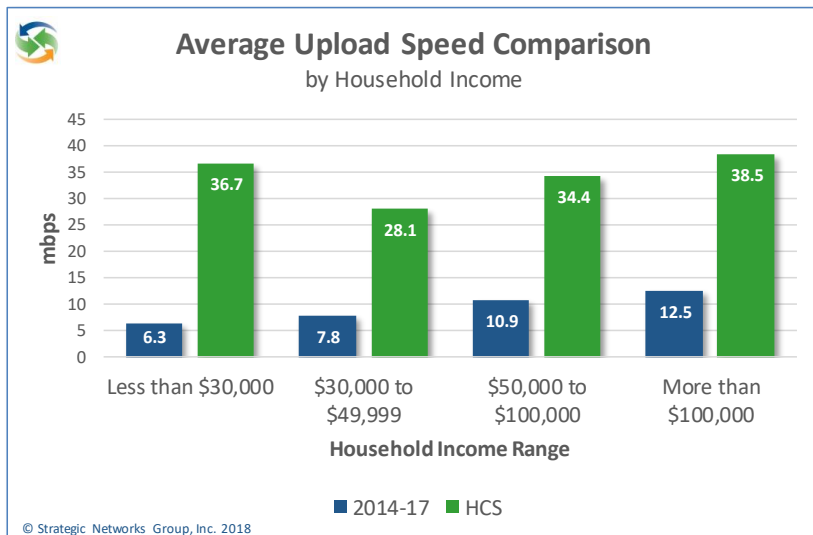
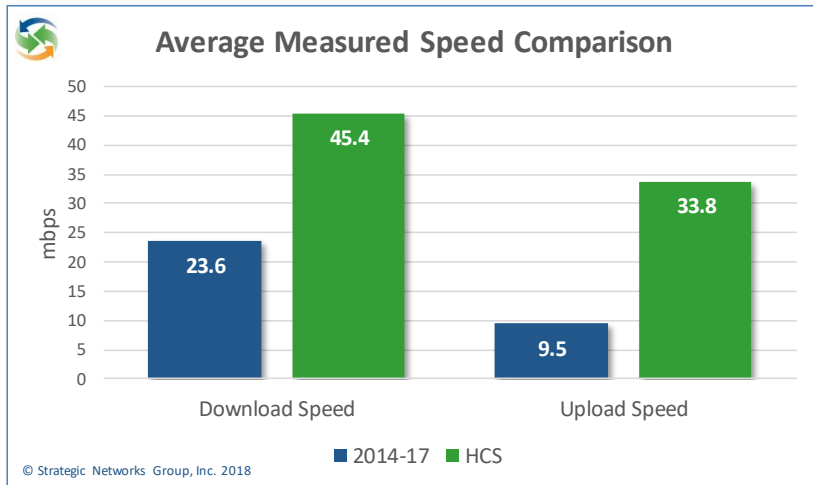
Innovation

Market Analysis to Drive New Revenues - Highland Residences

What can market analysis tell us?

- **Current uses, barriers, and behaviors that influence demand**
- **Interest in new services and uses**
- **Insights for driving demand of value-added services**
- **Impacts from increased utilization to:**
 - **Network revenues**
 - **Economic growth**

HCS Fiber makes a difference



We have built a network for the future of our community

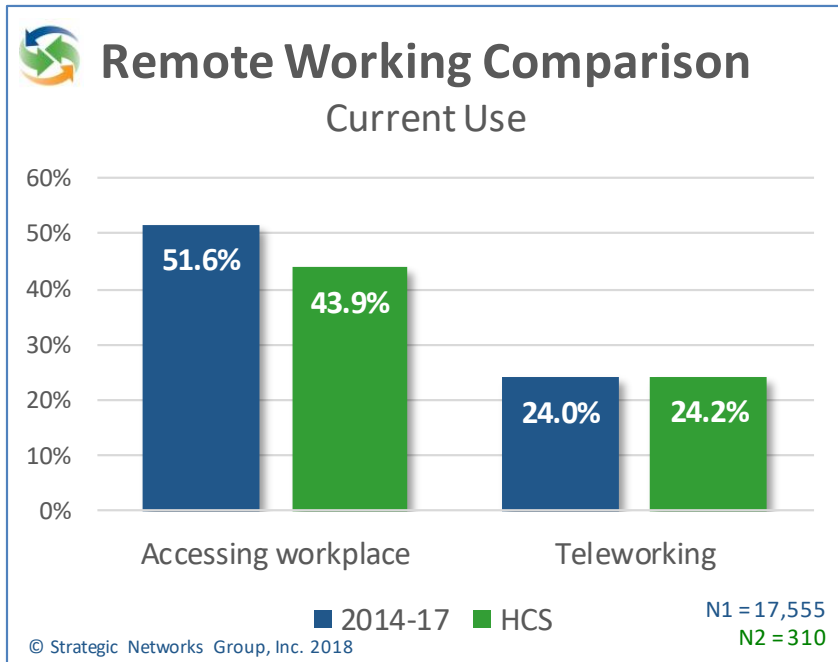
Better speeds than most communities

- **Twice** the download speed and almost **four** times the upload speed
- Higher averages attainable by driving demand - unconstrained by the network

A force for social equity and local economic growth

- Higher speeds at all income levels
- Opportunities for all households to benefit
- Households increasingly telework and have home businesses
- Better education and stronger workforce

Broadband for residential productivity



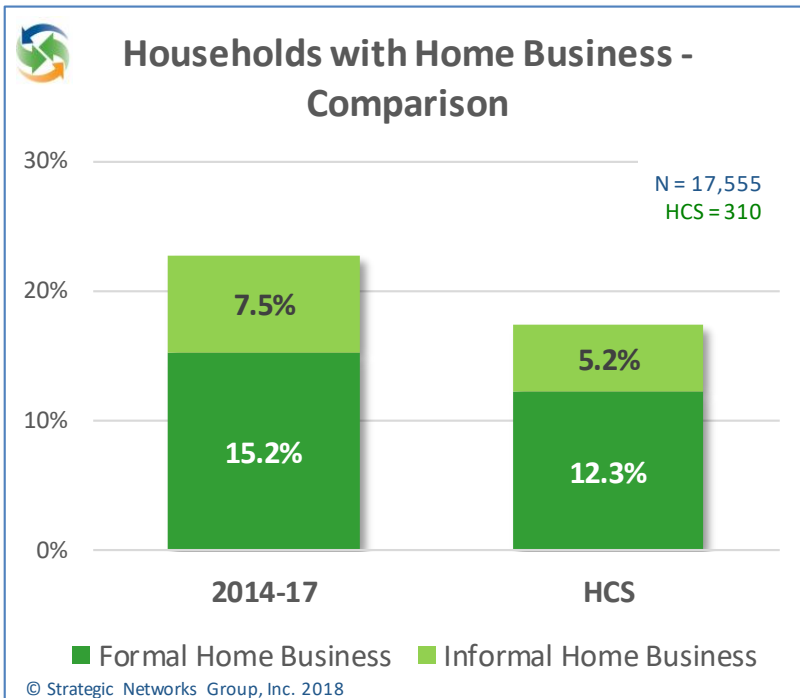
Approximately half of households remotely access the workplace

- One in four regularly telework all or part of the work week

Telework provides personal and community benefits

- 51% would *not have current job* without it
- 32% *avoid relocation* because of telework
- Avoids productivity loss, reduces costs, fuel consumption, and carbon emissions

Broadband for residential productivity



One in five working age households have a home business

- Over 70% generate additional household income

Home businesses depend on broadband

- 90% agree that broadband is *essential* for business
- 68% *would have no business* without broadband
- 47% *would need to relocate* without broadband

Broadband for Health and Education

Telehealth

Not everyone needs it ... yet ... but many are willing to consider it

- 5% – 10% currently use one or more telehealth services, such as remote monitoring and emergency call systems
- Between one third and one half are **willing to explore** using a telehealth service in the future

Contrary to popular belief, technology is not a major barrier for households

- Only 12% feel uncomfortable with the technology (88% feel comfortable)
- Only 15% feel that they don't have the technical skills to use telehealth (85% have the skills)
- Households are more concerned about **privacy and security** (47%) and service quality (29%)

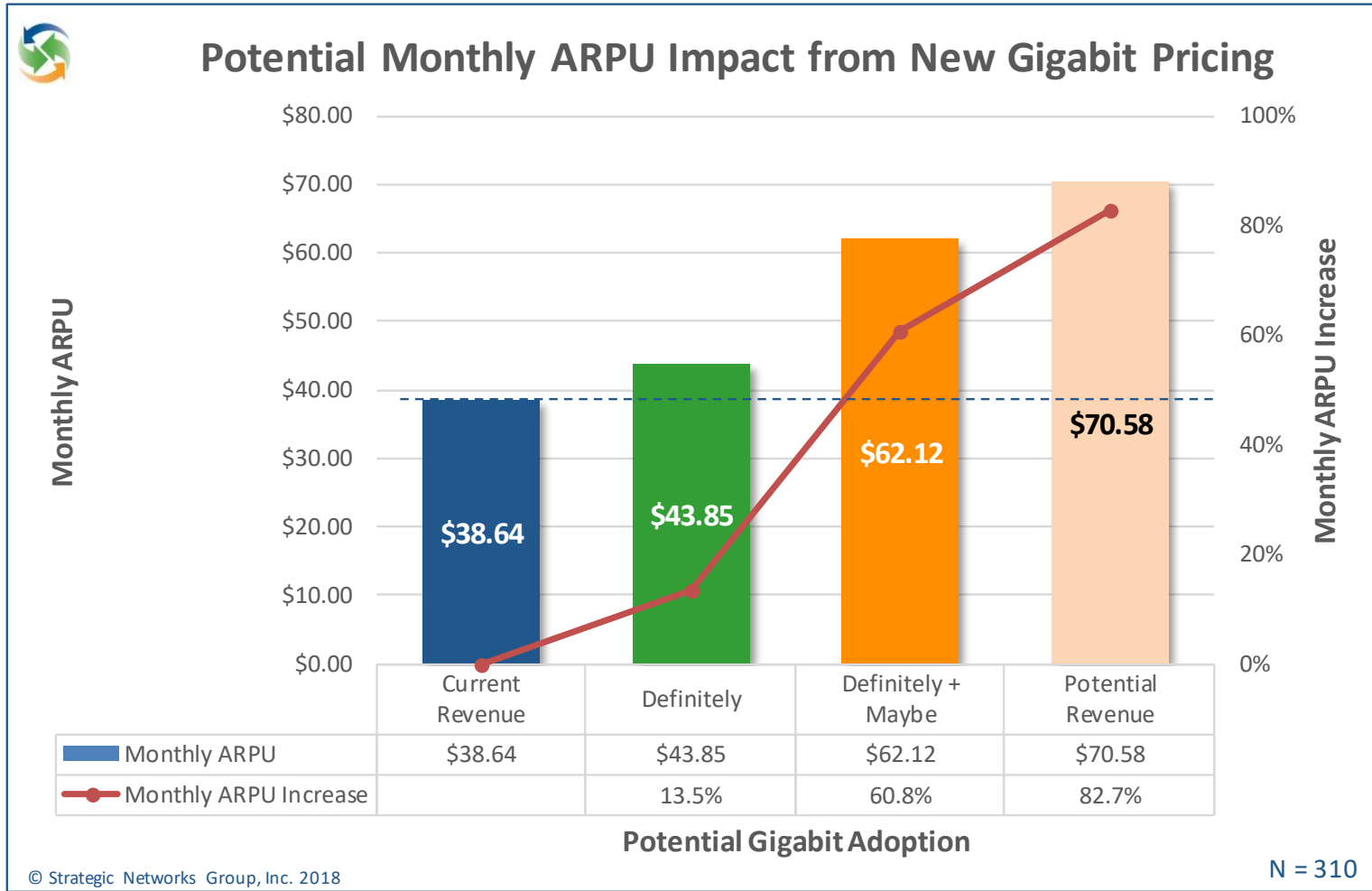
Education

90% agree that broadband improves access to learning opportunities and enhances the learning experience

- Online education has allowed 56% to complete a degree or certification

Two out of five households are actively using the internet for education or training

Potential ARPU Increase

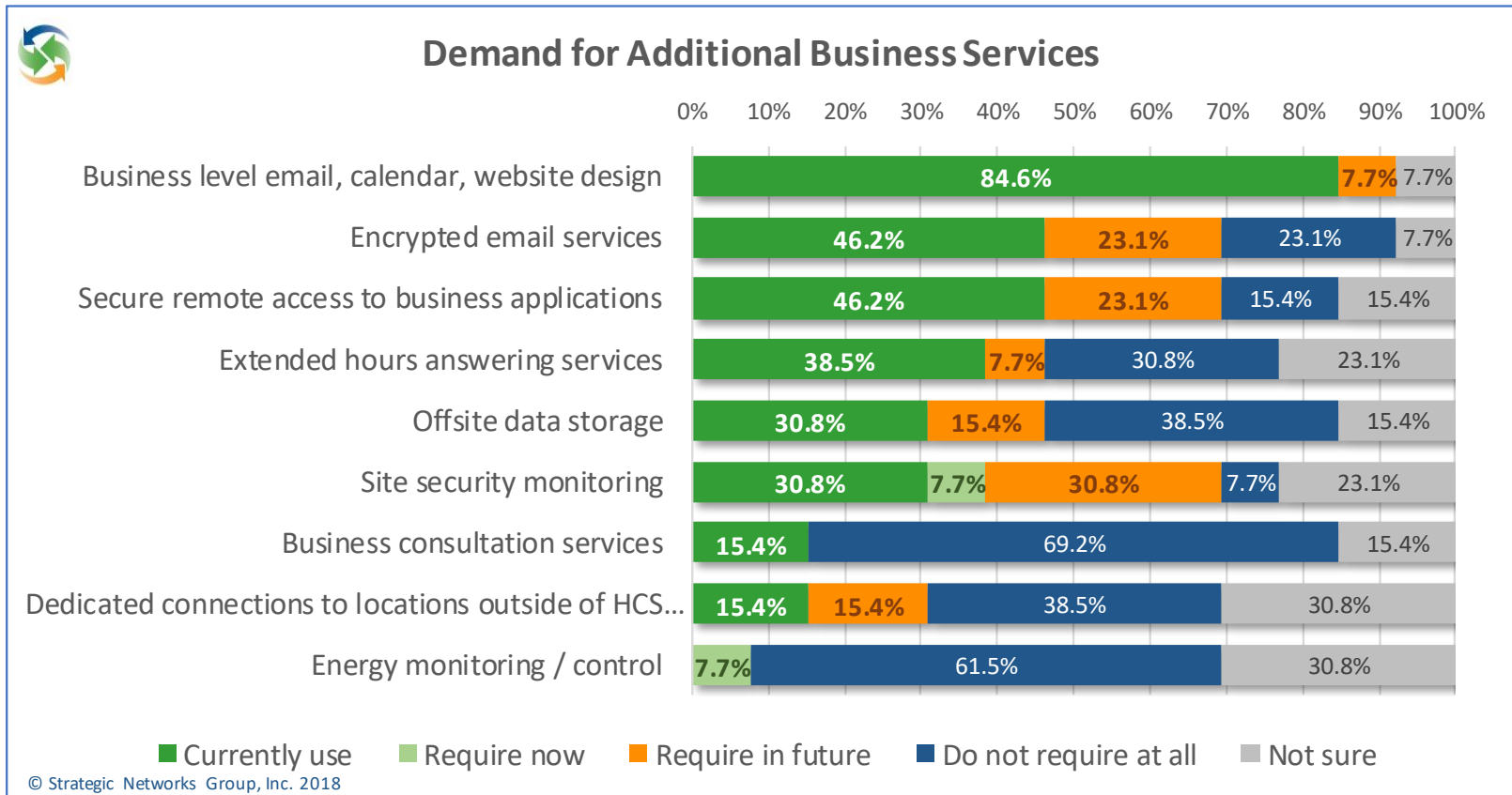


45% of households interested in Gigabit provided contact info for follow-up









Business Market Analytics

- Research current uses, benefits, barriers, opportunities
- Identify and drive demand for new value-added services



Broadband is Essential to Your Operations, Economy and Workforce

Owning your digital future:

-  Unconstrained, affordable connectivity
-  Empowers households of all types
-  Allows businesses to be more competitive
-  New workforce opportunities
-  Enhanced and smart community services
-  Maintains and grows revenues for the network and municipality



**Know your market – deliver value – increase revenues
... without new capital investment**

Thank you. Now let's connect.



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