

# Working With What's There

To deliver broadband cost-effectively, a community's best option may be to partner with the incumbent telephone company.

By Trevor Jones / OTELCO

Communities start down the path of creating broadband networks for a handful of reasons. Some want to create broadband competition to reduce consumer prices. In most cases, however, communities build networks to improve internet connection speed and quality for residents. Some towns struggle to fund the investment, and they turn to options with lower deployment costs, such as fixed wireless, to reduce the cost of connecting residents.

There is another option for reducing costs, however – one that may seem shocking or counterintuitive to many who have spent time working on municipal networks: *You could consider working with your local incumbent telco.*

I know. It's shocking. That's because, too often, we hear about incumbents that have made a clear decision not to invest in rural communities. No doubt, many of those stories are true. At the same time, we should remember that not all incumbent carriers are created equal. Some, including independent telephone companies, cooperatives, and other small to mid-sized operators, are more progressive in their attitudes toward municipal investment and more aggressive about investing in the rural communities they serve. Even large incumbents occasionally partner with communities.

Here are a few reasons you might want to work with your incumbent carrier:

- **The incumbent can reduce or eliminate make-ready costs.** Depending on your state's pole attachment rules and the condition of poles in your community, make-ready – the process of creating space for a new carrier on utility poles – can account for up to 40 percent of the cost of constructing a new network. Because your incumbent already has space on the poles and may even own a large percentage of the poles, it may not need to spend as much on make-ready as you would spend.
- **The incumbent may be motivated to serve your community.** Some incumbents have decided to concentrate their investments in urban areas at the expense of rural markets. This is one cause of the mistrust between local communities and their incumbents. On the other hand, many incumbents, including independent telephone companies and cooperatives, built their businesses around small, rural communities and have

operated in those areas for more than 100 years. Many already invest in rural communities and may need just a little help to accelerate network deployment.

- **The incumbent has the experience and equipment to manage a communications network.** Many communities hire third parties to manage the broadband networks they build because the expertise doesn't exist in municipal government unless there is already a town-owned electric utility. Your incumbent, on the other hand, has the equipment and resources to manage a network.
- **Working together can improve network adoption.** If you don't work with the incumbent and it is motivated to stay in your community, you will have a competitor on your hands. Competition is good, but every customer the incumbent puts on its network is a customer who is not using the community network. As a steward of your constituents' tax dollars, you need as many people using your network as possible. Working with your incumbent reduces the competitive risks you may face.
- **The incumbent has a capital budget.** Incumbent providers invest in networks every day. The broadband problem your town struggles with may be a simple misalignment of where your incumbent is making investments and where, for example, your economic development team expects growth. Keeping an open dialogue with the incumbent can help it direct investment to where your community needs it most, reducing the need to allocate tax dollars to building assets.

As with any partnership, a decision to work with the incumbent requires alignment of goals and principles. Chances are, both the community and the incumbent will need to make a few compromises. Going into a discussion with clear goals and a definitive understanding of what is negotiable and what is not is important. The preparation will be worth the effort, however, if you can successfully bring to your community the connectivity it needs at a reduced cost. ❖

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