

Importance of FTTP to Business Location

The availability of FTTP (Fiber to the Premises) in a community is increasingly important as a selection criterion for businesses that are choosing a new business location, or choosing to stay in a location. In SNG's research, 46% of organizations indicated that fiber was "Essential", or "Important". It's not just about broadband anymore, it's about having access to **reliable high speed Internet** – FTTP infrastructure addresses those needs and enables businesses to be competitive. This is a reality that communities must increasingly address, those that do not will be missing out on economic development opportunities as local businesses are unable to realize the benefits from using FTTP, or businesses simply locate to other locations that have FTTP.

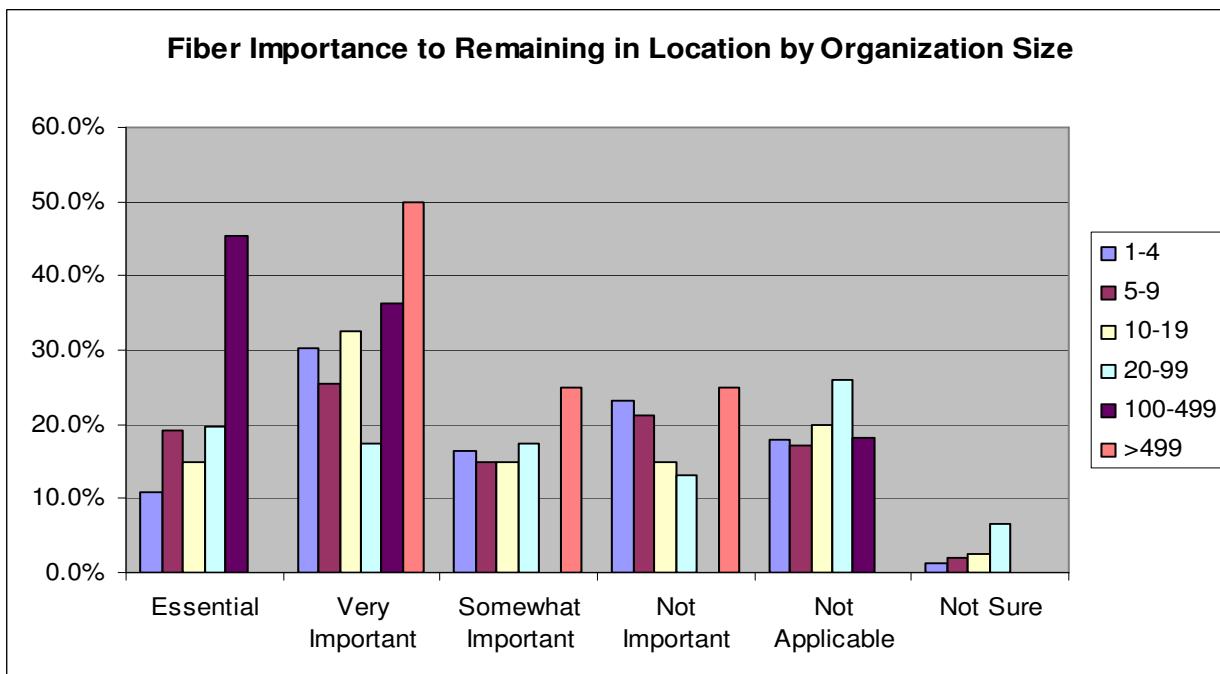
Why is FTTP important?

The real benefits of FTTP (fiber to the premises) are more than about doing the same things faster. There are direct benefits from the transformative effects of fiber due to the reliability of FTTP that enables the adoption of new processes that transform business operations. In addition to such effects, there are economic multiplier effects (increases in GDP, jobs, tax revenues) that can be calculated. In SNG's research since 2003, we have found significant increases in local economic activity attributable to broadband. In fact, the increase in local GDP is more than ten-fold the value of the investments in broadband infrastructure.

FTTP Impact Study – Importance of Fiber to Business Location

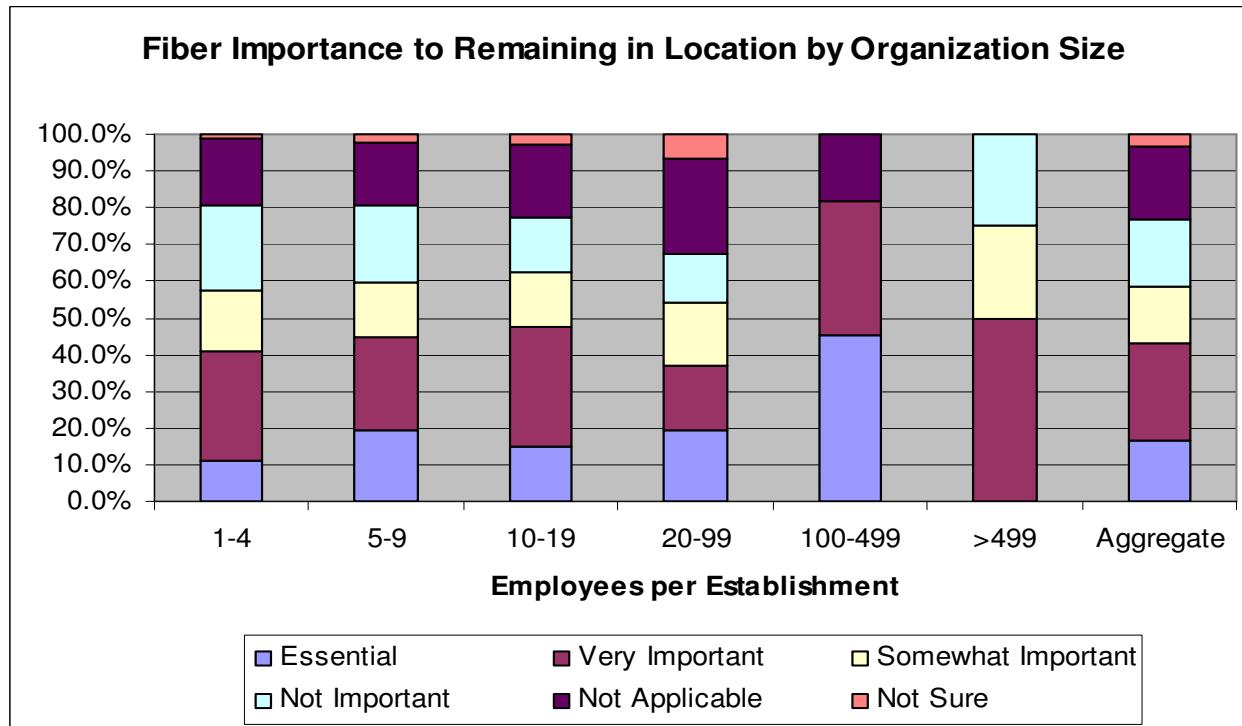
The following analysis is derived from SNG's database on broadband impacts. The data was collected by SNG in Spring 2007 from 223 businesses and organizations currently using FTTP in three communities in the U.S. Businesses were asked to rate the importance of fiber in both selecting their business location and for remaining in their business location. The following figures illustrate the importance of fiber to remaining in the business location:

Figure 1 - Importance of Fiber to Remaining in Business Location



The importance of fiber in remaining in their present location does not show a wide variation based upon business size, but importance tends to increase with size¹.

Figure 2 - Importance of Fiber to Remaining in Business Location by Size



Overall (aggregate) **43% of organizations rated fiber as Essential (16.4%) or Very Important (26.6%) for remaining in their business location.** This may be interpreted as a percentage of organizations for whom the lack of fiber would be a reason for relocating to another region.

Fiber Benefits Observed

A total of 177 respondents chose to answer the question “Please describe the main benefit(s) to your organization from having fiber access (benefits that were particularly significant or unexpected)”.

The following is a selection of verbatim descriptions of fiber benefits from a variety of organizations:

“There are two major reasons. One, if we didn't have it we would have to move the business out of the community. Second, we are anticipating doubling our staff and profit and if it weren't for the broadband we wouldn't be able to accomplish that.”

- Publishing (10 employees)

“Accessibility to research has helped us. Also transmitting various documents to the government. Those are the two most important things.”

- Tax Accounting (15 Employees)

¹ Note: Larger organizations with more than 100 employees are a small percentage (5.9%) of total respondents.

"I own 4 coffee shops and have a server at my office that coordinates all transactions and customer accounts. I remotely access all shops as needed and can have accurate data at any time from my office. I also offer WI-FI at two of my establishments (the other two are drive-thru). I was one of the first consumers of the fiber optic in our area."

- Restaurant chain (30 employees)

"Research has been the biggest area which it has helped as well as access to online training materials. It reduces the time for the office staff to access external documents and serve customers."

- Engineering firm (73 employees)

"The most significant benefit is increased speeds and communications with our vendors. With the adoption of EDI with a couple of our vendors, having high-speed capability has been able to decrease the workload on some of our employees. We also use a third party vendor that offers services for a management and inventory software we are using that needs to be connected by high speed internet to keep inventory and product offerings up-to-date on daily basis."

- Furniture retail (30 employees)

"It allows us to increase our volume of business."

- Manufactured Home sales (14 employees)

"It is more efficient and our ability to serve the public is greater. We'd like to expand our ability to download the information to the public. We actually need more band width than what we have right now."

- Public Library (36 employees)

"The main benefit we are seeing is that we are no longer maxing out on our usage. We were previously having problems with our system maxing out almost daily due to the heavy usage within our agency."

- Insurance (20 employees)

"I have access to technology and communications resources that used to be only available in major urban areas. I enjoy a much better quality of life as a result of FTTH."

- Prof. Services (1 employee)

"It makes my job easier, able to have out-of-state clients."

- Accountant (1 employee)

For any questions or further details on broadband impacts, please contact:

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