



strategic
networks group
the broadband economists

Beyond Step One...

Driving Economic Development through Meaningful Use of Broadband

FFTH Council Europe Conference

Munich, Germany

March 15, 2012

We are the “Broadband economists”

WE ARE a global leader in broadband planning for socio-economic development

WE PROVIDE data and insights to increase broadband utilization and impacts

WE DELIVER strategies for economic development and community transformation through broadband



Some of our clients:



Operators

Revenues from client subscriptions

- Investment and maintenance costs

= PROFIT

Local Economy

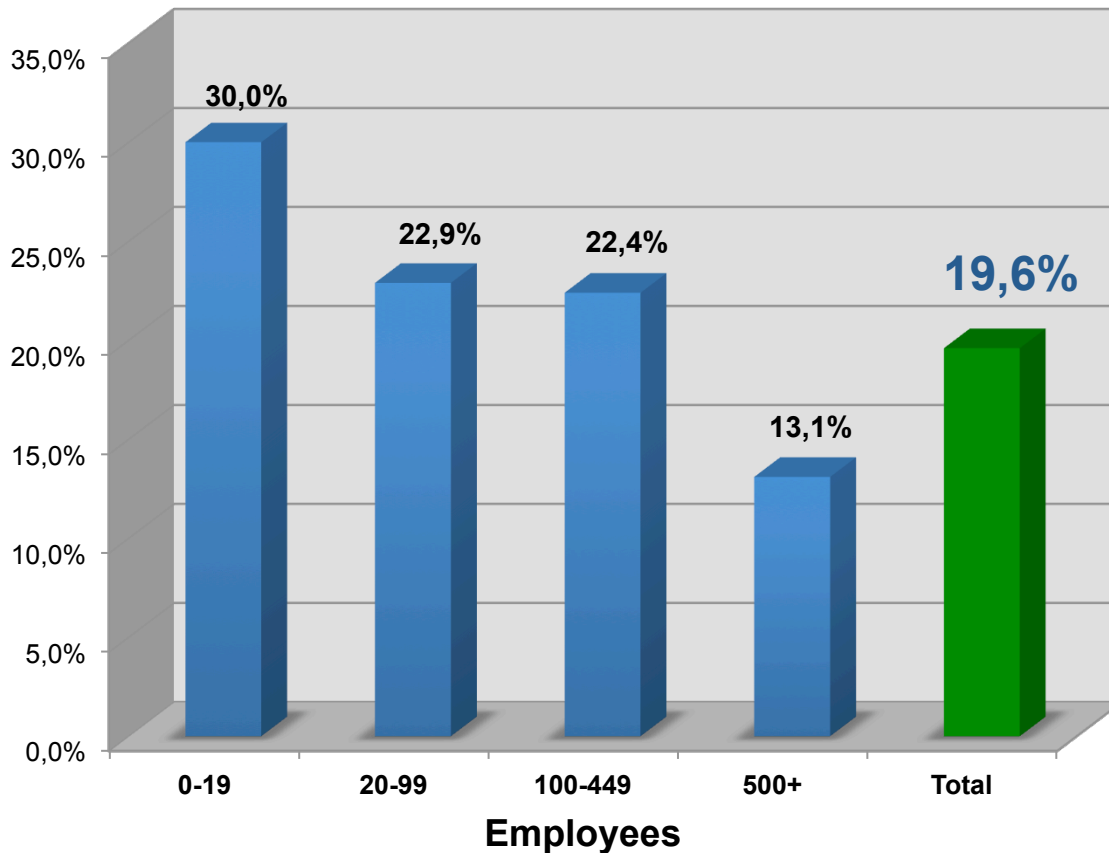
**Increased productivity and competitiveness,
increased revenues, new jobs,
better quality of life, etc...**

- Investment, maintenance, support

= BENEFITS FOR THE COMMUNITY

**“Off-
balance-
sheet”**

Broadband is responsible for 19.6% of all new jobs



**Percent of New Jobs
Related to Internet
By Size of Employer Group**

Broadband retains and attracts population and businesses

38% of households said they would definitely, or likely, relocate if broadband was not available

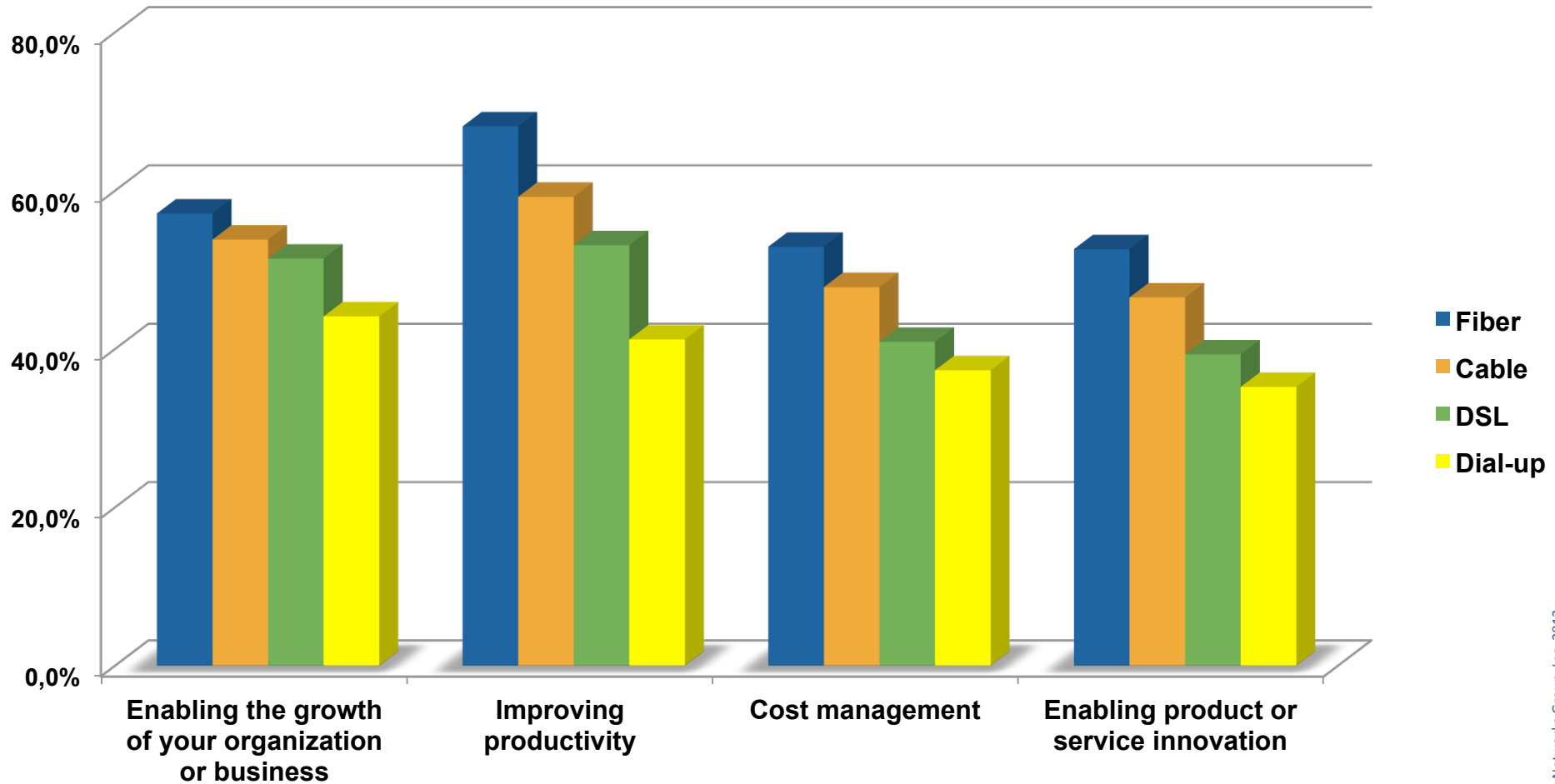
32% of households have a home-based business, with 14% planning to start one in the coming year

72% of home-based businesses say broadband was essential for their business

55% of business and organizations said broadband is essential for remaining in current location



Internet benefits vary by speed and quality of connection



SNG projects have revealed common return on investment (ROI) multipliers from broadband investments

Economic ROI from Public Investments in Broadband	
Contribution to GDP	10 x the initial public investment
Number of Jobs created and saved	Variable
Fiscal revenues increase	3 to 4 x the initial public investment

Average multipliers identified from economic impact studies conducted by SNG.

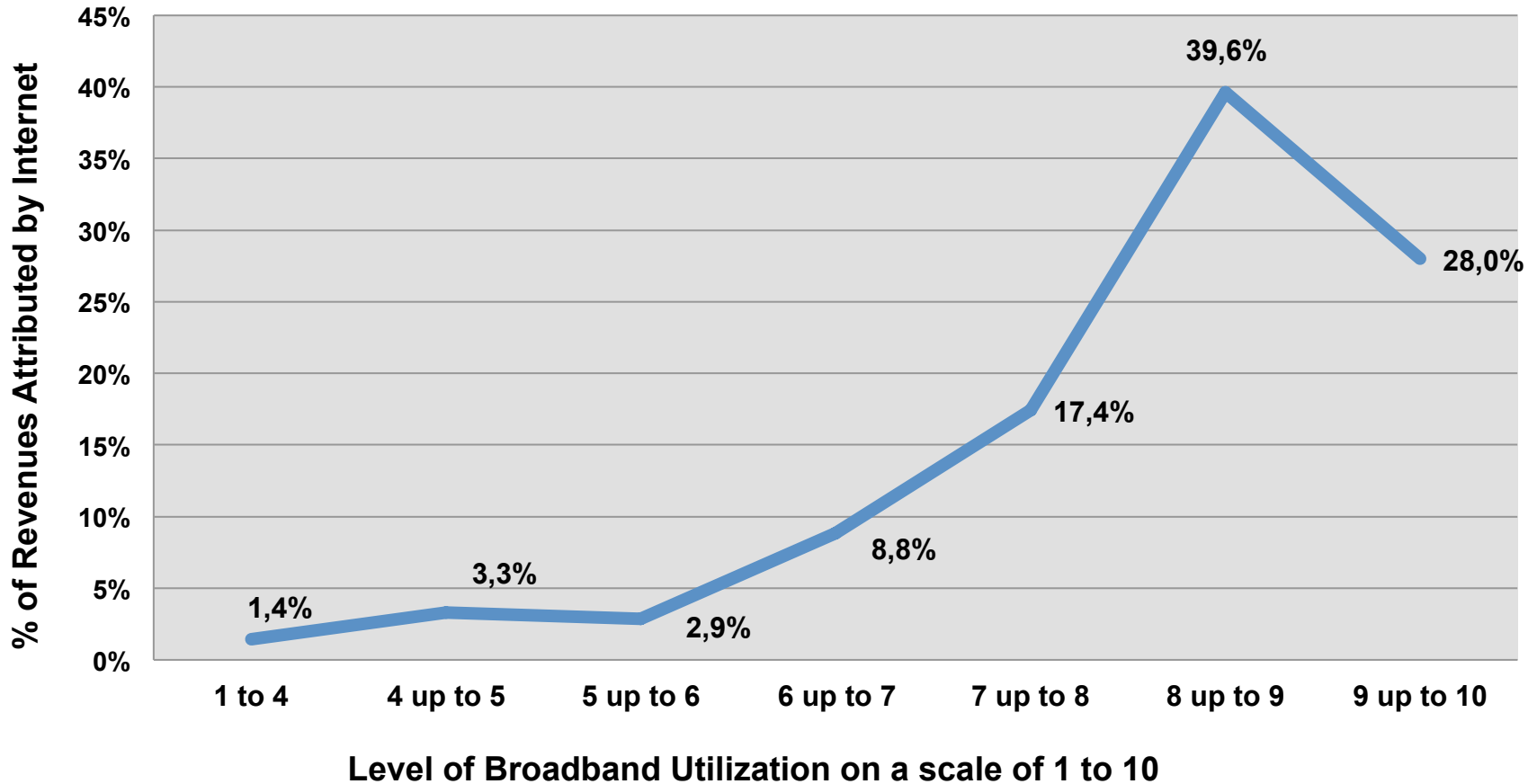
DRIVING UTILIZATION

SNG's Broadband Lifecycle Approach





Increased Utilization Enables Revenue Growth

**Contribution of Internet to Revenues / Level of Utilization
(Businesses with 1 - 99 employees)**



Businesses underutilizing the Internet miss significant revenue opportunities

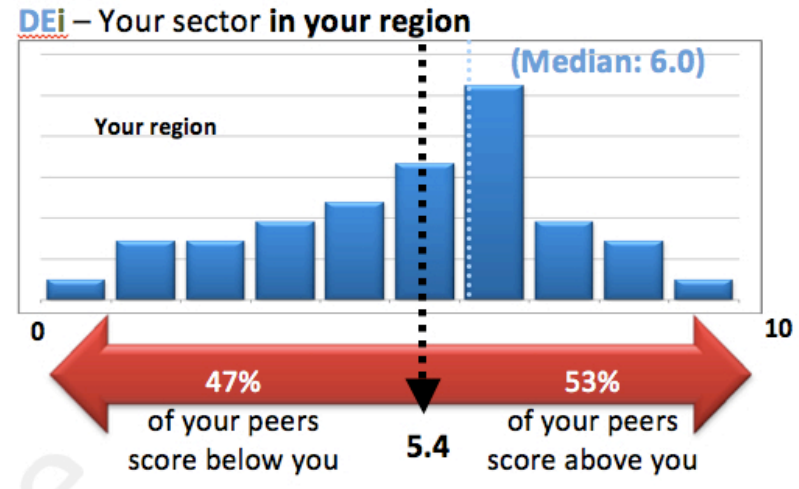
We uncover Internet use at a micro-level and benchmark against peers

-  **17 e-solutions¹** by organizations
-  **30 e-solutions¹** by households


Utilization data collected² by SNG directly from **13,000** businesses / organizations and **5,500** households (normative database).

Results shown use SNG's **Digital Economy index (DEi)**, a composite score between 1 and 10 to reflect level of Internet utilization.

Your score: 5.4



**Ranking process
by DEi score**

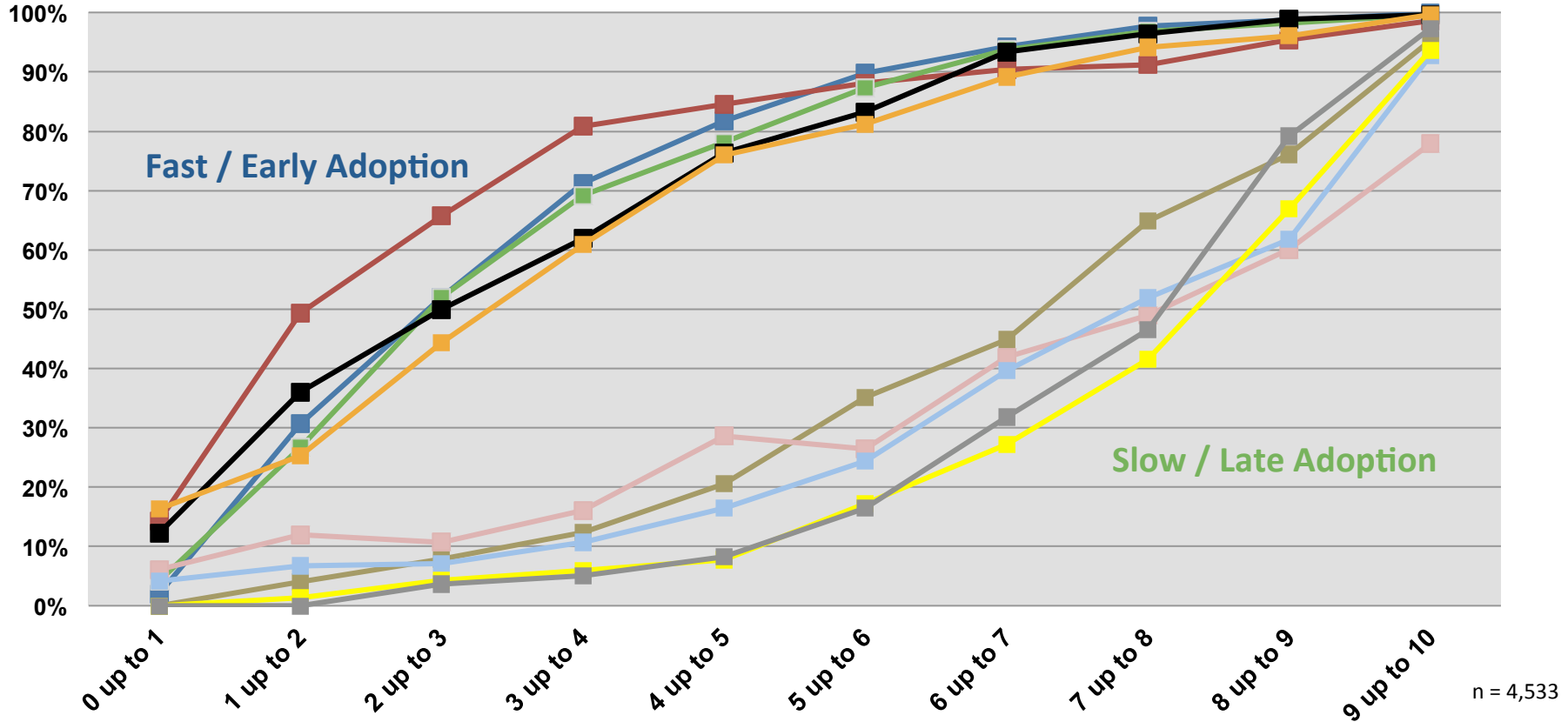


Highest
2
3
4
5
6
Lowest
Insufficient Data

1. Internet-enabled applications and processes; 2. Between 2008-2011

The Adoption Process for e-Solutions

Level of Utilization by DEi Score



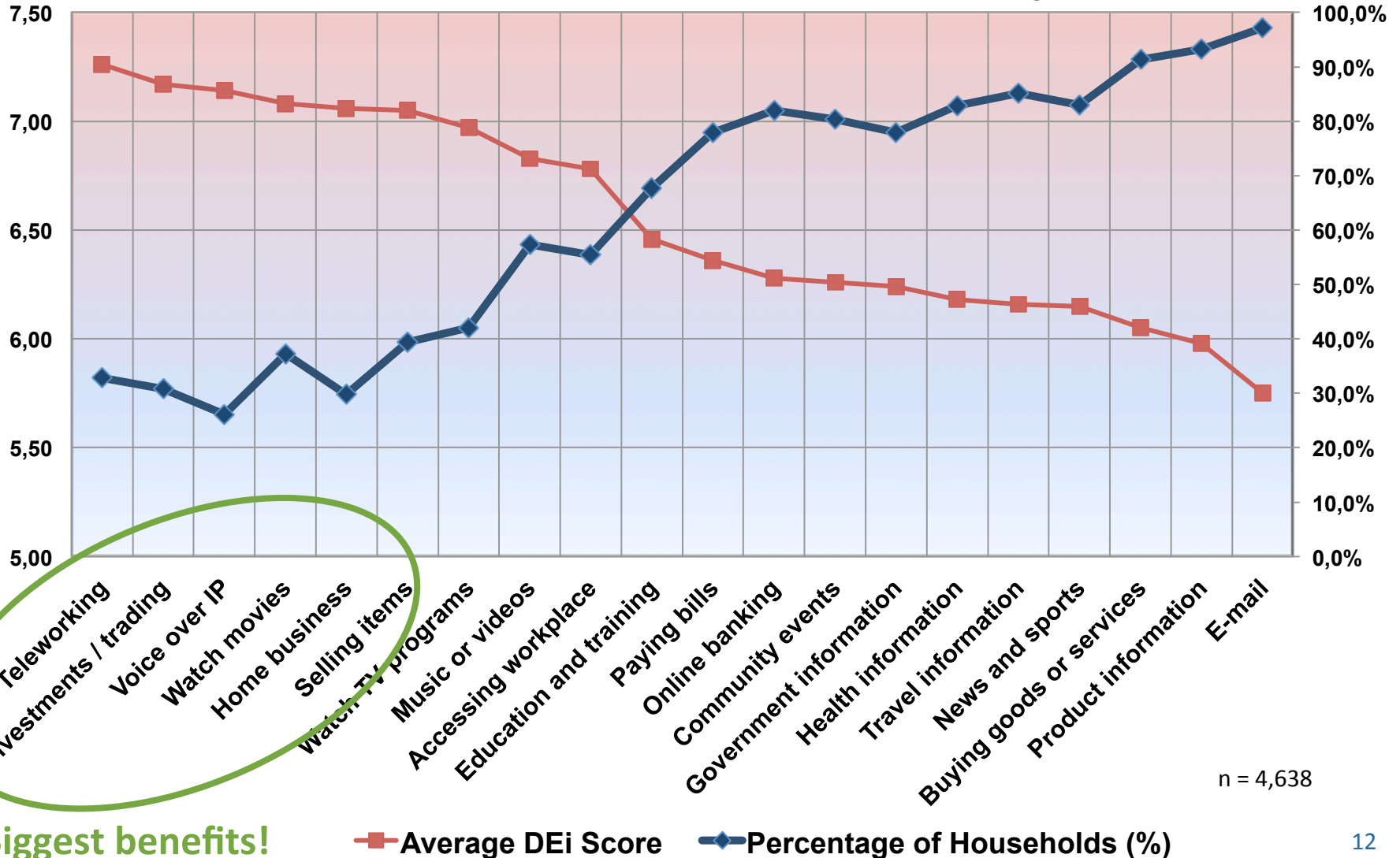
Fast / Early Adoption

- Access government information
- Electronic document transfer
- Accessing collaborative tools
- Research by staff
- Website for organization

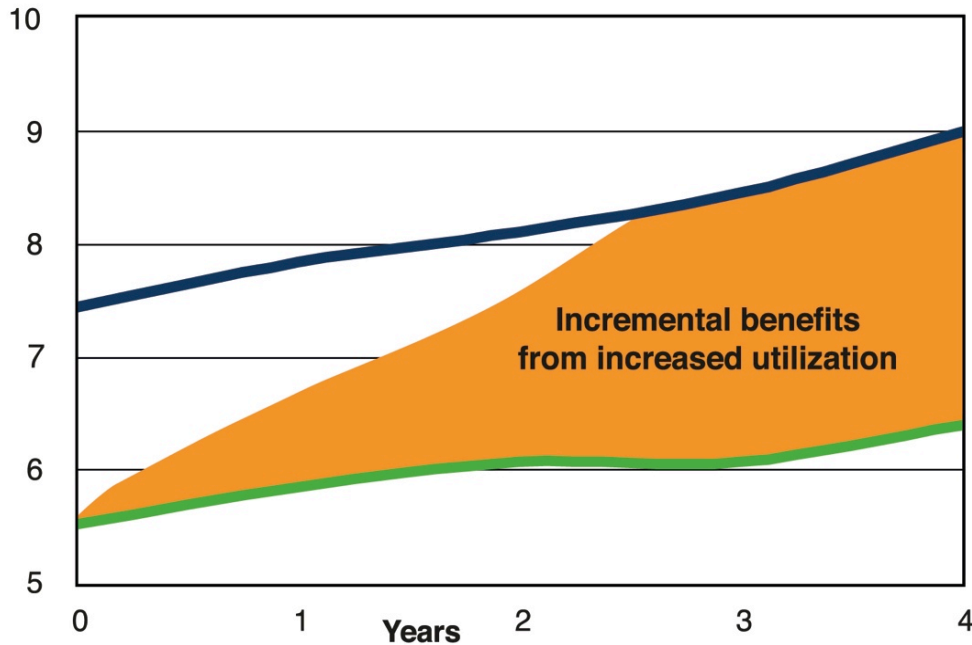
Slow / Late Adoption

- Teleworking
- Selling goods or services
- Rich media or service creation
- Deliver services and content
- Social networking

Relationship Between DEi Scores and Frequency of Use





Digital Economy index (DEi) score over time



- DEi Upper Quartile with Awareness and Utilization Support
- Transition with SNG approach
- DEi Median with "Laissez faire" approach

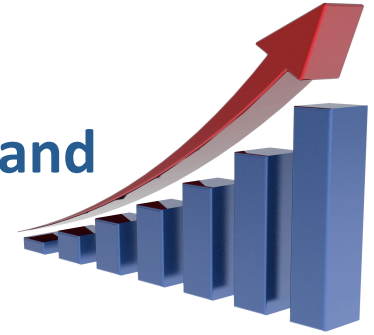
For an individual business or organization, increasing utilization by 10% means:

-  Increasing revenues by 24%
-  Decreasing costs by 7%

Average multipliers identified by SNG from over 12,000 data records collected in 2009-10.

TO ENSURE

Economic Growth and quality of life from broadband





YOU NEED



-  **Reliable, affordable BB**
-  **Responsive Customer Service**
-  **Meaningful utilization**
-  **Local ownership to drive economic development**



Context

-  Client : **e-North Carolina Authority**
-  Need: State-wide broadband planning




In 2010

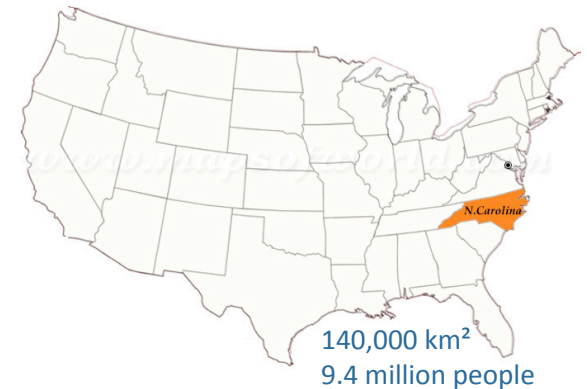
-  **Micro-level data gathering** of broadband connectivity and utilization from businesses / organizations and households.
-  Stakeholder engagement and building local planning capacity focusing on bridging gaps in regions.

In 2011

-  **Regional Analysis, Strategies and e-Profiles** for the 7 regions of the State.

In 2012

-  **Regional planning** in three economic development regions.
-  **Workshops to mobilize stakeholders** and maximize local benefits.
-  Development of **customized resources** for individual businesses and targeted sectors.





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Let's connect !

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To propel innovation and economic benefits, SNG helps regions uncover the dynamics of Internet / broadband utilization in the following areas:



-  Impacts (benefits, revenues, job creation)
-  Who is leading and lagging in adoption of Internet-enabled applications and processes (e-solutions)?
-  In what areas do differences in utilization occur?
-  How do people and organizations acquire Internet skills?

Utilization = Competitiveness / Growth = Economic Benefit

Help your businesses and organizations be more productive and competitive



- 🔄 Benchmark against peers and industry sector leaders, within and outside your region, as an integral part of the process to improve local productivity and competitiveness
- 🔄 Understand where investment will have the greatest impact by identifying needs, gaps, and demand for broadband
- 🔄 Develop strategies to drive innovation, promote awareness and utilization, and leverage assets to maximize socio-economic benefits locally
- 🔄 Mobilize regional stakeholders to leverage broadband, build sustainability, and maximize local benefits
- 🔄 Track outcomes, reveal impacts, adjust plans, and identify where investment is needed to further evolve into a 21st century economy