



# Winning Strategies for the Emerging Knowledge Economy

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*Moderator:*

**Michael Curri**, President,  
Strategic Networks Group



*Panelists:*

**Bruce Abraham**, President & CEO  
North Georgia Network



**Kyle Hollifield**, VP Marketing and Business Development  
Bristol Virginia Utilities



**Betty Zeman**, Marketing Manager  
Cedar Falls Utilities



**Donny Smith**, CEO  
Jaguar Communications



# The elements of success

**TO ENSURE**

**Economic Growth and quality of life from broadband**



**YOU NEED**

- **Reliable, affordable BB**
- **Responsive customer BB service**
- **Meaningful utilization**
- **Local ownership to drive economic development**



# Why we build broadband networks

## Operators

**Revenues from client subscriptions**  
 - Investment and maintenance costs  
  
 = PROFIT

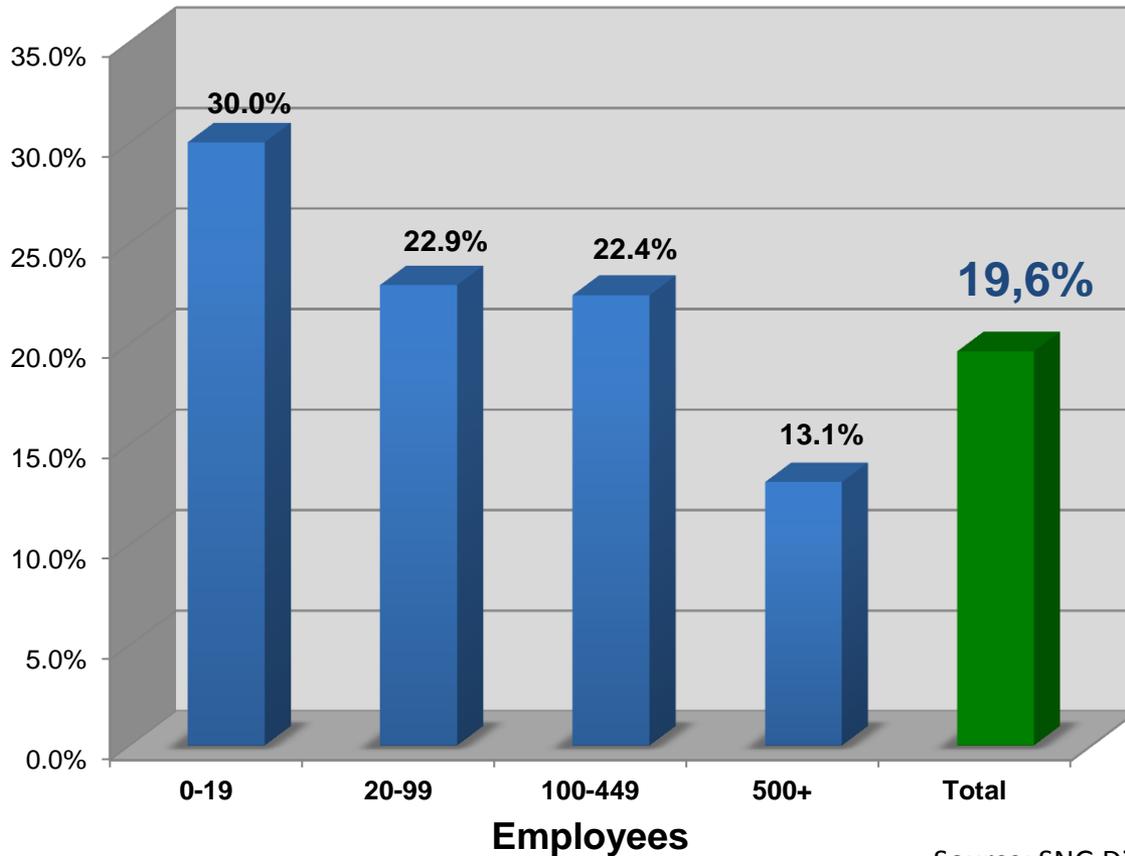
## Local Economy

**Increased productivity and competitiveness,  
 increased revenues, new jobs,  
 better quality of life, etc.**  
 - Investment, maintenance, support  
  
 = BENEFITS FOR THE COMMUNITY

**“Off-  
 balance-  
 sheet”**

# Broadband creates jobs

Broadband is responsible for 19.6% of all new jobs

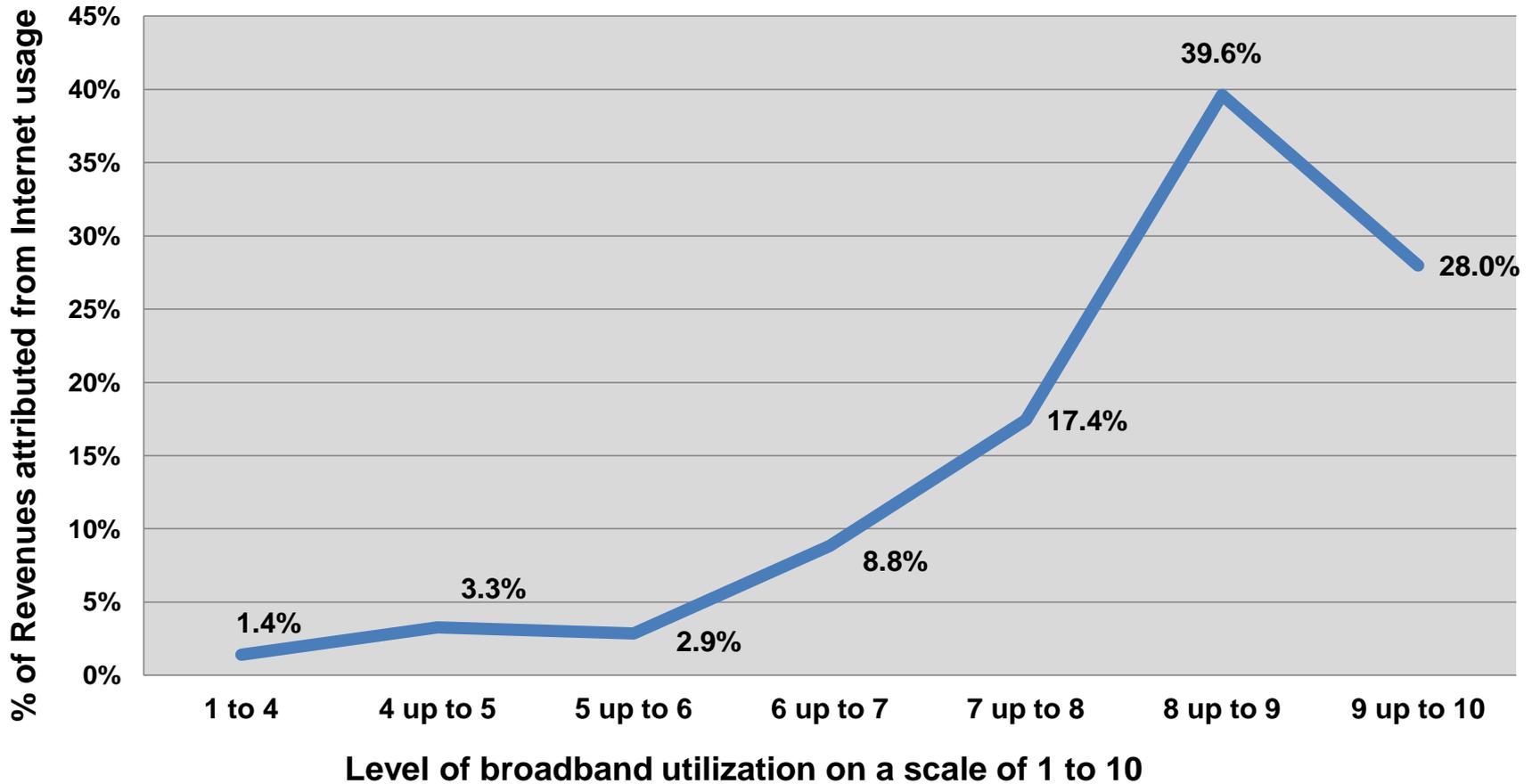


**Percent of new jobs related to Internet by size of employer group**

Source: SNG Digital Economy Database  
 n = 1,721 from NC and VA collected in 2010

# 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**

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

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

Source: SNG Digital Economy Database  
 Average multipliers identified from economic impact studies conducted by SNG.

# Evolution of broadband thinking

**Initial focus:** How do you build a broadband network?

## Problem!

Operators seeing slow adoption when broadband is offered

- Issue:
- End-users not seeing the value of using broadband
  - Low adoption harms ROI

**Emerging question:** How do you market and use the network now that it is built?

Response:

-  Businesses, organizations and households need to be shown the value of BB
-  Network operators need to personalize what BB means to their customers
-  Adoption takes several steps – a multi-stage marketing plan is needed



The real question is **HOW** to make broadband relevant to the end-user and personalize the value?

# Service and local commitment

- **Understanding** existing and new customers on a more granular level
- Diversity of products and services through **knowledge of market.**
- **Build 'Stickiness'** with existing customers; attract new customers.
- Implications of a **digital lifestyle** – customers want what they want, when they want it, delivered in the form they want.



## How to achieve, maintain and grow.

- **Grassroots local promotion** (BVU only uses mass media for new product introduction)
- Be a totally **integrated** part of the community.
- **Personal selling** – customer experience.  
Every customer ‘touch point’ determines your brand.
- **Utilization of network by operator** – need to leverage invested capital, through layered services. With marginal fixed cost, greater ARPU by building products and services around the pipe.



**BVU's customer experience and demo room is an integral part of BVU's customer service.**

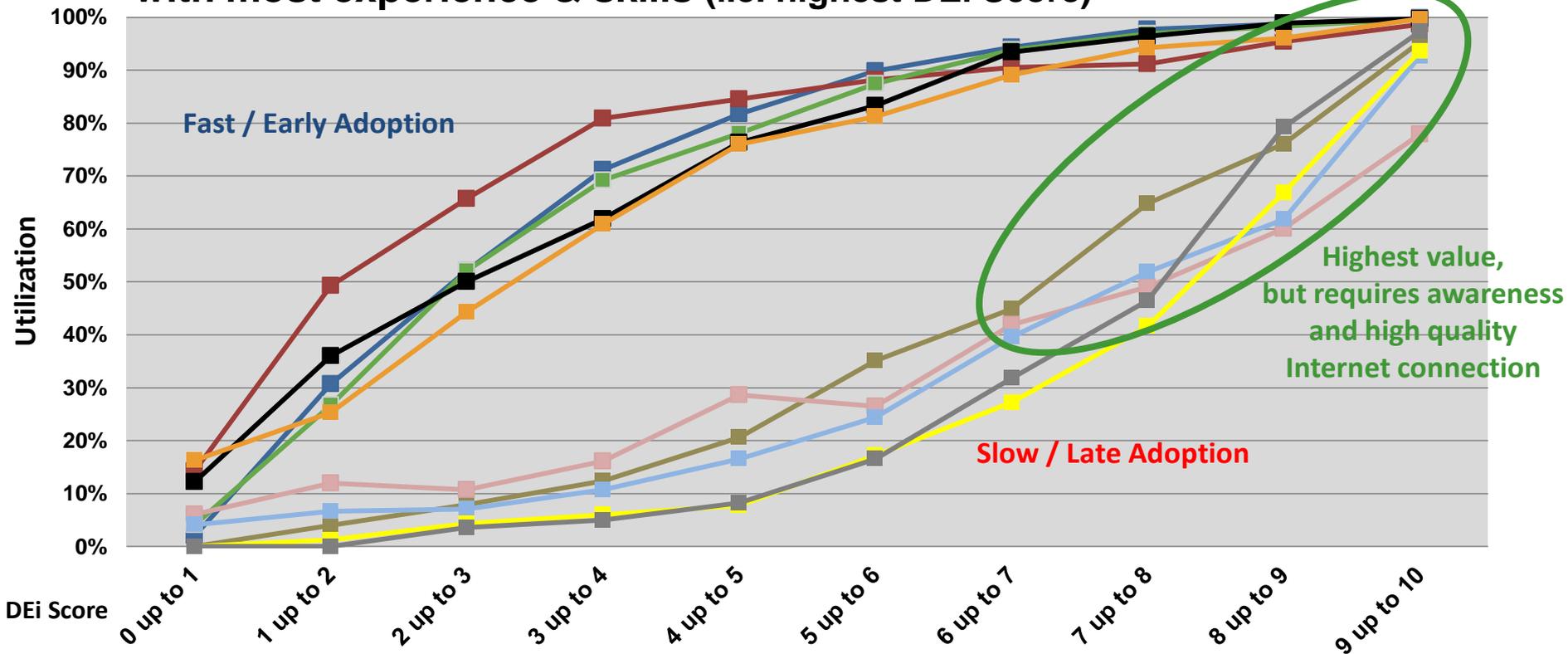
How many departments do you have?

- In reality only one – **the Customer Care Department**



# The adoption process for e-solutions by businesses

**e-Solutions with greatest impact used by those with most experience & skills (i.e. highest DEi Score)**



## Fast / Early Adoption

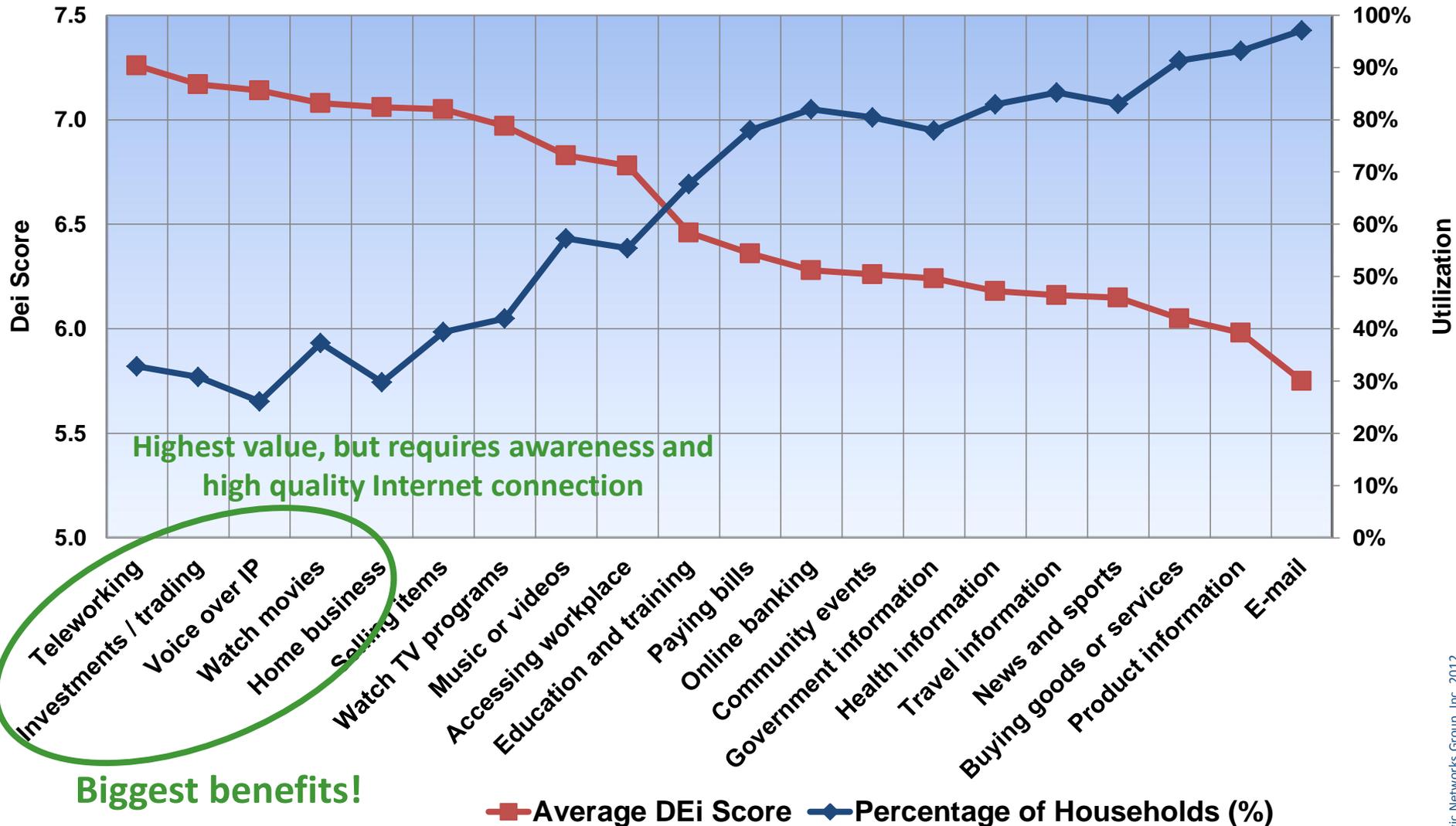
- Access government information
- Electronic document transfer
- Accessing collaborative tools
- Research by staff
- Website for organization

## Slow / Late Adoption

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

# Broadband utilization and household earning power

## Higher value e-solutions being used by fewer households



# Meaningful use drives broadband demand

Select your characteristics

Industry: Professional & Technical Services | Employment Size: 1 - 4 | Annual Revenue: 500,000 | Annual Operating Cost: 400,000

Select your e-Solutions

What are you currently using? | What e-solutions would you like to ADD?

Currently using: Access government information, Accessing collaborative tools, Advertising and promotion, Banking and financial

To ADD: Rich media or service creation, **Selling goods or services**, Social networking, Staff training and skills development

Select the highest impact e-solutions

## Estimated Benefits from Individual Additional e-Solutions

Type of e-Solution	Revenue	Cost Saving	Net Benefit
Advertising and promotion	\$ 45,100	\$ 120	\$ 45,220
Web site for organization	\$ 40,150	\$ 1,920	\$ 42,070
Selling goods or services	\$ 33,850	\$ 320	\$ 34,170
Social networking	\$ 5,600	\$ 240	\$ 5,840
Supplier communication and coordination	\$ 0	\$ 5,720	\$ 5,720
Accessing collaborative tools	\$ 3,100	\$ 1,320	\$ 4,420

**'DEi Impact Calculator'** to motivate increased utilization of broadband

## Prioritized Prospect List

- 1. Public Facilities and Governments** - National Guard, County and City Facilities, Public Safety
- 2. Education** - K-12, University, Community College
- 3. Health Care** - Hospitals, physician groups, diagnostic imaging centers
- 4. Industry and Commerce**
  - a. Data center and disaster recovery enterprises
  - b. Private ISPs, LECs, mobile carriers with fiber backhaul needs
  - c. Enterprises engaged in e-commerce with critical up-time requirements
  - d. Any business that needs to transport video and/or images
- 5. Multi-site LAN support**
- 6. Electric Utilities** with AMI, SCADA and smart-grid needs
- 7. Multi-Family residential** and **student housing**





## Capturing the business

**85% of residents buy home internet service**

Market Share:

CFU	90%
Mediacom	3%
Century Link	2%
Other	5%

**94% of residents buy pay TV service**

Market Share:

CFU	88%
Dish/Direct	8%
Mediacom	4%

## Capturing the business:

- **Cultural shift** was Cedar Falls Utility's biggest challenge – moving from utility mindset to selling telecom services
- Need to determine **who** sells it and **how**
- **Critical sales elements** – market intelligence, pricing strategy, end-to-end solution
- Embrace the advantages of **being close to the customer**



# Local success stories in the emerging knowledge economy

## Success stories from when you do it right:

- Non-town areas all at 50% uptake or greater **in less than 3 years**
- **Town of Hayfield** – working with local stakeholders to fast-track success: 9 months and 54% penetration
- **Circle Lake Area** 92% penetration in 18 months
- Towns that have seen declining populations and losing businesses for decades are **reversing the trend**
- **New opportunities** for Telecommuting and Health Care



## 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



**Betty Zeman**

**Marketing Manager, Cedar Falls Utilities (CFU)**

Phone: 319-404-2117

Email: [bzeman@cfunet.net](mailto:bzeman@cfunet.net)

**Bruce Abraham**

**President & CEO, North Georgia Network**

Phone:

[bruce.abraham@connectngn.com](mailto:bruce.abraham@connectngn.com)

**Kyle Hollifield**

**VP Marketing and Business Development**

**Bristol Virginia Utilities**

Phone:

Email: [KHollifield@bvub.com](mailto:KHollifield@bvub.com)

**Donny Smith**

**CEO, Jaguar Communications**

Phone: 507-261-1854

Email: [DSmith@jagcom.net](mailto:DSmith@jagcom.net)

**Michael Curri, CEO**

**Strategic Networks Group, Inc.**

Phone: 613-277-2588

[mcurri@sngroup.com](mailto:mcurri@sngroup.com)