

The Service Provider Executives Roundtable at the W2i Digital Cities Convention

2006 Series Overview

Based on the proceedings from Houston,
Los Angeles, London and Philadelphia

Co-Edited by:



ABSTRACT

The Service Provider Executives Roundtable was conceived by the Wireless Internet Institute (W2i) and Yankee Group in late 2005 and launched by W2i, Yankee Group and rClient at the W2i Digital Cities Convention in Houston on February 28, 2006. The roundtable has provided a path-breaking forum for broadband-wireless Internet service providers and the ecosystem of equipment vendors and systems integrators to discuss business and market strategies and examine the potential for cooperation among emerging providers and existing cable, telco, cellular operators. In December 2006, the agenda was expanded to include local-government CIOs and stakeholders. The paper provides an overview of the 2006 series and a report on key findings from the December edition.

CREDITS

The Wireless Internet Institute extends its appreciation to the 2006 roundtable moderators: James Farstad, President, rClient; Berge Ayvazian, Chief Strategy Officer, Yankee Group; Roberta Wiggins, Senior Research Fellow, Yankee Group; and Tara Howard, Analyst, Yankee Group. W2i thanks James Farstad for drafting this report and aggregating findings from the Philadelphia edition of roundtable; and to Robert Ramsey, Department of Geography, University of Toronto, for note taking.

The Wireless Internet Institute, LLC, is an independent think tank bringing together local-government stakeholders around the world to accelerate the adoption of broadband and wireless technologies in support of social and economic development. W2i Digital Cities is a global conference and publication series exploring win-win solutions for planning and implementing broadband networks, applications and services for better managed communities.

Yankee Group is the leading industry analyst and technology research and consulting firm specializing on broadband and wireless/mobile networking. Yankee Group and rClient collaborate on consulting projects for local-government officials in cities like Minneapolis, to conduct technology assessments, feasibility studies, RFP development, proposal evaluation, best of breed analysis, due diligence, and contracting support.

rClient, LLC, is a Minneapolis-based consultancy specializing in municipal broadband. It helps communities analyze alternatives and make effective decisions that ensure the successful deployment of metro and countywide broadband solutions. rClient is currently assisting the City of Minneapolis in the implementation of its municipal wireless strategy.

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2006 Series Overview

The initial intent of the **Service Provider Executives Roundtable** at the Wireless Internet Institute (W2i) Digital Cities Convention was to bring a diverse group of important industry players together around a common table to discuss the dynamics and challenges of the emerging local-government broadband marketplace, and to collaboratively promote a solid set of technical and operational best practices.

Houston / February 28—The inaugural roundtable at the W2i Digital Cities Convention in Houston proved to be both worthwhile and popular for invited participants, which included ATT Texas, EarthLink Municipal Networks, Embarq, SprintNextel, Verizon Wireless, Shentel, MobilePro, and Intel, and more than three dozen broadband-wireless industry stakeholders. Houston Chief Information Officer Richard Lewis, conference co-chair, said: “The Service-Provider Roundtable was probably one of the best sessions I saw today. It gave you some insight into some of their concerns about how this technology is affecting their traditional markets and customer bases, so I can understand why there’s a little bit of dynamics in why that was a ‘safe room’ that they huddled in.”

Los Angeles / May 25—The second roundtable, hosted at the Digital Cities Convention in Los Angeles, provided an opportunity to discuss business and market strategies and to examine the potential for greater cooperation between service providers and local governments. Structured presentations from a service provider (Embarq), systems integrator (Siemens), and equipment vendor (Tropos Networks) provided a greater understanding among the participants of subscription, advertising, and anchor-tenancy based business models.

London / September 26—The third roundtable, at the W2i Digital Cities Convention in London, explored the unique characteristics of the European marketplace and the impact that national and local government service delivery models have on the effective design of public-private partnerships between these governments and service providers. Perceived barriers to implementation can stall projects and keep them from getting off the ground. Local-government representatives felt that lack of both technical know-how and funding are the primary roadblocks for deployment, while private-sector attendees believed that lack of political consensus and regulatory hurdles are the key barriers.

Philadelphia / December 5—Based on the success of the first three roundtables, the fourth edition, at the W2i Digital Cities Convention in Philadelphia, was expanded to include representatives of local government. Facilitated in a new format by rClient and Yankee Group, the Service Provider and Local Government CIO Executive Roundtable included two brainstorm sessions in which local government CIOs and project leaders assessed the potential value of a broadband network and service providers assessed the potential risk in delivering that value.



Participants at the inaugural Roundtable in Houston, Feb. 28, 2006.

Dual-Brainstorm Format

The purpose of the two alternating discussions at the Philadelphia roundtable was to develop a greater level of understanding about the value of community broadband to local government and its constituents, and a greater appreciation of the risks borne by service providers and funders. The combined audience joined in a facilitated discussion prioritizing intelligent business-model alternatives to create added value for local government while assisting funders in better managing risk. (See Table 1.)

In his introduction to the session, W2i Executive Director Daniel Aghion challenged service-provider participants to engage in a conversation that would help local government assess and sustain value; and local-government participants to assist service providers in better understanding their vision and goals and assessing the risks associated with these objectives. Over the course of nearly three hours, the discussion became a valuable give-and-take about creating sustainable business models.

Network Ownership	Value		Risk	
	Local Government	Service Provider	Local Government	Service Provider
Community Owned	High	Low	High	Low
Public-Private	High	High	Medium	Medium
Privately Owned	Low	High	Medium	Medium

Table 1. A value and risk summary points to the public-private model as the most mutually advantageous and potentially the most sustainable.

Co-moderator Roberta Wiggins, Yankee Group Research Fellow, presented a comprehensive overview of the municipal-broadband business-model continuum with a focus on three classic models: community owned, public-private, and privately owned (see Table 2). Ms. Wiggins noted: “We’ve seen in the past year a momentum toward free service models that have placed a considerable amount of pressure on service providers. Can this be supported?” The working session allowed participants to assess the viability of this and other models.

Network Ownership	Government Relationship	Revenue / No Revenue	Public and / or Private User Groups	Tiered Service Delivery
Community Owned	Government Use	Tax-Subsidized Free Service	Single or Multiple Usage	Wholesale and/or Retail
Public-Private	Government Anchor	Ad-Supported Free Service	Multiple Usage	Wholesale and Retail
Privately Owned	Government Offerings	Location-Based Advertising Services	Multiple Usage	Wholesale and Retail

Table 2. A business-model continuum encapsulates government’s stake in the network, potential revenue sources, public and private user groups who may be accommodated, and service-delivery options.

Local-Government Perspectives

CIOs representing Buffalo, Chicago, Minneapolis, Philadelphia, Pittsburgh, Washtenaw County and several other jurisdictions, generated a number of specific ideas about the value of municipal broadband networks. Their objectives included:

- ▶ enhanced public safety and emergency response,
- ▶ promoting strategic broadband competition in local markets,
- ▶ developing mobile capabilities to better manage delivery of government services,
- ▶ expanding I-nets,
- ▶ achieving digital inclusion,
- ▶ promoting economic development and introducing micro-economic development concepts,
- ▶ enhancing the resident and visitor experience,
- ▶ demonstrating what broadband infrastructure can do for business,
- ▶ introducing intelligent traffic and asset management, and
- ▶ creating neighborhood portals to deliver local relevant content and location-based advertising.

Several of the local-government participants went on record to say that if incumbent providers had a better record of proactively introducing advanced, ubiquitous broadband services across the entire geography of a given community, the momentum driving local government to take a leadership role in promoting broadband may never have developed. The pervasive lack of cohesive state and federal broadband policies was also cited as a vacuum drawing local government to the forefront.

One CIO participant said he “wanted to ensure every area of the city had access, but he didn’t have the resources to guarantee that.” His biggest challenge was in creating community engagement, “because our policy makers make it clear that the entire community needs to be effectively served.”

Some participants affirmed that a key role of government is to provide a strong leadership role and to create broadband strategies that effectively address the specific needs of the city. For example, a major element of Philadelphia Mayor John Street’s most recent election campaign platform was to transform neighborhoods. “The future of this is not in line but online,” Mayor Street has said.

One government representative added: “Where the local government cannot take a leadership role, it should support those institutions that do. We must look at broadband as an asset, piece of city infrastructure, public good.”

Local officials also discussed at length the risks associated with the construction and deployment of a municipal broadband network. Gene Doody, CIO of Richmond, Virginia, said he must “always be very careful about investing city funds in technologies that are evolutionary and could be defunct in a year. It’s a major concern for us.”

Many participants stated that careful planning is a critical success factor. “If this is supposed to be successful, there must be a pull,” said one participant. “It will only be sustainable and successful if the community is asking for it. What is the community looking for? What is it missing? These questions must be carefully answered.”

Participants noted that it the “value-added” role of local government to minimize risk by assessing community needs associated with broadband usage before designing and deploying network solutions. One way to minimize risk is to create regional standards and interoperability, providing a wider market for an individual service provider in a given geography.

The pervasive lack of cohesive state and federal broadband policies was also cited as a vacuum drawing local government to the forefront

Service Provider Perspectives

Service-provider representatives generated several specific ideas about the risks associated with the funding, construction and deployment of municipal broadband networks. Their cautions included:

- ▶ inability of local government to act as an anchor tenant,
- ▶ failure of an undercapitalized vendor,
- ▶ lack of creativity in developing relevant user service offerings,
- ▶ a poorly managed and lengthy procurement process,
- ▶ limited due diligence in the selection of technology and implementation partners,
- ▶ inability to effectively manage expectations of users and local government,
- ▶ lack of adequate bandwidth to serve the needs of the community,
- ▶ the inability to create customized contracts,
- ▶ limited access to vertical or “hanging” assets,
- ▶ possible lack of local-government evaluation and project-management expertise, and
- ▶ the lack of innovation in the delivery of government services.

A key conclusion from the Philadelphia conversation was the importance of negotiating an agreement that is equitable and fair on both sides. What should it look like? It is incumbent on local government to design an RFP that is appealing to private-sector providers, but that also clearly identifies the vision and goals desired.

“The most dangerous mistake a local government can make during the procurement and selection process is to say—if you guess what we want, we’ll buy it from you,” said co-moderator James Farstad, President of rClient in Minneapolis. “It is important to understand and articulate the needs of the local community and to work with the marketplace to create relevant and sustainable network solutions.”

Service providers and vendors must also rapidly evolve their understanding of community broadband requirements and focus on developing and maintaining state of the art solutions and world-class business practices. (See Table 3.)

Government Role	Service Provider Role
Identify objectives and create a level playing field for competitive process	Understand local-government business requirements
Provide access to local-government-owned assets and street furniture	Provide value-added services for local government
Understand and appreciate service provider’s need to have adequate subscribe and/or alternate sources of revenue	Develop business plan to generate revenue from a broad range of services
Promote e-Government initiatives, making government more accessible to constituents	Focus on the customer point of view, understand what they want to use the network for
Support the network as an anchor tenant	Focus on local-government objectives
Facilitate public-private partnership and ensure win-win	Be creative in developing business contract to address community needs
Convene the community engagement process	Seek revenue services that are not just access
Facilitate cross-functional team within government for dialog	Create new companies and/or form partnerships with existing media companies to create and support local advertising and content

Table 3. Local-government and service-provider roles are complementary.

2007 Series Agenda

W2i, Yankee Group, and rClient host the fifth **Service Provider Executives and Local-Government CIOs Roundtable** at the W2i Digital Cities Convention in Tempe (Feb. 13-14). The roundtable will employ a dual-brainstorm methodology:

- ▶ City and county officials will develop a methodology by which cities can articulate the attributes of a successful RFP; for example, a statement of community consensus and support, project objectives and motivation, project definition, expected performance (technical, financial, promotion), expected outcome and impact, etc. What are the attributes of the ideal private-sector partner with which to engage? (Service providers to participate as observers.)
- ▶ Service provider executives will develop a methodology by which they can identify roadblocks to a prompt contract negotiation (legal, technical, political, financial), opportunities for acceleration of contract resolution, etc. What are the attributes of the ideal project or city for the private sector to get involved with? (City officials to participate as observers.)

At the conclusion of the panel discussions, the combined audience will join in a facilitated discussion, and the output from the Roundtable will be reported by the session moderators to the general session.

The three remaining roundtables of the 2007 series are scheduled for Chicago (May 22-23), London (Oct. 16-17) and Washington, D.C. (early December).

2006 Private-Sector Participants

- ▶ Airpath
- ▶ AT&T
- ▶ BelAir Networks
- ▶ Cellnet Technology
- ▶ Cisco Systems
- ▶ Comcast
- ▶ EarthLink Municipal Networks
- ▶ Embarq
- ▶ Fujitsu Network Communications
- ▶ GO Networks
- ▶ IBM
- ▶ Intel Corp.
- ▶ Lastmile Communications
- ▶ MobilePro
- ▶ Motorola
- ▶ NeoReach Wireless (MobilePro)
- ▶ NetLogix
- ▶ NextPhase Wireless
- ▶ PacketHop
- ▶ Ricochet Networks
- ▶ Sprint/NLC Business Markets
- ▶ Shentel
- ▶ Simdesk Technologies
- ▶ Siemens
- ▶ SkyPilot Networks
- ▶ Strix Systems
- ▶ Telabria
- ▶ The Cloud
- ▶ Toronto Hydro Telecom
- ▶ Tropos Networks
- ▶ US Internet
- ▶ US Wireless
- ▶ Verizon
- ▶ Wavion