Lessons Learned in High Tech

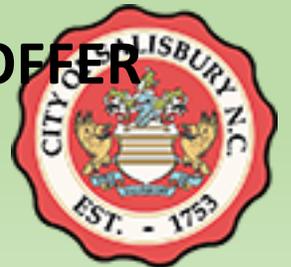The recession began in Salisbury 20 years ago – when textile factories closed
- In a city of 35,000, more than 4,000 jobs were lost
- County of 125,000 lost 15,000 jobs

In response, 11-12 years ago, Salisbury decided to build its own Broadband utility with the hope of attracting high tech companies and jobs.

But we did it all wrong.
- Marketed TV (with 10% profit margin), not Internet (with 90% profit margin)
- Failed to get wide community support
- Relied on "pie-in-the-sky" projections by consultants
- DID NOT MATCH OUR WORKFORCE WITH WHAT BROADBAND CAN OFFER

And didn't know it until we had spent $40 million
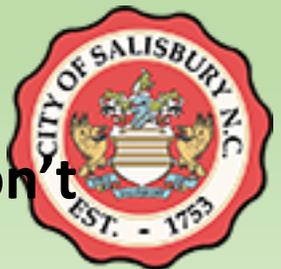
What we should have done

How to start

- **Hire the right consultants - interview several and look at track record**
- **Don't expect profit – EVER! Think of it as in "investment" in the future – like streets and water**
- **The private sector will fight back**
- **Current model - public private partnership (P3)**

Get broad-based community acceptance – even if a referendum

Before borrowing and building, enter Internet contracts with

- **Schools**
- **Government**
- **Larger businesses**

When going "retail" (fiber to the home, or FTTH), build a mile at a time. Don't build another mile until "take rate" reaches (market share) is 35-40%.

The Digital Divide & Digital Deserts

Get your state legislature on your side before you start
- <u>After</u> **Fibrant was built (and the $$ spent), NC legislature hand-cuffed us**
  - **Didn't permit any further growth**
  - **In 10 years, they have not spent $1 improving their services**
- **Big internet providers and their lobbyists will fight you**
  - **Spend as much on lobbying to prevent us from growing**
  - **But only serve "higher income" communities**

The Challenge
- **The country is becoming a nation of "haves and have-nots."**
- **Immediately outside Salisbury city limits, dial-up is only option (ATT stopped DSL)**
- **Cities and counties without Broadband will be left behind in this economy.**
- **(I was in Vietnam last month where average income is $250 per month. Its Internet service is better than my connection in Fairfax County)**