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
• **After** 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)