

## Working With Developers on Deploying FTTH



**Left to right: Mike Render of RVA Associates, George Kiser of Kellswater Bridge, Gerry Canavan of Road9, Phil Clark of PAXIO, Ashley Phillips of EATEL.**

The Broadband Summit panel on “Working with Developers on Deploying FTTH” addressed the real estate developer-network builder relationship from four points of view: an ILEC (incumbent telco), a CLEC (competitive telco), a non-telco network builder, and a greenfield developer.

EATEL, a Louisiana ILEC, has been featured in Broadband Properties for its FTTH deployment, which covers large portions of its fast-growing service area. “Developers don’t have to ask us for fiber,” said Ashley Phillips, director of network engineering there. “We sit on the planning and zoning boards, and when we see a development starting up, we get ready for it.”

EATEL has a staff contact person who is dedicated to working with developers and empowered to provide them with all of the information and tools they need. One of the marketing tools that developers frequently ask for, Phillips said, is a sign identifying the property as a FTTH development.

In addition to single-family home developments, EATEL also works with MDU owners. One fiber-wired MDU with 252 units was scheduled to open in the fall of 2005 and was expected to take months to fill. But when Hurricane Katrina hit nearby parts of Louisiana, EATEL’s service area accommodated many of the people fleeing the storm’s devastation and the MDU was

fully rented within two weeks after opening. EATEL put staff on the site to make sure residents were connected to services as quickly as possible.

### An Unusual Model

Phillip Clark, president of PAXIO, said his company’s unusual business model was “not for everyone.” PAXIO, a Northern California CLEC, serves an urban area with a sophisticated population that is largely employed in high-tech industries. Developers in the area see ultra-high-bandwidth Internet access as a competitive advantage because it attracts software engineers and other high-tech professionals who want to be able to tele-

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commute. PAXIO helps the developers add value to their communities by offering Internet speeds as high as 1 Gbps. (These high speeds are required for specific needs like file sharing, Clark explained, rather than for continuous

use: “Burstability is a key value.”) In addition, the company’s “Plug’n Play Broadband” provisioning system lets residents access their broadband services on the day they move in. “We have people who move in with a laptop and a pillow,” Clark said.

PAXIO has also wired business parks that provide high-speed access to all of their tenants. Business park developers like fiber, Clark explained, because it makes location within the parks irrelevant. If a tenant outgrows its original building, it doesn’t have to move to a larger building (which might not be available when needed); it can open satellite offices elsewhere in the business park and still have all of its employees on the same LAN.

Recently, PAXIO decided to follow an open-access model and has begun including more providers on its network. In addition to the usual fiber-based services, like video, it is working on developing partnerships with providers whose services are of particular interest to its clientele, like network-based backup.

### Resort Developments

Gerry Canavan, chief marketing officer of Road9, spoke about his company’s experiences building FTTH systems for developers of second-home and resort developments. Most of Road9’s business is in Mexico, particularly Baja California, where many Cali-

fornians own second homes. Road9 provides not only fiber to the home but also the inside wiring and electronics for residents who want to control the lights, air conditioning, security and other systems in their vacation homes over the Internet from their first homes.

## VENDOR SPOTLIGHT

Logistics are more difficult in Mexico, Canavan said, and Road9 is faced with a number of unusual challenges in obtaining video content, buying electronic devices (which have to be shipped through China), and negotiating for voice service from the Mexican incumbent provider, which is also a competitor. The company can't simply raise prices to cover its extra costs, because the homeowners expect telecom services to cost roughly what they do back home.

"You have to understand the vision of the developer and use fiber to help that vision," Canavan told the audience. Road9 works to integrate its marketing messages with developers and stay in lockstep with developers' schedules. Its marketing reps attend developers' sales events, where the first connections with homeowners are made, and help them sell their properties. "If you don't have a sale, we don't have a sale," Canavan explains.

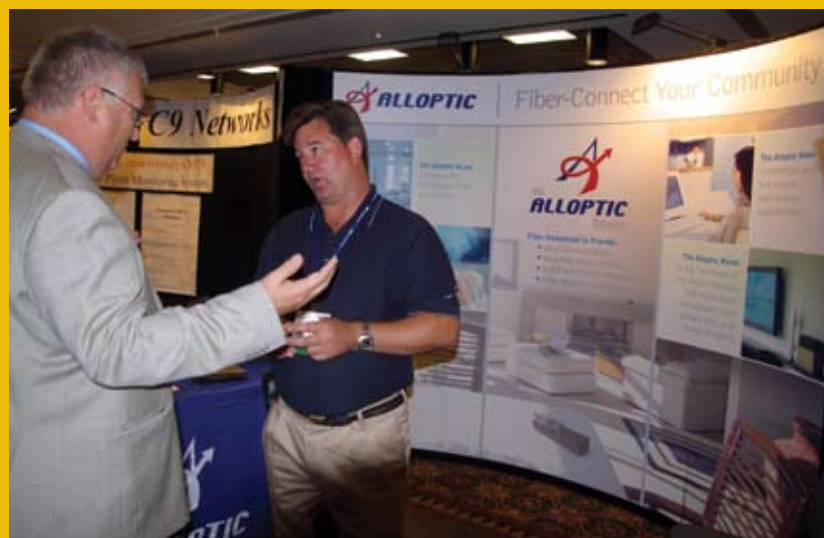
George Kiser, managing partner of The Village at Kellswater Bridge, owns a FTTH development where Connexion Technologies is the network operator. Kiser explained that Kellswater Bridge selected Connexion in large part because he felt its technology approach was sound. "We didn't want to own the technology, just to leverage it," he said. He also liked the fact that Connexion rented the network to service providers rather than providing services itself – a strategy that gave the developer more control over the level of customer service provided.

Finally, Kiser said, Connexion's revenue sharing deal would provide a permanent income stream to the developer, while its arrangement with the homeowners' association would provide services at a good price to residents. He was skeptical at first about the idea of a direct contract with the homeowners' association, he said, but was "pleasantly surprised" to find that homeowners understood the advantages of such a deal.

Kiser advised developers to work closely with the network builder in selecting service providers and setting service level requirements. He emphasized that fiber to the home didn't only affect property values at the outset; because of fiber's future-proofing, it would continue to bolster lot prices well into the future.



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