The Shape of the Broadband Market

By Steven S. Ross ■ *Editor-in-Chief*

Is this any way to build a national broadband policy? As we documented last month, state regulators, legislators and policymakers are spending an enormous amount of time and treasure to make sense of bad FCC data. They are unanimous about the inadequacy of the wimpy 200 Kbps definition for broadband. They need a level fast enough to provide a boost for economic development.

This month we look again at adoption of fiber to the home by independent telcos. There are now more than 300 independents in the US with announced fiber projects. How many more? We find ones we've previously missed almost every week.

Are 300 telcos a lot? Yes, but does this number suggest that fiber to the home is on the brink of becoming the dominant broadband technology among independents? To know that, we have to define broadband and we have to define telcos. Broadband, for us, is enough bandwidth to deliver video and some of the other apps we talk about every month. We know that the FCC definition, 200 Kbps, is not broadband.

The definition of a telco is also tricky in an age where telephone service no longer has to be routed through a central office switch. In our pages, once you're a telco, you're always a telco, even if you switch to VoIP. But cable or fiber providers that start with VoIP aren't telcos, even if they're providing exactly the same kind of voice service.

FIX FCC FORM 499-A

The Federal Communications Commission, of course, has long let telecommunications companies define themselves on form 499-A. As far as the FCC is concerned, there are about 1300 incumbent local exchange carriers – ILECs. Wow! With more than 250 ILECs on our list (including many who have built FTTH only as competitive local exchange carriers), a fifth of them are making a commitment to fiber.

Of course, that isn't true. We estimate that there are at least 3,000 companies selling carrier services that may also be operating outside their primary service area as, for instance, CLECs (about 50 of the companies on our list are pure CLECs). But they may choose to define themselves to the FCC as CLECs or cable companies. Some avoid FCC entanglements entirely by describing themselves as network operators in the mold of amenity or LAN services providers.

Equipment vendors understand this in greater detail. They often can afford to buy the latest market projections, surveys, and address lists. We look at our own subscriber list regularly to find new readers from providers we did not know existed.

But is this any way to build a national broadband policy? As we documented last month, state regulators, legislators and policymakers are spending an enormous amount of time and treasure to make sense of the data they have. And, they are unanimous about the inadequacy of the wimpy 200 Kbps definition for broadband. They need a level fast enough to provide a boost for economic development.

That means fast enough for small retailers to set up a WiFi hotspot. Fast enough for Web site owners to service their sites and interface quickly with vendors such as United Parcel Service or FedEx. Fast enough for owners of commercial property to offer the possibility of VoIP or other services to tenants. Fast enough for professionals to work from home.

And bandwidth alone isn't everything when it comes to economic progress. What about the ability to establish a virtual private network or get a fixed IP address? What about redundancy for backhaul, or five-nines quality of service?

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One of these days, we expect the FCC to come to its senses and devise a data collection policy that doesn't stress the providers, but still gets us the numbers we all need. But you don't have to wait for that day. To find out what's happening in fiber-to-the-home deployments, come to our Broadband Summit in Dallas at the end of April.

You'll hear the latest data gathered by Mike Render – a man honored by us and by the FTTH Council for his surveys on behalf of the FTTH industry. This will be the first release of his new survey numbers.

And you'll hear from Deb Tate, FCC commissioner from Tennessee with a long history of activism when it comes to rural broadband.

And by the way, 300 is still around 10 percent of 3000. Pretty amazing, if you ask us.

Steve Ross

Steve@broadbandproperties.com