What information is critical to moving a broadband initiative forward?

Blandin Broadband Leadership Roundtable
Michael Curri, President, Strategic Networks Group
July 28, 2020
Invest in Your Digital Future

Localities must leverage their most valuable assets

• Billions will be needed in the next 5 years to build-out broadband to unserved, underserved, and over-charged areas

• Choice for Localities, Utilities, and Co-ops
  – Wait until service providers see enough returns to justify investing
  – Or, invest in digital infrastructure and transformation to connect people, economies, communities

• Consequence
  – Loss of jobs, businesses, population, GDP from lack of broadband
  – Or, growth in digital assets and local capacity ... retaining base and sovereignty

• Localities need the know-how, resources, and commitment to see how they can get started with broadband and invest in their digital future

➢ Start with the right information to get the right decisions
SNG: some of our clients
What information is needed ...

• To make the case for broadband?
• To build local buy-in?
• To get funded / financed?

Anyone that invests their time, money, and/or effort need to see returns based on their terms

➢ Who are those key groups?
Key Stakeholder Groups

Local leaders: Elected officials, local champions, local anchor institutions, etc.

Community: local businesses and residents

Service providers

Investors, government funding agencies
## Benefits for Key Stakeholder Groups

<table>
<thead>
<tr>
<th>Stakeholder Group</th>
<th>Information for broadband decision-making</th>
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</thead>
<tbody>
<tr>
<td>Local Leaders</td>
<td>• Jobs – retention, growth, attraction</td>
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<tr>
<td></td>
<td>• Tax base</td>
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<td></td>
<td>• Local quality of life: services, amenities, etc.</td>
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<tr>
<td></td>
<td>• Population growth /decline</td>
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<tr>
<td>Community</td>
<td>• Local economic vitality – good-paying job opportunities</td>
</tr>
<tr>
<td></td>
<td>• Broadband coverage and pricing</td>
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<tr>
<td></td>
<td>• Local quality of service</td>
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<tr>
<td>Service Providers</td>
<td>• Addressable broadband market</td>
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<tr>
<td></td>
<td>• Revenues vs. capex and opex</td>
</tr>
<tr>
<td></td>
<td>• Current vs potential demand for value-added services</td>
</tr>
<tr>
<td>Investors / Funders</td>
<td>• Return on investment – rate and time period</td>
</tr>
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<td>• Community commitment, partnership, collaboration to ensure project success</td>
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</table>
Essential Infrastructure – Relative Costs

• **Roads** were the infrastructure for the industrial economy
  ➢ $2,000,000 to $10,000,000 build a mile of road

• **Broadband** is the infrastructure for the digital economy
  ➢ $100,000 to build a mile of fiber
Without Broadband, Communities Decline

![Likelihood of Relocation for Broadband Over and under 65 years]

- Under 65 years:
  - Definitely: 23.5%
  - Very Likely: 29.4%
  - Somewhat Likely: 17.6%
  - Not Likely: 14.7%
  - Not at all: 11.8%

- 65 years and over:
  - Definitely: 18.3%
  - Very Likely: 20.7%
  - Somewhat Likely: 19.5%
  - Not Likely: 23.2%
  - Not at all: 17.1%

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More Effective Utilization Increases Business Revenues

Average % Revenue from Internet Use

<table>
<thead>
<tr>
<th>DEI Range</th>
<th>Average % Revenue</th>
</tr>
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<tbody>
<tr>
<td>4 up to 5</td>
<td>29.5%</td>
</tr>
<tr>
<td>5 up to 6</td>
<td>31.7%</td>
</tr>
<tr>
<td>6 up to 7</td>
<td>33.2%</td>
</tr>
<tr>
<td>7 up to 8</td>
<td>35.2%</td>
</tr>
<tr>
<td>8 up to 9</td>
<td>45.2%</td>
</tr>
<tr>
<td>9 up to 10</td>
<td>52.3%</td>
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</tbody>
</table>

R² = 0.9811

N = 1,426
The Payoff from Driving Utilization

New Jobs, Low versus High Internet Utilization

<table>
<thead>
<tr>
<th>Range</th>
<th>Low DEi (0 up to 7)</th>
<th>High DEi (7 to 10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 19</td>
<td>21.6%</td>
<td>45.8%</td>
</tr>
<tr>
<td>20 - 49</td>
<td>14.7%</td>
<td>41.2%</td>
</tr>
<tr>
<td>50 - 99</td>
<td>21.5%</td>
<td>39.7%</td>
</tr>
<tr>
<td>100 - 499</td>
<td>22.8%</td>
<td>39.7%</td>
</tr>
<tr>
<td>500+</td>
<td>11.7%</td>
<td>66.9%</td>
</tr>
<tr>
<td>Totals</td>
<td>19.1%</td>
<td>46.0%</td>
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Strategic Networks Group, 2014-2016, n= 1,805

Strategic Networks Group, advancing economies in a digital world
Value of Digital Infrastructure comes from how it is used

Digital Transformation

Availability ≠ Adoption ≠ Utilization

Driving utilization increases value of network.
First understand what decisions need to be made, then develop a framework to measure and capture the right data and information.
Broadband Market Assessment of municipally-owned network

<table>
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<tr>
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<th>Impacts from New Gigabit service</th>
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<tbody>
<tr>
<td>Monthly ARPU Increase</td>
<td>88.5%</td>
</tr>
<tr>
<td>% New Customers</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

Ability to change the pro forma based on growing demand
Weighing-in with the right information, can tip the scales for network investment

Assess economic case for investing in digital infrastructure

Community Benefits
+ Municipal cost reductions
+ Subscriber cost savings
+ Local economic growth
+ Smart community services

Network Costs + Community engagement

http://sngroup.com/efa/
Thank you.
Now let’s connect.

Michael Curri, President
Strategic Networks Group Inc.
+1 202.558.2128
mcurri@sngroup.com

linkedin.com/company/strategic-networks-group
@SNGroup