

By Hunter Newby



Internet Access Begins With an I – For Infrastructure

There seems to be some competition brewing in the great state of Texas. In April, Google announced that it would be bringing Google Fiber to Austin. Its intention is to provide a very similar level of service and pricing to that of its Kansas City offering.

“Communities that are connected to the Internet grow stronger because there’s greater potential to create jobs, drive economic growth, and help businesses succeed,” reads the Google announcement. “We believe the Internet’s next chapter will be built on gigabit speeds, and we hope this new Google Fiber city will inspire communities across America to think about what ultrafast connectivity could mean for them.”

The next day, AT&T announced that it too would offer a similar, competing service, but with a caveat.

“AT&T Inc. said today that it is pleased to see local communities and municipalities acknowledging the promise and power of economic development associated with telecommunications investment,” read the AT&T announcement.

“Most encouraging is the recognition by government officials that policies which eliminate unnecessary regulation, lower costs and speed

lic company – and remains committed to working with any metropolitan community to reach agreement on incentives to improve the climate and speed of overall telecommunications infrastructure investment – facilitating both wired and wireless broadband access. Our potential capital investment will depend on the extent we can reach satisfactory agreements.”

Both companies speak of the reality of economic growth and job creation derived from an investment in network infrastructure, or simply being connected to the Internet. This is an affirmation that an investment in network infrastructure grows the economy, which is something the U.S. desperately needs. As seen in the AT&T quote, though, eliminating “unnecessary” regulation, lower costs and rights of way (basically getting the keys to the kingdom) are required by and for the company before the people and economy can be helped. That is the example of putting what is best for the shareholders of a corporation ahead of what is best for the citizens of a community, or country.

As AT&T attempts to slyly follow, or even preempt, Google Fiber in to Austin, it takes the opportunity to put every other metropolitan community in the U.S. on notice that AT&T will be willing to build out for them, but only on “Google Terms” and not on the old-school telecom franchise terms.

AT&T [has] put every other metropolitan community in the U.S. on notice that [it is] willing to build out for them, but only on “Google Terms”.

infrastructure deployment, can be a meaningful catalyst to additional investment in advanced networks which drives employment and economic growth,” said Randall Stephenson, AT&T chairman and CEO.

The AT&T press release went on to say: “Today, AT&T announced that in conjunction with its previously announced Project VIP expansion of broadband access, it is prepared to build an advanced fiber optic infrastructure in Austin, Texas, capable of delivering speeds up to 1 gigabit per second. AT&T’s expanded fiber plans in Austin anticipate it will be granted the same terms and conditions as Google on issues such as geographic scope of offerings, rights of way, permitting, state licenses and any investment incentives. This expanded investment is not expected to materially alter AT&T’s anticipated 2013 capital expenditures.

“AT&T consistently invests in U.S. communities – \$98 billion in capital in the past five years, more than any other pub-

That could be a tough trade though for a community that may have a long history and list of reasons why not to trust an incumbent telecom company, or its intentions. Maybe the company needs to intend on “mutually” satisfactory agreements if it wishes to invest capital.

Google represents the new guard and is being given the spotlight, at least at this stage. This is the case most notably because it was the innovator of the 1 gigabit of Internet access for \$70 per month plan in the U.S. Google put its product and money where its mouth is. Is any community willing to trust that AT&T will do the same and honor it going forward?

They can, but only if there is competition and independent fiber infrastructure creates competition. **IT**

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