



**Strategic
Networks
Group**

Economic Development through Bandwidth

- Economic Impacts and the Business Case for Broadband -

Michael Curri, President

Strategic Networks Group

September 14, 2005 – Dallas, Texas

//envision**your**future



About SNG

At SNG we develop solid, pragmatic, and successful strategies for investments in technology solutions within your community.

Our Mission

To revitalize communities with strategic Information Communication Technology planning based on economic analysis

Our Philosophy

People make the difference – not technology

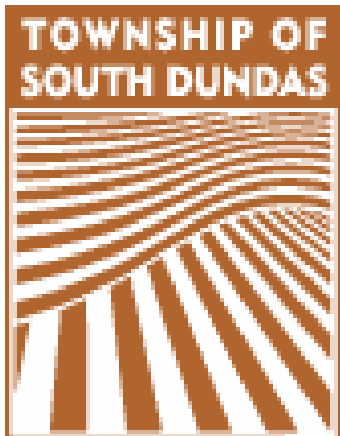
Our Team

An experienced team of specialists who apply proven methodologies and analysis tools in all aspects of ICT planning

Information Communication Technology (ICT) – infrastructure, equipment, applications and services that enable electronic communication and sharing of information.



South Dundas Economic Impact Case Study





South Dundas Township: Overall Economic Impacts

- ***invested \$750,000 CAD in 2000 in fibre network***
- \$25.2 million in increased sales in South Dundas County
- 207 persons years of employment
- \$8.0 million increase in tax revenues

“...world's first compelling business case for investment in high-speed broadband Internet access in small towns.”

Globe and Mail (Canada's National Newspaper), Oct. 9, 2003

“...by lots of criteria, it's good for economic development” *

*A.Brown, Administrator, Township of South Dundas
Harrowsmith Country Life, Feb. 2005



Timmins and Cochrane District Impact Study

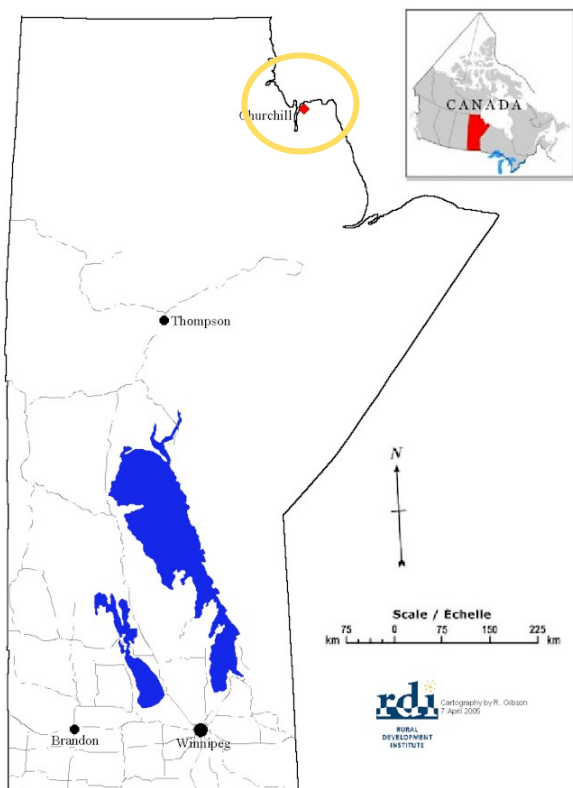
- ***invested \$2 million CAD between 2001-03 in broadband applications:***
 - *tele-radiology for 9 remote hospitals*
 - *video-conferencing for 3 college campuses*
 - *enabled new call center*
- \$28.6 million increase in GDP for Timmins & Cochrane District
- 928 person years of employment
- \$8.2 million increase in tax revenues
- social impacts
 - radiology reports within 20 min. (previously 1-2 weeks)
 - provides broader selection of courses through distance learning



Broadband Impact Study - August 2005

Churchill, MB – pop. 963

3 years broadband service – lost service in May 2005



Parrsboro, NS – pop. 1,529
9 months broadband service



Comparative Statistics on Broadband Impacts

Broadband Impacts	Churchill (3 years – pop. 963)	Parrsboro (9 months – pop. 1,526)
Revenue Impacts	<ul style="list-style-type: none"> • \$769,000 in revenue generated online by businesses using broadband • \$4,200 decrease in revenue as a result of the lack of broadband 	<p>\$58,000 from Internet sales and reservations by businesses using broadband</p>
Cost Impacts	<ul style="list-style-type: none"> • \$32,000 decreased printing and postage • \$32,400 increase to re-establishing high-speed connections 	<p>\$37,100 from cost savings from reduced travel, cost savings from reduced postage, and cost savings from new markets</p>
Employment Impacts	<ul style="list-style-type: none"> • 2.7 FTE jobs retained • 4.0 FTE jobs outsourced as a result of loss of broadband 	<p>140.5 FTE jobs retained</p>
<p><i>Brandon University / Dalhousie University / Strategic Networks Group for Industry Canada; August 2005</i></p>		



Business Case for Broadband

- Broadband has generated significant returns to GDP – over 10 times investment
- GDP returns far exceed private sector returns based on subscription revenues
- For under-served markets, must assess ***economic case*** in addition to ***business case***

Business Case for Broadband

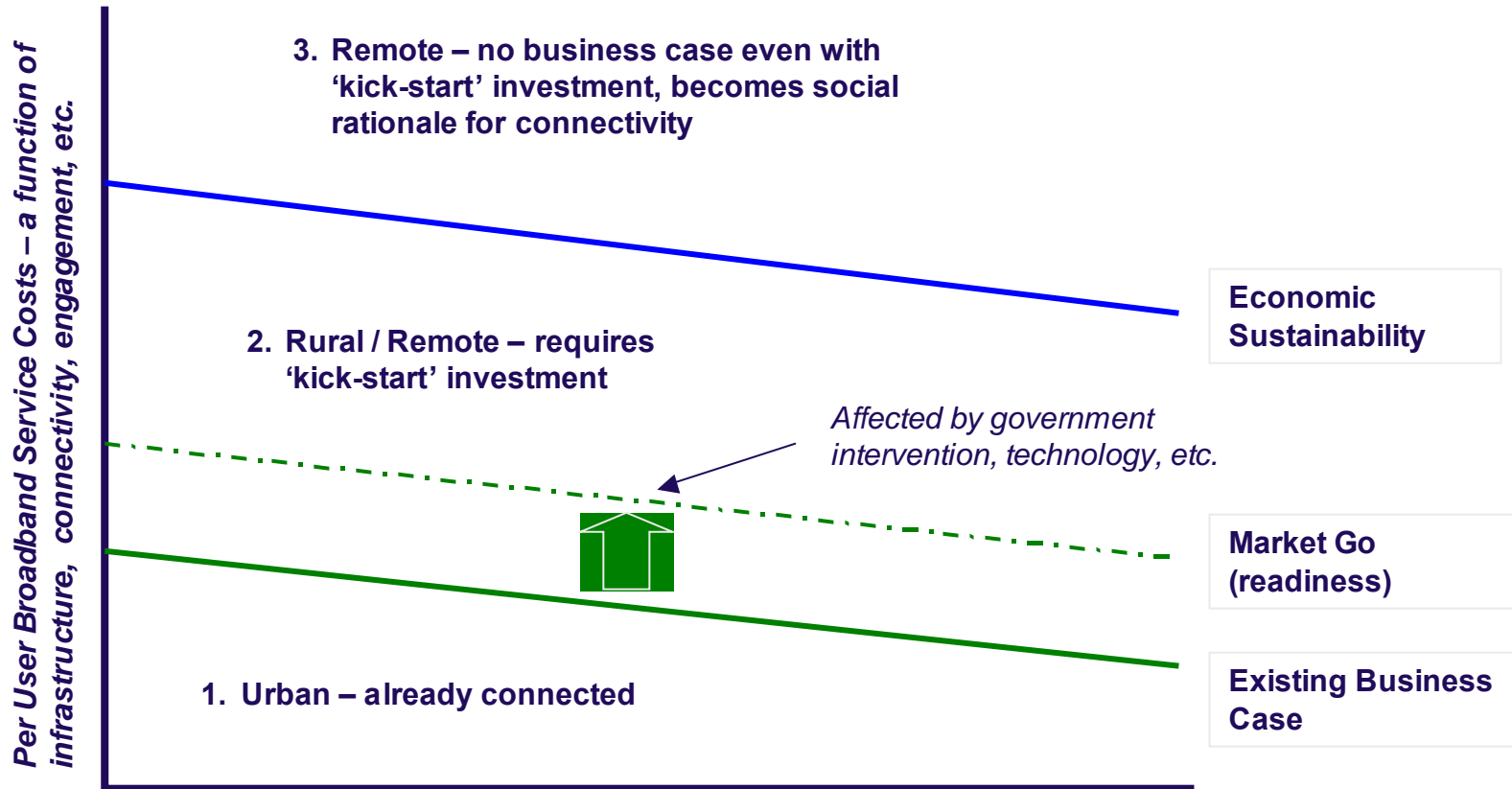
$$\begin{array}{rcccl} & \text{Costs} & \leq & \text{Revenues} & \\ \text{Initial Costs} & + & \text{Ongoing Costs} & \leq & \text{Subscription Revenues} \left[+ \text{Gov't Funding} \right] \end{array}$$

GDP and tax benefits drive investment

Carleton University / Strategic Networks Group for Industry Canada and Government of Ontario; March 2005



Policy Framework for Community Readiness and Sustainability



Carleton University / Strategic Networks Group
for Industry Canada and Government of
Ontario; March 2005

Market Profile – which is a function of readiness and sustainability factors, i.e. critical mass of users, existing infrastructure, etc.



Summary

- Broadband is an engine for maintaining and growing the local economy
- Assessing the ***business*** and ***economic case*** for investing in broadband infrastructure will:
 - Quantify economic return to community / region
 - Determine whether gov't intervention is justified
 - Clarify what type of model is needed - private, public, or joint public-private venture

There is no 'one-sized fits all' solution for investing in broadband infrastructure



**Strategic
Networks
Group**

Thank You

Michael Curri

Strategic Networks Group

E-mail: mcurri@sngroup.com

Phone: 613.277.2588

<http://www.sngroup.com>