

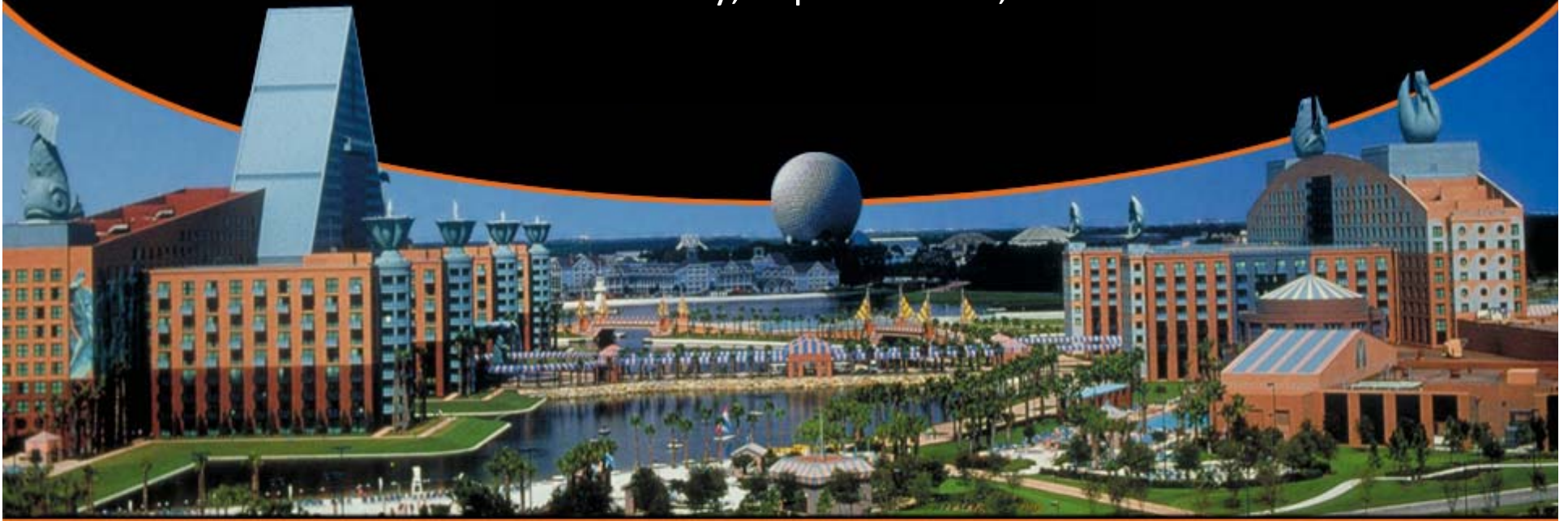
# T-103-G

Early FTTH deployments drive economic growth-but  
can we prove it?

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2011 FTTH Conference and Expo

"Lighting the Economy"

# T-102 Early FTTH Deployments Drive Economic Growth-but Can We Prove it?

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# FTTH and Economic Development

- Many communities are using broadband as a tool to spur economic development
- Widely accepted that the deployment of FTTH spurs business creation, job growth and higher property values
- Can this connection be proven by looking at early FTTH deployment?



# Edward Lowe Foundation

- Foundation assists communities in economic development
- Foundation established by the creator of cat litter. Making money from selling dirt (clay) created an appreciation of entrepreneurship and the creation of economic value
- Foundation pushes “Economic Gardening” - creating jobs from within the community



# YourEconomy.org

- Edward Lowe Foundation has created an interactive database through a national license with Dunn and Bradstreet
- Access to **National Establishment Time-Series (NETS)** database is free of charge
- Examination over time of 24 million active and 41 million total establishments
- Data can be analyzed at the county, MSA and state level



# FTTH Community Selection Criteria

- Entire community must have been built-out in project (favored municipal projects)
- At least 5 years must have passed since initial construction of network
- Community must be commercial center of the MSA or county, this eliminated Kutztown, PA from further analysis



# Methodology

- Utilizing the YourEconomy.org database business creation and job growth were examined over two four year periods: 1998-2002 and 2004-2008
- Community data was based on county or MSA data. This was then compared to state wide data for both 4 year periods
- 2009 data will be available later this year








# Early Municipal Deployments

Community	State	Year Started	County/MSA	Community Population
Bristol (2)	Virginia and Tennessee	2003 (VA); 2005 (TN)	Bristol MSA	42,000
Dalton	Georgia	2003	Dalton MSA	33000
Kutztown*	Pennsylvania	2002	Berks County	5000
Jackson	Tennessee	2004	Jackson MSA	65000
Reedsburg	Wisconsin	2003	Sauk County	7800
Windom	Minnesota	2004	Cottonwood County	4600

\*Kutztown did not meet criteria of accounting for commercial center of the study area



# Community Business Creation Compared to State

Community	Change in Number of Businesses 1997-2002	Compared to State	Change in Number of Businesses 2004-2008	Compared to State
Bristol, VA* and Bristol, TN	14%	-12%	34%	-5% 
Dalton, GA	33%	-10%	36%	-17% 
Jackson, TN	9%	-10%	35%	-5% 
Reedsburg, WI	17%	5%	25%	-7% 
Windom, MN	0%	-29%	19%	-6% 

\*Virginia was used as the state for comparison

# Community Job Growth Compared to State

Community	Change in Jobs 1997-2002	Difference with State	Change in Jobs 2004-2008	Difference with State	
Bristol, VA* and Bristol, TN	0%	-11%	2%	-3%	+
Dalton, GA	8%	-11%	-1%	-9%	+
Jackson, TN	23%	15%	-4%	-8%	-
Reedsburg, WI	16%	6%	-2%	-2%	-
Windom, MN	9%	-4%	-5%	-6%	-

\*Virginia was used as the state for comparison



# Data Analysis Observations

- Data was inconclusive as to whether FTTH deployments had impacted business creation or job growth
- 4 year time frame may be too short; 2009 and future data may more accurately gauge impact
- Analyzing data from cities that deployed in the 2005-2008 timeframe will help sample size



# Data Analysis Observations

- The county and MSA data used as a proxy for communities may not have been refined enough to see impacts at the community level (13-66% of county or MSA population was made up of study communities)
- Economic development may be taking place in adjacent communities, outside the study area



# Data Analysis Observations

- Sample size was too small, so specific issues facing these communities overwhelmed any FTTH impact
- These cities lagged their respective states before the FTTH build and afterwards
- Only Bristol (VA, TN) showed positive improvements in business formation and employment



# Evidence Beyond the Data

- Bristol, Virginia's fiber build across Russell County was credited with bringing in two large companies: CGI and Northrup Grumman. Russell County is not part of the Bristol MSA
- Many studies have found improved economic conditions in areas receiving broadband than those without. Others have found improved home prices resulting from fiber deployments



# Evidence Beyond the Data

- Bristol, Jackson and Reedsburg were all analyzed in a study done by Strategic Networks Group, sponsored by the FTTH Council which found a positive economic impact through cost savings to businesses



# Thank you

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## Please complete the evaluation



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