City of Bellingham, WA

Municipal Broadband Study
BROADBAND BUSINESS PLANNING

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Agenda

Review: Broadband Business Models and Factors

The Broadband Business Plan:

1. Local market demand and supply
2. Public asset availability
3. Network design: Costs and coverage
4. Business model: Customers, operations, and service offerings
5. Financial analysis and projections
Broadband Business Models Compared

- Public Investment
- Public Control
- Public-Private Partnership (P3) zone
- Risk-Reward Continuum

Active Models
- Full Retail Broadband Services
- Business-only Retail Broadband Services
- Open Access/Wholesale Transport Services
- Public Sector Connectivity Services
- Infrastructure-only Provider
- Public Policy

Passive Models

Public Sector Connectivity Services

Broadband Business Model Factors

- Competitive Environment
- Community Needs
- Organizational Capabilities
- Operational Requirements
- Financial & Funding Capabilities
- Risk & Reward Tolerance
Broadband Planning Phases

- **Feasibility Study**
  - Conceptual Design
  - Strategic planning input

- **Business or Master Plan**
  - High-Level Design
  - Project planning input

- **Construction Plan**
  - Low-Level Engineering Design
  - Operations planning input

1. Local Broadband Market

   - **Demand**
     - Number of customers over distance
     - Demand drivers, psychographics, and willingness to pay

   - **Supply**
     - Providers
     - Infrastructure/service area
     - Service offerings (quality/speed and cost)
2. Public Assets

- Assets that could be used reduce cost of network deployment (supply)
  - Horizontal assets: Conduit, easements, fiber, etc.
  - Vertical assets: Buildings, poles, towers, etc.
  - Capital improvement projects that might accommodate assets
- Assets that need to be connected (demand)
  - Location(s), numbers, and types

3. Network Design

- Costs
  - Equipment and facilities
  - Labor and materials
  - Design and management
- Coverage
  - Geographic service areas
  - Prospective customer premises by type
4. Business Model

- Customers
  - Numbers by type
  - Revenue
  - Operational issues

- Operations
  - Administration
  - Customer service
  - Engineering & maintenance

- Services and Revenue
  - Performance/speed tiers
  - Value-added services
    - Security, video, voice
  - Fees
    - Install
    - Monthly
    - Periodic
  - Bundles and specials

5. Financial Analysis and Projections

- Up-front capital expenses
  - Construction, equipment, facilities, and plant
  - Systems

- Revenue over time
  - Service offerings
  - Take rate

- On-going operating expenses
  - Staff and contractors
  - Customer services, maintenance, and marketing
Feedback or Questions?

THANK YOU FOR YOUR TIME AND INTEREST!