



Business Interviews / Surveys
Completed by: CCG Consulting
February 5, 2010

As part of the broadband study underway, Anoka County took several approaches to see how businesses in the County would look at a broadband initiative. First, the County distributed business surveys to ask businesses a number of questions about broadband usage. These surveys were distributed to existing email lists of businesses as well as sent out through the Chamber of Commerce. Second, the County had Doug Dawson of CCG Consulting interview some of the larger businesses in the community. Finally, the County held several public meetings where they elicited feedback from residents and businesses.

In all cases the businesses that responded were volunteers and the results do not represent a random sample or statistically significant survey. Rather, the goal of this process was to find out several things: 1) did businesses in the County have broadband available to them today; 2) If so, were they getting the kind of broadband they need to operate their business; 3) We also asked if the businesses could afford the broadband they have today; and 4) we asked if businesses support the idea of a County-sponsored broadband network.

CCG Consulting talked to seven of the largest businesses in the County. There were some very similar characteristics of the seven large businesses we talked to:

- Every one of them say that they have tripled or quadrupled their use of data in the last two years, and they all said they see data needs growing fast into the foreseeable future.
- All of these large companies purchase large data pipes. Small businesses typically buy a T1 or a DSL connection. These large businesses either use numerous T1s or buy larger data products like a DS3.
- All of the companies said that they thought that the data products from the incumbent were overpriced, but they all also said that data was so important to their businesses that they paid whatever is necessary. All were interested in the ideas of faster speeds on a fiber network, but none of them were overly concerned with saving money – rather they just wanted data speeds and reliability they could count on.
- These businesses also had many similarities in the way they use data or want to use data:
 - A few of the businesses needed a dedicated data pipe in order to communicate with another branch of their business. The primary use of such a dedicated path is to allow the consolidation of data processing functions at one location and using data connections to pass data back and forth.
 - These companies would like to use bandwidth to use VoIP. In many cases they want to provide VoIP themselves. Generally today they report that they need to buy a separate and dedicated data circuit today just for VoIP and they would

prefer to share this on a larger data connection. They are all annoyed at the incumbent pricing system that makes them buy multiple small circuits rather than one large one.

- All of these companies want to save their data in remote off-site data storage facilities for disaster recovery and general redundancy.
- The larger companies all talked about needing the ability to train employees via video connections over the Internet. They say that off-site training has become too expensive and that training by the Internet or video conferencing allows training to be incorporated into the workday rather than removing an employee from productivity.
- Every company I talked to is interested in video conferencing to reduce travel expenses. Some of them have already created some conference rooms with video conferencing capabilities, but all said that they would put conferencing in most or all meeting rooms if they had enough bandwidth.
- Only one company has a fiber connection today and they paid a significant construction cost to get the fiber built. Most of the other businesses have asked about fiber and have been told that it is not available in their area. This same company has a second facility in the County that cannot get fiber, and the employees at that facility cannot take advantage of many of the corporate systems.

In summary, large businesses see data becoming more and more important to their businesses. They have all had an explosion in the amount of data generated to run their businesses. Every business said that the current data speeds available to them have caused constraints in the way they use data connections. They all would like much faster speeds. They all worry about the constraints imposed by the incumbent data products and are particularly worried about the restraints getting worse as their use of data keeps growing.

The County was able to get 50 responses to the business questionnaire. The companies who responded to the surveys are smaller than the companies that were interviewed. These companies generally use DSL or 1 T1 line to supply their data needs today.

All of the companies that completed the survey have a data connection today. However, during the public meetings and through a mapping effort the County found out that there are still some businesses in the County that have no access to broadband.

Most of the businesses that answered the survey use data in similar ways:

- Communicate with customers
- Communicate with vendors
- Email
- Many use VoIP (somebody like Vonage)
- Web research
- Sending and receiving data files
- On-line purchasing
- Data Back-up
- Accessing remote databases

There were some interesting responses and trends when looking across all of the questionnaires:

- One firm plans and creates events and sends out portfolios of ideas to customers. These files often exceed 50 Mb which is much larger than the incumbents will allow for an email attachment. This firm ends up driving their data files to each customer.
- Many firms reported that employees must sit and wait when they try to send or receive large files or work in an on-line database. Thus, increased productivity was reported as the primary benefits of getting better broadband.
- Most of the respondents said that they would only be interested in fiber broadband if it cost about the same as their current broadband. CCG has talked to business in many communities around the country and this is a typical response for small businesses. Large businesses generally care more about speed and reliability while small businesses are generally more cost conscious.
- Many of the businesses supported the idea of a County-sponsored broadband network. However, there were a number of businesses who took a 'wait and see' attitude, meaning they would need to know more before they could decide if this is a good idea. CCG also sees this same response in every town we have worked in. Small businesses are always leery about changing service providers unless the service they have is non-functional. While small businesses don't move the large data volumes as large businesses, their access to the Internet is essential to operate their businesses. In every town we see that residents and large businesses are much likelier to try a new fiber network than small businesses. We have always seen a two or three year lag after the introduction of a new network before small businesses will take a chance on changing service providers.
- Most of the businesses with DSL had no complaint about the prices they pay. However, almost every company with a T1 or a fractional T1 thought it is too expensive. Reported prices for T1s ranged from \$360 to \$500 per month.
- A handful of businesses reported that they buy business class data products from Comcast. They report much faster speeds than is available from DSL. However, if Anoka County is like other places, the vast majority of businesses are not connected to the cable network. The cable companies bypassed businesses many years ago when they first built the systems (since they believed businesses would not want cable TV). Most cable companies have not expanded their networks significantly into areas with mostly small businesses.