



**Article:** Broadband Policy: the Connected Nation Model

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**By:** Grant Gross

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In recent debates over whether the U.S. should have a more comprehensive broadband policy, one group claims significant success Connected Nation.

Connected Nation, which started as a state program called ConnectKentucky, uses mostly state and some federal and private funding to stimulate broadband roll out. The nonprofit group says it has expanded broadband availability in Kentucky from 60 percent of households to 95 percent of households since January 2004.

The not-so-secret sauce Connected Nation works with local communities to identify demand for broadband then takes that information to broadband providers.

Other states are now working to replicate the Kentucky program, and a handful of bills in the U.S. Congress focus on giving states more authority to implement similar programs.

Each state will need to create its own broadband plan, and even different communities within a state will have different needs, said Brian Mefford, Connected Nation's CEO. 'We're not trying to come up with a one-size-fits-all solution,' he said. 'It's just common sense to acknowledge that eastern Kentucky is very different in a number of respects from western Montana.' Some other groups have called for federal tax breaks for broadband providers and other incentives, but Connected Nation hasn't focused on those types of government programs. 'We've seen a bigger impact when we can work locally to identify pent-up demand,' Mefford said. 'The greater motivating factor is when a [broadband] company realizes that there's an untapped market.' Broadband providers such as Verizon and AT&T have worked with Connected Nation, and the model has found support from other groups, including the Information Technology and Innovation Foundation (ITIF), a tech-focused think tank.

But Connected Nation has drawn its share of criticism as well. ConnectKentucky had close ties with BellSouth, now part of AT&T, and has lobbied for telecom deregulation and tax breaks for large telecom carriers, said Art Brodsky, communications director for Public Knowledge, a digital rights advocacy group and frequent critic of large carriers.

ConnectKentucky also received funding from AT&T, Brodsky said. 'They're good at telling a story,' Brodsky added. 'But they're pushing an agenda that benefits carriers.' Mefford acknowledges that ConnectKentucky has worked closely with broadband

providers, but the focus was on rolling out service, he said. 'We did that for pragmatic reasons, if nothing else,' he added. While ConnectKentucky has relationships with large providers, it has worked with a range of providers, down to the 'smallest wireless ISPs,' Mefford said. In an effort to map broadband service across the state, ConnectKentucky worked with more than 80 ISPs (Internet service providers), he said. Less than 1 percent of the group's funding came from AT&T, he added.

Brodsky raised several other questions about Connected Nation in a January blog posting.

One of his points While Kentuckians may have more access to broadband, many aren't buying it. At the beginning of 2007, less than 33 percent of Kentucky postal addresses subscribed to broadband, ranking the state 46th in broadband penetration across the U.S., according to a report from the Leichtman Research Group.

In June 2007, about 53 percent of all U.S. households subscribed to broadband service, according to Leichtman.

Mefford acknowledged that the U.S. needs to focus more on driving broadband adoption. 'We have to be just as intently focused on the demand side as on the supply side,' Mefford said. 'It's not a 'Field of Dreams' proposition. That demand side of the proposition is practically universally overlooked.' In research Connected Nation has done, many U.S. consumers don't see the value proposition for broadband, Mefford said. For example, in Tennessee, 30 percent of residents who don't subscribe to broadband service have children at home. 'You can make a compelling case that, in fact, for their children remain competitive, they do need a computer at home that's broadband-enabled,' he said. In February, Connected Nation released a study saying a 7 percent increase in broadband adoption in the U.S. would have an annual economic impact of US\$134 billion, including wages and savings in commuting and health-care costs. 'We don't get any impact just because somebody runs a line or makes a wireless signal available,' Mefford said. 'There's no economic or social benefit that happens just because that investment is made. The impact occurs when people make the decision to adopt.' ITIF President Robert Atkinson suggested that there may be a government role for promoting broadband with consumers. The U.S. government should support digital literacy efforts, and it should focus more effort on improving e-government, telework and e-learning programs, he said.

Several other countries have taken aggressive steps to drive broadband demand, Atkinson noted. Sweden has given tax breaks to employers that give computers to employees. South Korea has allowed residents to lease computers through the postal service and has given free computers to low-income residents, he said. 'Korea just said, 'We are going to have everyone digitally literate,' Atkinson said. But while groups such as the ITIF and Connected Nation have focused on delivering faster broadband to U.S. consumers, many don't want to pay for the extra speed, said independent telecom analyst Jeff Kagan. 'We are seeing all sorts of super-fast Internet connections for higher monthly fees,' Kagan said recently. 'Faster is better, but if you have to pay extra for a faster connection many customers would prefer a slower connection at a lower cost.' Most consumers don't need more than a 3M-bps (bits per second) connection even as broadband providers are rolling

out connections up to 20M bps, Kagan added. 'There are times when faster is needed, like when you download a movie or other large file, but the vast majority of use is at a much slower speed and customers don't even realize it,' he said. 'There is no reason for the average customer to think they need the fastest connection and have to pay for it.'