

# Communications for the Public Interest™

## A Series of Strategic Reports

### Why Is Convergence Important?

By Ronald Holcomb, General Manager, Pulaski Electric System, Pulaski, Tennessee

August 2004

When you expect to hear a dial tone and many of us receive television programs on over 100 channels. Yet despite the incredible convenience, availability, and reliability of traditional analog technologies, digital technologies are fast making them obsolete.

What is the evidence of the demise of traditional telephone and cable service? Consider these recent developments:

- **Voice-over-Internet Protocol (VoIP).** Free VoIP phone service is now available over your high-speed Internet connection. (Check out Skype.com.)
- **Wireless telephone services.** Wireless services have all but eliminated the need for a second phone line. Many households have disconnected landlines and use wireless phones as their primary phones.
- **Video via high-speed Internet.** Video content is available via high-speed Internet connections. Downloading movies and sporting events over the Internet is an everyday event. Soon, the latest episode of Law and Order will be only a click away. Goodbye, cable company middleman.

With digital technologies continuing to emerge and gain in popularity, municipalities need to weigh the risks carefully before investing in traditional technologies. But municipalities are experiencing a great deal of pressure to enter the traditional telecom or cable business. Where does this pressure come from? Consider the following sources:

- **Local consumers.** A majority of consumers continue to use traditional phone and television services. Many are fed up with the high prices and poor service offered by incumbent service providers. While poor service is a common complaint, the high prices are difficult to substantiate. Consider cable service, for which programming content is one of the highest costs. Municipal cable providers have no control over content costs and therefore pass these on to consumers. Compared to other cable companies such as Time Warner, municipalities are at a greater disadvantage because they do not own or create their own content. Content is king, and content costs are uncontrollable.



# Communications for the Public Interest™

## A Series of Strategic Reports

- **Political leaders.** Responding to pressure from constituents, political leaders are tempted to become short-term heroes by investing in traditional technologies, but they risk becoming long-term goats if and when these technologies become obsolete.
- **Equipment vendors and consultants.** Rather than fit products to market conditions, equipment vendors and consultants push package deals. According to them, “it’s all feasible.” To guard against this, be sure any feasibility or “proper fit” studies are independent and the outcome does not benefit the consultant.

High-speed data infrastructure such as fiber optics and wireless technology deliver all types of digital data, voice, and video. *Now is the time to draw a clear line between infrastructure and content.* Infrastructure should be the common carrier for various service providers and should not be replicated to deliver similar or identical content. Take the example of our roadways: each person does not build their own roadway. Instead, we share common roadways and choose which to travel. Similarly, content consists of services available in the digital marketplace from which potential customers can choose. The bottom line--do not build separate roadways to run the same or similar content.

So, what makes good sense? Municipalities can make an excellent case (especially in rural areas) for improving the quality of their high-speed data infrastructure. Carefully examine the pros and cons before deciding to provide a service at the municipal level or offer it to the private sector. Even though offering a service carries more risk than leasing, it may be justified (for example, where high-speed Internet services are not available).

Convergence is transforming voice and video services to free and low-cost applications that reside over the Internet. So, wake up and smell the convergence. Clear the path to adequate community connectivity. Just remember the path will be littered with obstacles. Foresight and solid planning are still the best tools municipalities can use.

For more information on the technology that is right for your community, please call Tom Asp at 410.964.6478 or email [tasp@internetCTC.com](mailto:tasp@internetCTC.com).

**About CTC:** CTC is a public interest communications consulting firm. We provide engineering and financial analysis for public sector and non-profit clients throughout the United States.

