Public-Private Telecommunications Partnerships

Remarks of Edwin B. Parker

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Why do we need public-private telecommunications partnerships in Oregon? Most of Oregon, including much of rural Oregon, now has better telecommunications infrastructure than any other state. However, there are four areas in which we could work together to make it even better and to take advantage of what we already have.

Not all rural communities in Oregon have reliable broadband infrastructure with diverse routing to prevent outages. We could work together to improve services to those communities.

We could better integrate our telecommunications advantages and telecommunications strategies with the rest of the factors needed for economic development in Oregon, both statewide and in each of our own communities.

We could work together to market existing infrastructure and services, aggregate demand, and provide user training and support. For example, our community colleges and small business development centers could be good partners with the private sector to stimulate increased usage.

We could work together to develop and expand the applications needed to use the infrastructure we have to bring about economic development. Fiber optic loops don't create jobs or prosperity. How we use them does.

I suggest that the public sector and the private sector in Oregon work together in these four areas of need because neither the private sector nor the public sector can do it alone. Working together in cooperative fashion, we can transform the economy of our state, including our rural communities.

In the following remarks, I will elaborate on each of these four possible areas of cooperation and partnering.

It is my hope for the discussion this morning that we will get past abstract discussions of possible partnership arrangements in general and begin the real work of creating specific partnership arrangements that start the process of building trust and providing models for others to follow.

Infrastructure Partnerships

As an example of infrastructure partnerships I hope Ann Steeves will be a catalyst to get a partnership going between private sector south coast telecommunications providers and the public safety sector of state and local government. We don't have diverse routing on the south coast because the expected return on investment for private sector providers is unlikely to be sufficient to justify private sector investment. Nevertheless, we need redundancy and diverse routing for public safety reasons. Any disaster, whether caused by nature or by humans, creates a great need for public safety communications. When a fiber cut or other disaster cuts the single thread of telephone and data services out of the south coast, the need for public safety communications increases as the availability fails. I hope that together we can look for a way to get Federal government funding, from the Department of Homeland Security or elsewhere, to solve the problem. The result would be an improved economy on the south coast as well as improved public safety. Neither the private sector nor the public sector can solve this problem alone—let's work together to create a reliable telecommunications infrastructure in the parts of the state that still lack redundancy and diverse routing.

Broadband data services, either through Digital Subscriber Line (DSL), cable modem services or broadband wireless access, are available in much of Oregon. For the rural communities that still lack broadband access, local partnerships could be explored to bring broadband services to those still unserved communities.

Economic Development Partnerships

We could work together to integrate telecommunications with the other factors that are also essential for economic development. Public and private sector advocates need to work together to convince the Governor and the Director of the Economic and Community Development Department that detailing our state's telecommunications advantages should be a significant part of every business recruitment and business development activity. To do that we need to add the telecommunications skills and knowledge to the infrastructure section of the state's recruitment and business development teams. To make it happen we need the political support of the private sector telecommunications providers in the state. We have a strong case to make to our potential private sector partners: They will most benefit from the recruitment and development of businesses that are large users of telecommunications services. If the private sector is reluctant to bring their political support to the integration of telecommunications with other economic development programs in state government, public sector advocates of telecommunications for economic development strategies should sit down with our private sector partners to understand their concerns, allay their feats and jointly develop and recommend policies that are mutually beneficial.

We could also create partnerships between private sector telecommunications providers and local economic development leaders throughout the state. Developers of local industrial, business or science parks need to know from providers what telecommunications facilities can be provisioned to their parks and on what time scale.

They need to know how much demand must be aggregated before budgets can be allocated to construct needed facilities that are not already available. This closer integration of private sector telecommunications into local economic development plans was discussed yesterday at one of the break-out sessions. I hope those discussions will be followed-up with specific plans for improved cooperation and communication between local economic development leaders and telecommunications providers so that telecommunications becomes an active part of economic development programs throughout the state. Both telecommunications providers and economic development people need to be proactive to make such partnerships happen and create the mutual benefit that should result.

Marketing, Demand Aggregation, Training and Support

A confession: I know from a former life as a division president of a telephone company that incumbent telephone companies are better at order taking than at marketing, and that they sometimes even fumble the order taking process. Telephone companies are typically better at responding to a single order from a large business than at estimating and aggregating the same amount of demand from a number of small businesses. At the same time, I have no illusion that local governments have great marketing skills. But perhaps we can pool what resources we have and get third party help and advice to make improvements in our plans to market advanced services using the excellent telecommunications infrastructure we have. Telecommunications carriers are rightly worried about the low "take-rate" for broadband services now available. A strategy of "build it and they will come" has not worked. Local governments could help in the demand aggregation process—combining public sector demand with private sector demand for similar services could result in mutual benefit. Putting government telecommunications business on separate, government-only, networks hurts everyone by making it less likely that advanced services could be profitably offered to the small private sector businesses that are the primary source of economic growth in rural communities.

Another factor contributing to low demand for newly available advanced services is insufficient training and technical support for applications using information technology. Community colleges could be a public sector partner in helping improve availability of training and support. Working together, we should find a way to get mutual benefit from the telecommunications services already available.

Applications Development

This is the most critical area for the future of the Oregon economy. Self-healing fiber optic rings, broadband wireless and all the other information technologies do not bring economic development or improved quality of life. What will improve our communities is the businesses and jobs we can create in or recruit to our communities if we use our information technologies more effectively. In addition to business development and recruitment, three applications areas are particularly critical to rural communities because they are a large percentage of rural economies: health care,

education and government. All three areas are in financial crisis. Part of the reason for the financial crises in these three public or quasi-public sectors of our economy is that they have not used information technology as effectively as the private sector has to achieve productivity gains. By productivity gains, I mean the production of more and higher quality services at lower cost.

We have the opportunity to improve the quality of rural health care and hence the quality of life in rural communities through telehealth and telemedicine applications, integrated electronic medical records systems and a general reorganization of how rural health care is delivered using information technology as the catalyst. We have the opportunity to develop e-government applications that will make state and local government services available 24/7 through the Internet with on-going costs equal to or less that what we now pay for less accessible services. We have opportunities for distance learning applications, both real time videoconference courses and on-demand Internet programs in which local teachers do not have to teach everything, but can serve more as mentors, guides and coordinators of a rich base of instructional materials available electronically.

Current public sector funding problems, tax revolts and health care cost escalations have reached such crisis proportions that perhaps the time is ripe for restructuring how we provide these three traditional services. Part of the problem is that, in order to achieve lower on-going operating costs, front-end development expenditures and capital equipment budgets are needed. The public sector does not have either the capital budgets or the development budgets needed to make the transition to more economically productive delivery of public services. Perhaps the private sector, which has led the way in using information technology and telecommunications to achieve simultaneously lower costs and higher quality services, can help bring the same benefits to the public sector. Perhaps private sector partners can be found who would front the development and capital costs in exchange for longer term service contracts that provide on-going public sector savings and private sector profits. At the very least, public sector officials should learn from the private sector how to use information technology to improve service and lower costs.

Conclusion

There are ample opportunities for public-private telecommunications partnerships in Oregon. What is needed is communication and cooperation and an early start on specific projects that can begin building the mutual trust that is essential for long term cooperation and partnership success. Especially in rural Oregon, where markets for telecommunications services are too small to support many competitors, we should be working together to achieve jointly what neither sector can accomplish alone.