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Canadian firm to bring Internet to underserved areas in Massachusetts

By *Ben Storrow*

AMHERST - Attempts to bring high-speed Internet to the rural pockets of western Massachusetts cleared an important hurdle Monday, as state officials announced a deal with AxiaNet Media Corp. to operate the 1,338-mile broadband network being built to town centers throughout the region.

Under the terms of the agreement, Axia will become the network operator of the state's planned MassBroadband123 network. The company will be charged with managing and maintaining the network, selling wholesale services to Internet service providers, monitoring the system's operations and completing repairs and upgrades as needed. In all, Axia said, it expects to invest up to \$45 million into the operation of the network over the contract's 10-year lifespan.

The Massachusetts Broadband Institute (MBI), an independent state entity, will own the network.

Institute director Judith Dumont said Monday's announcement puts the state on track to complete the network by its June 2013 target date. With Axia on board, the commonwealth can utilize the company's expertise and experience in building the 1,388-mile network, Dumont said.

"All the partners we will bring on to build and construct the network, they will go away once they are done. Axia will stay for a minimum of 10 years," Dumont said.

The state's current plan is to build what is known as the "middle mile" in the telecommunications industry, stringing the fiber-optic cable needed for broadband service to anchor institutions in 123 rural town centers across western and central Massachusetts. The network's construction is being paid for by \$45.4 million in federal funding and \$26.2 million in state funding.

"We wanted to make sure that we found a company that understood what our mission was," Dumont said. "When Governor Patrick created MBI, the mission was clear: connect the unconnected. The unconnected live in rural communities. When you look at Axia's experience they clearly understand the mission."

Axia, based in Calgary, Alberta, was chosen from a pool of five companies largely because of its success working with the provincial government in Alberta to create a broadband Internet network, Dumont said. There, Axia has maintained a 9,320-mile network, serving 429 communities since 2005.

Dawn Tingling, Axia vice president of investor relations and communications, said her company was especially drawn to the state's plan to create what is known as an "open-access network." Such networks essentially make the network operator a middle man, with the state owning the network and the network operator charging a fee to all Internet service providers who want to participate.

When the Alberta network, known as SuperNet, first went online in 2005, there were only a handful of Internet service providers in the province, Tingling said. Today there are 80. As a result, many rural Alberta communities now have the same access to broadband service as those living in urban areas, Tingling said.

"What has happened here is we have been able to build a vibrant service provider community and they compete in the market among themselves," Tingling said. "Communities went from having dial-up to having three to four choices" of broadband service providers.

In Alberta, Axia sells bandwidth, which essentially means the amount of information that can pass through the fiber-optic cable, to Internet service providers based on their demand. Thus, companies serving small businesses and consumers buy less bandwidth, while companies serving larger institutions buy greater bandwidth, Tingling said.

Axia will emulate that model here in Massachusetts, she said.

Describing why Axia was interested in the state, Tingling said, "It had a lot of the elements needed for a project to be successful. The government had the foresight to see they needed to do this, that their citizens have to have broadband and the critical middle-mile infrastructure."

The project represents Axia's first foray into the United States. The company operates 16 networks around the world, in places such as France, Singapore and Spain. Tingling said Axia plans to open a Massachusetts office to head up its American operations. She said the site of that office has yet to be determined.

The state's will now turn its efforts to finding a contractor to build the planned network, Dumont said, noting that the institute expects to issue a request for proposals to construct the network sometime in the near future.

It remains to be seen, however, who will complete what is known as the "final mile," extending the broadband network from community centers to homes and businesses. A consortium of western Massachusetts towns called WiredWest is working on a plan to complete the final mile. The town of Leverett has said it may consider building its own final-mile network. Private companies could also offer their own proposals.

Dumont said Axia and MBI will work with all interested final-mile providers, with the state likely providing grants to those with strong proposals to build a final-mile network. Axia will not operate a final-mile network, thus avoiding competition with its consumers, she said.

"In 2011, you will see a lot of activity on the last mile," Dumont said.
