

# New Networks

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## PROPOSAL

Survey New York City tech companies, startups, and small businesses on the current availability of broadband and Internet connectivity, both wireline and wireless. Create a report providing accurate, independent, documented findings about the current good, bad and ugly situation, including economic harms being caused by a lack of fast, affordable high-speed Internet access. Provide guidance and potential business and political solutions for the incoming elected officials, including the Mayor, to get New York City wired and connected.

## Background

On September 13<sup>th</sup>, 2013 Mayor Michael R. Bloomberg announced a series of “new initiatives”<sup>1</sup> that have been in the works for a year to help “Improve the city’s wireless infrastructure and expand Internet access.”

“If New York City is going remain competitive in the global economy, we must find ways to support the entrepreneurs who are driving technological advances and creating jobs,” said Mayor Bloomberg. “With these new initiatives, we are making targeted investments to improve our city’s wireless infrastructure and expand Internet access. We’re also measuring how connected our city’s buildings are and sharing that information, so that entrepreneurs are empowered to make the best decisions about where to open a business.”

This effort has manifested itself in multiple activities, including *Wireless Corridor Challenge*, *WiredNYC*, *WiredNYC*, and *ConnectNYC Fiber Access*<sup>2</sup>

But, it is clear that the city was desperate and refused to deal with the fundamental issue: Verizon, the incumbent wired provider. ConnectNYC Fiber access is a contest which has been dubbed the “Hunger Games of Broadband,” because Verizon, who has a monopoly on

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<sup>1</sup><http://www1.nyc.gov/office-of-the-mayor/news/315-13/mayor-bloomberg-new-initiatives-expand-wireless-broadband-connectivity/#/0>

<sup>2</sup><http://nycfiberaccess.challengepost.com/>

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most of the wiring in New York City, isn't even a participant and this is one of the major reasons that there is a crisis in high-speed Internet access infrastructure, or even wireless services in New York City.

In fact, Verizon's FiOS is currently a "cable service" and there is no requirement to supply high-speed Internet access to commercial customers. Thus, whole areas of the middle of Manhattan's Silicon Alley have no access to high speed competitive services from Verizon.

And there are other currently regulatory challenges and issues afoot that could cripple the competitors in the city and further restrict wired high-speed Internet access:

Verizon has stated publicly that they are going to "decline to fix the copper wiring." This harms customers but also all competitors who rely on the copper wiring. Competitors are currently restricted from using "fiber optic services," which was a federal decision.

There is also the "IP transition" where the lines in service which are currently categorized as "telecommunications services" are being reclassified as "information services" (which do not have telecom regulation requirements including "interconnecting" of competitors to these wires) regardless whether they are copper or fiber.

Verizon has stated that they are planning on 'shutting off' the copper and forcing customers on to wireless services.

## Survey of Tech Companies, Startups and Small Businesses

Based on interviews with small businesses throughout New York City, there is a crisis in getting usable, fast, affordable high-speed Internet access services. While Google Fiber has gone into Kansas City, KS & MO and offered 1 Gigabit services for \$70, there is nothing close to comparable in New York City.

The survey's goal is to examine start ups, tech companies and small businesses in other industry segments, as well as "Main Street":

Do an inventory of wireline and wireless broadband and high-speed connectivity services in use today, including downstream and upstream bandwidth speeds, what providers are offering services, and the building issues, if any, encountered.

Do an inventory of the voice, video and data applications, as well as the equipment used by these companies, .

Examine in detail the prices customers pay for all of these services, and especially focus on whether the customers are being "overcharged" (i.e., that they believe they have 'X' service but are paying for other services) from phantom extra lines to packages they didn't order.

Perceptions and Wish List: What do customers think about their choices, their communications carriers and what would they like to see? Moreover, do they believe

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they are well served or are there economic harms that are incurred by the lack of adequate high-speed Internet access and services?

## Proposed Methodology

### *Surveying the Tech Community and Startups:*

The New Networks team has been active in many of New York City's tech organizations, from Tech Meetup, ISOC-New York, New American Foundation, and NYCwireless, among others. Using this extensive collection of tech and startups in New York, and having the groups assist in participation, we will:

1. Set up a web-based survey to allow these communities fill out the survey.
2. Do a "random selection" survey of members to interview via email and phone, as a "control group" for 1000 completed surveys.
3. Do in depth interviews of 25 of those surveyed for more detailed analysis, including site visits.
4. Do outreach to other community based groups in the boroughs, to get "community issues" pertaining to high-speed Internet access.

### *For the non-tech groups:*

1. Contact rotary clubs and offer sit downs with 10 groups who can bring members.
2. Contact associations in specific industry segments to field or set up meetings.
3. Do "Main Street" interviews with 250 businesses throughout the 5 boroughs.
4. Do phone and email interviews with 500 small businesses as a "control sample" covering all 5 boroughs.

All of these actions are contingent on the budget and commitments made by the associations and groups to sign on and assist in the marketing of the survey.

## Questions

- ***What about the City's efforts and survey of high-speed Internet access availability and use in buildings?***

The City is making no effort to do a rigorous statistically valid survey nor is it asking the same questions, especially about pricing, bandwidth capacity needs or more importantly customer overcharging.

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Also, the City has never done this type of survey that we are aware of, nor have they been critical of Verizon, which controls 90+% of the New York City wires (and 50% of the wireless market).

- ***The FCC's Broadband Map Shows Competition in Broadband and High Speed Services.***

The FCC's data in their broadband maps is atrocious and unreliable. In a recent visit to a well-known videographer's office on Broadway (below Canal Street), we compared the government's high-speed Internet access availability information for the address and none of this information is correct. Time Warner is not in the building and neither is Platinum Equity LLC. Verizon does not offer FiOS, which can have speeds of 50-100 Mbps, but in this building there is only DSL and it can't handle anything above 10 Mbps in one direction. This business needs high-speed bi-directional high-speed Internet access service.

## **Broadband.gov National Broadband Map Results, Manhattan Videographer—On Broadway Near City Hall, November 2013**

Show All	Show Wired	Show Wireless	Expand All
<b>Advertised Speeds Above 3 Mbps</b>			Data as of: 12/31/12
Verizon Communications Inc.		50 - 100 Mbps	»
Time Warner Cable Inc.		50 - 100 Mbps	»
Platinum Equity, LLC		25 - 50 Mbps	»

### ***Why New Networks?***

New Networks Institute was established in 1992 as a telecommunications market research and consulting firm and has assembled a team of experts:

**Bruce Kushnick**, Executive Director of New Networks, has been a telecom analyst for over 30 years and has worked with IDC/LINK, Probe Research, Fairfield Research and conducted numerous business to business and consumer surveys since 1985. He has developed proprietary database and analysis tools used in numerous investigations and class action suits.

**Tom Allibone**, Director of Audits, and President LTC Consulting has been a forensic auditing expert for over 30 years and has helped to recover over \$50 million dollars in phone charge refunds.

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**Dana Spiegel**, Executive Director of NYCwireless (a 501c3 non-profit), has been instrumental in working to have parts of New York City's public spaces add wireless and Wifi services for over a decade.

**John Randall, Esq.**, is a graduate of Brooklyn law Schools' BLIP program and has worked with the Roosevelt institute and former White House Internet Advisor Susan Crawford.

**Earl Comstock, Esq.** helped create the law of the land ---the Telecommunications Act of 1996 as Special Counsel for Telecommunications, U.S. Senate Committee on Commerce, Science, and Transportaion, and former president of Comptel, the largest association of competitive local phone companies.

We also work with members of Tech Meetup, Legal Tech Meetup, ISOC New York and other groups closely give us understanding and knowledge of the startup and tech community.

## ***Understanding the Political, Regulatory and Business Practices Pertaining to Telecommunications Infrastructure in New York City***

On September 13<sup>th</sup>, 2013, Common Cause NY, Communications Workers of America (District 1), Consumer Union, and the Fire Island Association filed comments<sup>3</sup> calling for an investigation into the influence of the wireless company over the wireline state-based networks provided Verizon New York.

"We assert that there is evidence that the reported losses are substantially the result of misallocation of revenues and expenses as between the landline and wireless systems. The evidence is strong enough to require the Commission to consider it, and seek such additional information as will prove or disprove the existence of systematic and intentional misallocation by the Company, with consequences for customers/ratepayers of both systems, the tax payments due to federal, state and local jurisdictions, and policy decisions made by the Commission."

This filing was based in part on a new report by New Networks on Verizon's New York's utility networks and the cross-subsidization of Verizon's affiliates including Verizon Wireless and "Verizon Services."<sup>4</sup>

We have experts in the regulatory, legal and technical issues surrounding Verizon New York's deployment of FiOS and related affiliates and believe that the findings from the survey, combined with our research will prove to be a powerful tool in helping New York City small businesses be able to get competitive high-speed Internet access in the future.

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<sup>3</sup><http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=637AEC91-C05A-45BD-8CEC-0F63F3C388DC>

<sup>4</sup><http://newnetworks.com/VerizonNYAffiliatereport.pdf>