

IT'S YOUR BUSINESS

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As we continue to ride the telecom industry's breathtaking roller coaster it is becoming increasingly important for rural telephone companies to understand how to take advantage of the changes in the industry as opposed to being rolled over by them. This article will provide some specific ideas and action items for company owners and managers trying to harness these technological winds of change.

Competing with the new guys

All of us in the telecommunications industry can attest to the fact that competition has invaded every aspect of our industry over last several years. Even though competition has entered the local services market, it could be argued that the one exception to this pervasive competition is the local mass market composed of residences and small businesses. This market segment was only penetrated temporarily with UNE-P, but that competition has effectively been eliminated by the FCC.

Technology, however, is continuing to develop, and it is changing the methods that are being used to deliver services while removing significant barriers to entry. For the first time, technology is making local mass market facilities-based competition a reality. This means that there will be more and more facility-based competitors entering our industry with a variety of new technologies that promise to be very cost effective.

How do we compete?

In a nutshell, you should compete by relying on your strengths and minimizing or eliminating your weaknesses. This is easy to say, but often difficult to accomplish.

Strategic Plan

The first step in utilizing your strengths and minimizing your weaknesses is to identify them. This is fundamental part of developing (and implementing) an effective strategic plan.

If you have a strategic plan, now is a great time to take a serious look at it and update it for all of the new industry developments (both technological and regulatory) as well as for the new entrants. If you don't have a strategic plan, this is an important time to consider doing one. The changes that are upon us are easily the most disruptive our industry has ever seen; possibly even more significant than most of the recent changes put together.

A current strategic plan will help ensure that all of your team has a common understanding of your plan for meeting the future. Success can, and should be, planned. It doesn't often happen randomly and now doesn't seem to be a good time to bet the future of your company on a technological roll of the dice.

Embrace Technology

It is important to remember that you are competing to provide services to your customers. Customers generally don't care about the underlying technologies used to provide the services they want. However, it is important for you to identify the services that your competitors are offering and the technologies that they are using. If those technologies have advantages, it makes sense to consider using them yourself.

There are two significant current technology developments that all companies should investigate and use where appropriate.

The first is VoIP.

Most customers are attracted to VoIP services not because of the IP technology that is used but because VoIP services are cheaper or better in some ways than traditional services. While it's true that VoIP today has weaknesses, these may be less important to some of your customers. The important issue here is that VoIP is a technology, not a service. Most importantly, you too can use that technology to bring cheaper and better services to your subscribers.

To be sure, there are other considerations with the use of VoIP such as the impacts on your traditional services and revenue streams. But if your customers want the features or the lower price that VoIP can bring, you probably want to have that in your arsenal.

Wireless Broadband

The second technological development is wireless broadband delivery – both Wi-Fi and WiMax. While there are other broadband delivery technologies such as BPL being deployed or on the horizon, they require an infrastructure from another industry.

One of the traditional strengths of the independent telephone companies has been their prompt use and incorporation of new technologies into their networks and operations. VoIP and wireless internet should be viewed in the same way.

Things to Remember

One of your greatest strengths is your experience and heritage in the telecommunications industry and your reputation with your customers. Don't create a weakness by refusing to utilize technologies that your competitors will deploy. Rather, carefully investigate these technologies and develop a plan that enables you to leverage your strengths to incorporate them into your existing operations in a logical and planned manner.

Additionally, the competition will attempt to exploit any opportunity. The more bases that you have covered the less opportunity there is for the new entrants.