



OPASTCO's 49th Annual Winter Convention,
Disney World's Contemporary Resort, Jan 2012

New Product Development, Business Cases & Planning

Moderator/Presenter: Russ Ramsey, Toledo Tel Co., Inc.

Presenters: George Henny, Whidbey Telecom
Rob Riordan, Nsight

Presented by OPASTCO's Business Development Committee



Russell Ramsey – Vice President – The Toledo Telephone Co., Inc.

- Founded in 1906 as Home Telephone Company
- Located in Toledo, WA, about 100 miles south of Seattle, along the I-5 corridor
- A privately owned Company, owed and operated by the Ramsey Family since 1938
- 150 Sq Mile ILEC Exchange, currently with 2,000 POTS & 1,000 DLS lines.
- 1996 ToledoTel launches its ISP under the Non-Reg Brand, Toledo Telenet
- 2000 Completes DLC deployment, and makes ADSL available to 100% of ILEC exchange
- 2007 launches GPON based CLEC offering with VoIP in neighboring communities.
- 2008 turns up OC-48 links via regional network to Seattle & Portland Carrier Hotels
- 2008 Distribute Wildblue Sat Internet and DirecTV via NRTC
- 2009 launches VoIP/Asterisk Business Systems to ILEC & CLEC Customers
- July 2010 turns up first ILEC customer to GPON, starting complete ILEC conversion to GPON
- 2011 launches it's NTIA BTOP Grant Broadband Adoption Program
- 2011 receives approval for it's 6th RUS Loan package to bring GPON to every customer.



Business Planning Strategy 1906 - 2000:

“What is every else doing? We’ll do that too!!”

Business Planning Strategy 2000 -:

“Regardless of what it seems like everyone else might be doing, we’ll only do it, if it makes sense for us”

- The Numbers and Analysis matter
- Long term planning matters.
- Education and internal institutional knowledge matters!



SWOT Analysis of Your Company

Strengths:

- Good history in the Community
- Privately owned
- Educated and Experienced management team.
- Cutting-edge broadband infrastructure + leading vendors

Weaknesses:

- Size, lacking economy of scale
- Lower income market
- Low growth market
- No wireless play
- No TV services play
- Dependence on leveraged financing

Opportunities:

- Mobile Backhaul
- Profession/Residential Consulting services (GeekSquad)
- VoIP Business Phone Services
- FTTP in neighboring markets
- TV/OTT Play?

Threats:

- Cable competition?
- Fixed wireless broadband competition?
- USF/ICC "Reform"?
- Severe downturn in the economy?
- Change or loss of a critical vendor?



SWOT Analysis of new IPTV Service

Strengths:

- It's a product that customers want
- You are NOT the "Cable Co"
- FTTP infrastructure
- Bundles create stickiness

Weaknesses:

- Very expensive to get into, high "first customer" turn up cost.
- Services don't beat current Cable/Sat offerings, in terms of features.
- After 10+ years, still a lack of standards.
- Very proprietary & vertically integrated.

Opportunities:

- Promote Residential Consulting services (GeekSquad)
- Potential to integrate VoIP features
- Folding into a CLEC play?
- Value added services, i.e. VOD/OTT

Threats:

- Cable & Sat competition?
- Severe downturn in the economy?
- Change in, or loss of, a critical vendor?
- Change in a partnership or consortium?
- Changes in content cost?
- Constantly evolving platform?



TOWS Analysis of new IPTV Service

Strengths/Opportunities:

- Leverage your good standing with existing customers.
- Leverage that you are NOT "the Cable Co"
- Leverage the capabilities of your new network.

Weaknesses/Opportunities:

- Can't afford your own Headend? Partner with others.
- Can't afford IPTV? Look for a Sat play.
- Broadcast TV is a decaying model, jump ahead with an OTT play.

Strengths/Threats:

- Wait until you find the solution that adapts to your needs, not the other way around.
- No cable competition? Don't move too quickly.

Weaknesses/Threats:

- Lack of economies of scale may put IPTV out of reach you might be lucky!
- The loss of a single vendor could mean losing the whole game. Is it worth it?
- History of highly vertically integrated proprietary systems, not too good.



SWOT Analysis of VoIP Biz Services

Strengths:

- It's a product that customers want, and/or need!
- Local presence and history
- You know Voice Services
- Bundling with other services creates stickiness, e.g. Groupware & Apps

Weaknesses:

- Higher cost structure than many competitors in this space.
- Lack of a national footprint
- Mix of IP literacy in staff.
- Literacy of potential customer base.
- Lack of proactive sales acumen.

Opportunities:

- Lots of SMB customers in the region
- Local market not on Service Providers' radar
- Legacy PBX systems to replace.
- Rural School Districts / eRate.
- Open Source options for platforms.

Threats:

- VoIP services are a commodity product.
- State of the economy?
- Change in, or loss of, a critical vendor?
- Quality(perceived) of VoIP services?



TOWS Analysis of VoIP Biz Services

Strengths/Opportunities:

- Leverage your good standing with existing customers.
- We know eRate, craft eRate friendly offerings for School Dists.
- Look for SMBs that need to have their legacy PBXs replaced.

Weaknesses/Opportunities:

- Market "Next-Gen Office Phone Systems", not "Cheap VoIP"
- Leverage your "Local focus"
- Emphasize your literacy in Voice services.
- Hire an experienced sales person.

Strengths/Threats:

- Sell the customer a "a service" that includes the most of the hardware in the monthly expense. Eases install sting.
- Provide professional installation service.
- Customize solutions for customers.

Weaknesses/Threats:

- Leverage VoIP tech, but avoid the commodity game.
- Offer a "future proof service".
- Use open source and standards based solutions to avoid the threat of a loss of a critical vendor.



Summary.....

- Never underestimate the value of planning and analysis, i.e. financial, market, and etc.
- If an extensive business plan is required, your internal management and executives must lead the process. Only rely on consultants to assist you answers questions. Don't let them ask and answer, the questions that you should be asking yourself.
- Some opportunities may offer a short decision time frame, have a "back of the envelope" protocol for doing quick evaluations.
- Especially for the smaller companies, some projects and service offerings just may be out of reach. That's not always a bad thing.
- Trust your gut. If it just doesn't feel right, walk away. In many cases you can usually reevaluate later.