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Years Ago

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Automated
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SIP Feature
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Many Advanced
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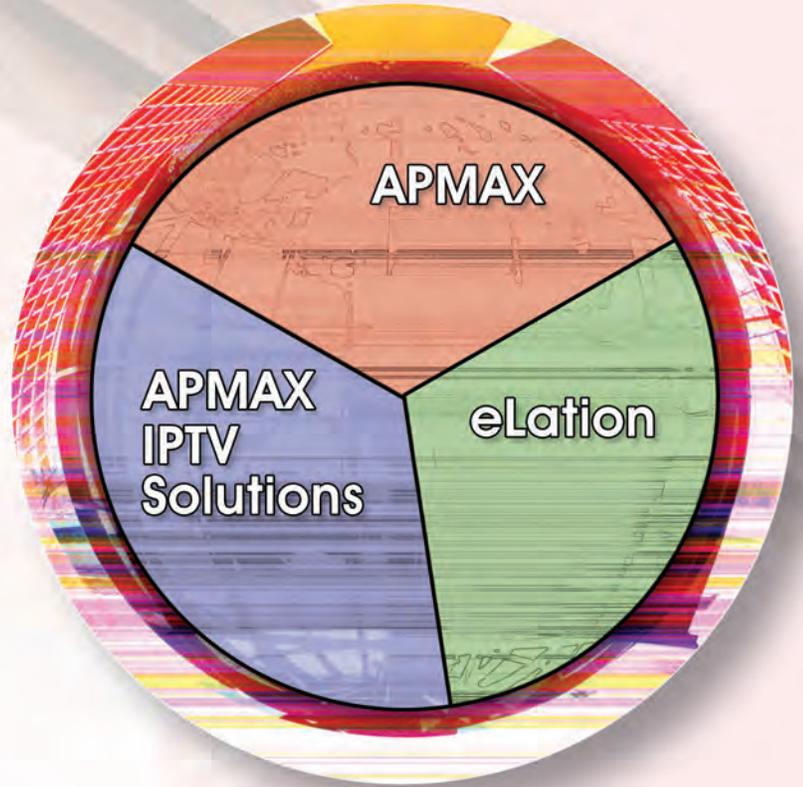
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Rural Is Cool

By Rachel Brown

Last year Agriculture Secretary Tom Vilsack declared that rural America, faced with declining populations, is "becoming less and less relevant." But the people who live in rural America see another story unfolding about their regions. They see rural America as cool—a place more Americans are discovering is a great area to live, work and play. Learn what's happening in rural America that's changing people's perspective on rural life.

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NTCA represents more than 800 small, rural, locally owned and operated telephone cooperatives and commercial companies in the United States and abroad, as well as state and regional telephone associations and companies that are the suppliers of products and services to the small and rural telephone industry. Our readers are the managers, directors, attorneys and key employees of these telephone companies as well as consultants, government officials and telecommunications experts.



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Broadband Adoption and Your Consumer

By Masha Zager

For service providers, broadband usage isn't just a booster of bottom lines, but a technology that can improve the lives of their customers. But broadband adoption has been a stubborn problem for certain ages and groups of people. Now telcos are tackling the adoption problem, sometimes with the help of pilot programs and federal grants, and are sharing what they've learned from broadband-adoption efforts.



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Video and Changing Customer Habits

By Anna Henry

TV viewer nirvana—the ability to watch any programming, on any device, anywhere—is closer than ever, and consumers are responding to the technological innovation driving the revolution. The changing dynamics of viewer expectations present both challenges and opportunities for rural telcos, even as providers face the continuing challenge of negotiating, and paying for, content.



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Competition Today vs. 10 Years Ago: A Roundtable

By Christian Hamaker

To assess how far the industry has come in adjusting to the shifting competitive calculus over the past decade, Rural Telecom asked several rural-telco leaders about the changes they've seen in the industry during that time. Their responses paint a picture of an industry that continues to adapt to regulatory and legislative challenges by making adjustments to technology, human resources and marketing strategies.



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Fall Conference Preview

Join NTCA—The Rural Broadband Association for the 2013 Fall Conference in Chicago. Business insights, innovative ideas and tactical tools await attendees, who will exchange ideas, discuss training and pursue customized learning. Attendees will hear from leadership expert Robert Kreigel, author Mark Scharenbroich, cybersecurity veteran Marcus H. Sachs, P.E., and telemedicine innovator Jonathan Linkous as they point you to a bright business future.

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Small Town Cool

Like the county fair, the annual carnival in my hometown was a huge deal when I was growing up. For rural kids whose small town never had anything big happen (according to my younger self), the carnival was the event of the season. Held to raise funds for the local fire department, it was an adventure just watching the guys set up all week long in anticipation of the fun to be had.

As the old Rolfe Field, mainly a grassy area use for baseball games, was converted into an amusement park, we anxiously saved our money and counted the days until we could roam the park to play games, ride rides, chase boys and eat cotton candy until our stomachs ached. Many first dates happened at the carnival. It represented the rite of passage from the end of a long school year into the summer of bare feet and running free. It gave us the opportunity to go somewhere special for the four days the carnival was in town.

When I was in 7th grade, I remember getting ready for the carnival. Selecting an outfit was also a very big deal to a teenage girl. I don't know why this image remains with me to this day, but I put on my light blue hip hugger bell bottoms and a peasant top with yellow, blue and white stripes. My hair was cut in a much less bouncy Farrah Fawcett flip and my very hip

'70s outfit rocked. I thought I was very cool.

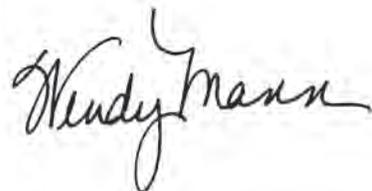
Another local teen haunt was a place called Skins. I don't recall where that name came from, but it fit. It was dark inside and certainly mysterious to a 13-year-old girl. It was the place to be any time of day for pinball, pizza, penny candy or hanging out. I remember walking past there with girlfriends, trying to work up the courage to go inside, giggling and daring each other to go first. We just weren't that cool. But it was fun to wonder what was going on behind that screen door, where music from the Doobie Brothers and Creedence Clearwater Revival screamed out. By the time I was older and cool enough to go in, Skins had shut down and wasn't the central meeting ground it had been.

DeMarr's, our local bowling alley, was also a cool gathering ground for kids and teens alike. There was nothing like a rainy Saturday to turn the bowling alley into a party. We would grab a coke and sit at the tables watching the cool boys come and go. This was a major event to us back then. The jean jackets and flannel shirts ... the long hair and the slow, casual saunter gave those small town dudes the ultimate air of cool.

I also remember the lazy days of summer, floating on inner tubes and rafts down the Clarion River with my dad and siblings along with my dad's friends and their kids. It was a simple way to entertain five kids so mom could have a break. The cold water, the winding river, the trees

overhanging the passageway created an adventure for us. There was something magical about making that trip down the river, stopping at our favorite swimming hole, affectionately named "River Rat Haven" by us river rats. It truly was a cool way to spend a summer day.

My trip down memory lane isn't simply to share what I remember fondly about my rural upbringing. It's to demonstrate the value of rural life and the simple things that end up being the cool ways that show how rural life is vibrant and vital. The freedom of big open spaces, the simplicity of running barefoot at the playground, the warm sun on your face as you stand on a mountain looking out on your town—rural is cool. And it remains that way because of the people and the good things that rural provides to the rest of the country: food, recreation, magnificent scenery and history. There's something sweet and true about rural life, and we need to shout it out so everyone knows.



Wendy Mann
Director, Communications
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CRACKED CELLPHONE SCREENS: A NEW STATUS SYMBOL

It's cool to be cracked.

That's a message that today's youth are embracing when it comes to their cellphone screens. And the more cracked, the better.

Some teens enjoy showing off screens with spider-web cracking so severe their texts and Instagram photos are barely discernible.

"A cracked screen gives you a sort of street cred, like you've been through some real-life stuff," writes Emily Wax. "It's tough, subversive and just kinda cool."

►Source: washingtonpost.com

Director Candidates Need Digital Know-How

Public company boards have discovered a major deficit: They need more candidates with digital expertise. But public companies usually want board members with C-suite experience, and that eliminates many of the startup veterans with the know-how to advise companies on marketing strategies, business alliances and recruitment.

An analysis by recruiter Russell Reynolds Associates Inc. found that 37 of the 100 largest U.S. companies have no directors with digital expertise. Only 16 companies have at least three digital-savvy members on their boards.

►Source: online.wsj.com



Time's a Wastin' No More

To avoid wasting time—at work or at home—try an experiment.

When you wake up, write a column of numbers on a piece of paper that represents each hour from the time you wake up to the time you go to sleep.

Keep the list with you and then, at the top of each hour, take 20 seconds to think about whether you were happy with the way you spent the hour just passed. If so, don't write

down anything. If not, jot down a few words about what you did (e.g., "waste of time to meet with Joe; he doesn't listen").

By day's end, you'll have a list of activities you wish you'd avoided. Do this for several days. You'll soon see patterns of ways you've wasted your time, and you'll be better able to avoid those things in the future.

All of this takes, in total, about five minutes of a typical day. Yet the benefits can save hours, not to mention a lot of emotional toil.

►Source: linkedin.com

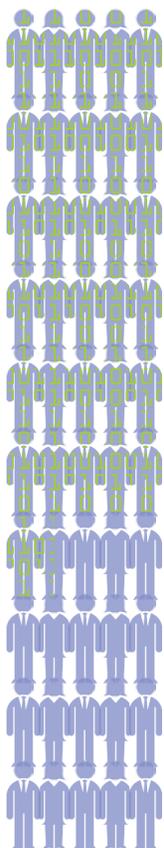
Bad Feedback: The Gift That Keeps Giving

If you think bad feedback is frowned upon, you might be giving it to the wrong people.

The purpose of feedback isn't to make people feel better; it's to make them perform better. The authors of "Tell Me What I Did Wrong: Experts Seek and Respond to Negative Feedback," a research paper published in the *Journal of Consumer Research*, showed that top performers understand that distinction, and are therefore more receptive to negative feedback than are novices, who are more eager for positive reinforcement.

"If we look at feedback as an opportunity to make someone work better rather than feel better, we're more likely to do it successfully," wrote Alina Tugend in the *New York Times*. The trick is "making negative feedback precise and timely enough so that it's helpful but neutral enough so that it's not perceived as harshly critical. That's particularly difficult in a culture like ours, where anything short of effusive praise can be viewed as an affront."

►Source: nytimes.com



Best and Worst Jobs of 2013

CareerCast.com has ranked 200 jobs from best to worst based on five criteria: physical demands, work environment, income, stress and hiring outlook.

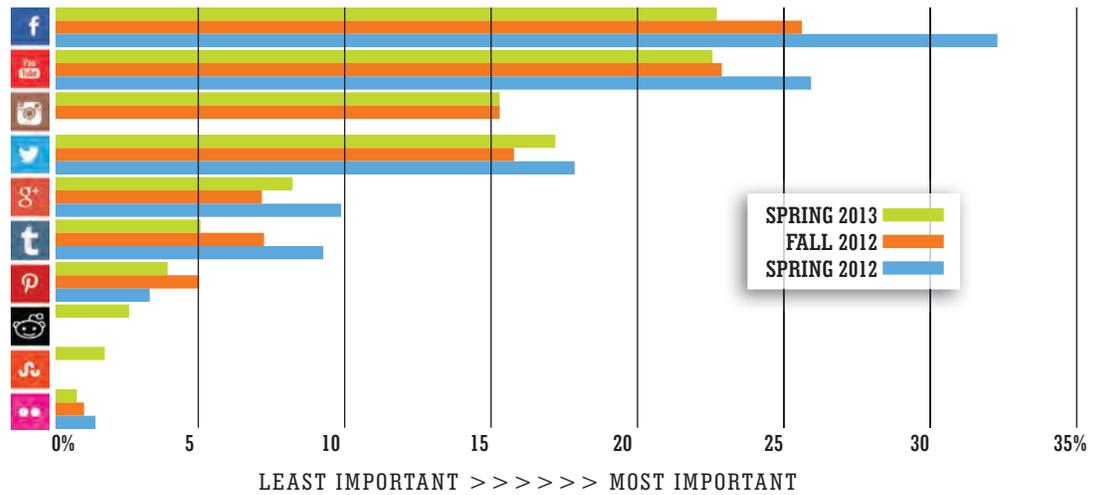
▶ THE 10 BEST

- 1 Actuary
- 2 Biomedical Engineer
- 3 Software Engineer
- 4 Audiologist
- 5 Financial Planner
- 6 Dental Hygienist
- 7 Occupational Therapist
- 8 Optometrist
- 9 Physical Therapist
- 10 Computer Systems Analyst

▶ THE 10 WORST

- 1 Newspaper Reporter
- 2 Lumberjack
- 3 Enlisted Military Personnel
- 4 Actor
- 5 Oil Rig Worker
- 6 Dairy Farmer
- 7 Meter Reader
- 8 Mail Carrier
- 9 Roofer
- 10 Flight Attendant

▶Source: CareerCast.com



Most Important Social Media Sites for Teens

One-fifth of teens in a recent Piper Jaffray survey chose Facebook as their most important social media site, but that figure is down from 30% just a year ago.

Facebook isn't alone in its sagging fortunes among the younger demographic: The same survey also found that nearly all social media sites have seen a decline in importance in the past

year among teenagers. Even YouTube is down to 22% of teens seeing it as their most important social media site, although its decline in the past year has been less pronounced than has Facebook's.

Where are teens taking their social-media interest? To newer sites and apps like Wanelo, Vine, Snapchat, Kik and 4chan.

▶Source: techcrunch.com

WHY CELLPHONE DISCUSSIONS DRIVE US CRAZY

If you've ever suspected that overheard cellphone conversations are more distracting than other types of conversations, you're on to something.

Evidence is mounting that cellphone conversations are much more annoying than other types of overheard conversations or ambient noise. Why? Because our brains expend energy trying to guess what words will be spoken next.

A Cornell University study on cellphone conversations, in which people can only hear half of a dialogue (dubbed "halfalogues"), showed that performance on two computer tasks "decreased significantly" after subjects overheard halfalogues. That wasn't the case with subjects exposed to complete silence, or standard dialogues or monologues. More recent research showed that people remembered more words from an overheard cellphone conversation than they did from an overheard two-person discussion. Researchers concluded that "people are more attentive to cellphone conversations than two-sided conversations."

▶Source: theatlanticcities.com



Multitasking: A Lie We Tell Ourselves

IF YOU THINK YOU'RE GOOD AT MULTITASKING, YOU'RE ONLY FOOLING YOURSELF.

New research has exposed the myth of multitasking. "Doing several things at once is a trick we play on ourselves, thinking we're getting more done," writes Peter Bregman at the Harvard Business Review. "In reality our productivity goes down by as much as 40%. ... We don't actually multitask. We switch-task, rapidly shifting from one thing to another, interrupting ourselves unproductively and losing time in the process."

And, in the case of multitasking, practice doesn't make perfect. Just the opposite, in fact.

"Research shows that multitaskers are less competent at doing several things at once than light multitaskers. ... In contrast to everything else in your life, the more you multitask, the worse you are at it."

▶Source: blogs.hbr.org

Gaining Momentum, One Step at a Time



A wise colleague recently summed up the game of influence in Washington, D.C., this way: To get what you want in one fell swoop is almost always an anomaly. Most of the time, with a good sense of timing and a lot of hard work, issue advocates and nonprofits begin slow, gain some traction, build momentum and—eventually—make progress toward their goal. But it's a slow and at times grueling process that requires you to recognize and celebrate the incremental successes: a letter backed by dozens of members of Congress; bipartisan legislation introduced at a time when politics couldn't be more divisive; a common-sense policy proposal that is finally bearing fruit.

All three of these examples are signs of the momentum NTCA–The Rural Broadband Association and our rural allies have gained over the past few months as we've seen our legislative and advocacy efforts lead to several positive developments for our industry. For those who attended NTCA's Legislative & Policy Conference in Washington this spring or made phone calls and sent emails from home, I tip my hat to you; your engagement led to the introduction of bipartisan legislation and a successful congressional letter calling for more oversight and evaluation of federal broadband policies, including the FCC's 2011 Universal Service Fund (USF) reforms. Given the serious concerns associated with these changes, this congressional effort gives a welcome boost to our fight for smart policies that support reliable and affordable advanced telecommunications for rural Americans.

The commission also is beginning to respond to our call for smart regulation and support for rural networks. Drawing from a proposal NTCA presented late last year, the commission initiated a proceeding to explore ways to provide rural carriers with more options to deliver both voice and broadband services to reflect today's marketplace—something NTCA and our allies have been seeking for more than two years. While we may not agree with every aspect of the proposal, and while there's much yet to be debated, it's refreshing to see the commission finally take steps toward achieving a "Connect America Fund" that serves the interests of rural consumers specifically.

And in yet another sign of our continued momentum on key policy issues, 12 senators backed a resolution recognizing the negative effects rampant call completion problems are having on rural consumers and

businesses. I applauded and thanked Sens. Amy Klobuchar (D–Minn.), Tim Johnson (D–S.D.), Deb Fischer (R–Neb.) and 10 of their Senate colleagues for acknowledging to the American people that completed calls are essential for public safety, education, health care and commerce. Their initiative has elevated this issue to a new level, and my hope is the commission will see fit to do what they've asked and move forward with clear, comprehensive and enforceable actions against those responsible.

Of course, these are just a few of the momentum-builders we've seen over the last few months. And we have much more planned for this summer, including almost monthly fly-ins to Washington to continue our campaign for smart broadband policies.

Taken together, these successes have the potential to lead to bigger things down the road—but only if we keep at it. Like one of my favorite funny writers, Josh Billings, liked to say, "Be like a postage stamp. Stick to one thing until you get there." We may not be "there" yet, but with some perseverance, we'll continue to make progress. ■

Shirley Bloomfield is chief executive officer of NTCA. She can be reached at sbloomfield@ntca.org.

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Taking Mobile Data Offload to the Cloud

Mobile data demand is at an all-time high, and experts anticipate growth of 15- to 25-fold over the next three years. This growth is being driven by the fact that individuals now carry multiple mobile devices, not just a simple smartphone. Take the smartphone and add a laptop, tablet, e-reader or machine-to-machine application and you quickly grow from one to three to five devices per person. Mobility is no longer a convenience but a necessity. What does this trend mean for independent telcos?



Kevin Morgan is director of marketing for ADTRAN. He can be reached at kevin.morgan@adtran.com.

How Have Mobile Network Operators Coped?

With the rapid growth in mobile data traffic, operators have struggled to keep up with demand. Two approaches to keep data usage “under control” have been rate limiting and tiered billing. With rate limiting, data usage is metered and users have to be warned as they are approaching or exceeding their plan limitation. Tiered data billing seems punitive. It is difficult for the user to relate his activities to megabytes of usage. It is virtually impossible to achieve a positive return on investment with this model.

The failure of these attempts to “control” data has resulted in user revolt. The ability to use a laptop creates an expectation for data services, and users want the ability to independently use their device, be it laptop, smartphone or any Internet appliance, to access the Wi-Fi network.

The answer to this conundrum is Wi-Fi mobile data offload. This solution allows service providers to use relatively low-cost wireless access points designed for data traffic to offload cellular data traffic from the cell network to available Wi-Fi infrastructure. Carriers have leveraged Wi-Fi for consumer services, managed services and hotspot applications, but not in the cellular network—until now.

Public Wi-Fi vs. Cell Service

The demand is there for a Wi-Fi solution. The Wi-Fi Alliance is leading the charge for an industry standard to make this dream a reality. Passpoint (aka Hotspot 2.0) is the beginning of industry unification around a certification process. Two pieces of the standard—802.11u and

WPA2 (802.1x)—have been defined. A third element regarding automated roaming accounting, billing and settlement is scheduled to be phased in during 2013/14.

Under Passpoint certification, compliant devices are able to identify and associate with Passpoint networks in the background—eliminating the need for subscriber intervention, much like cell-phones operate today when passing between cell towers or carriers. Another advantage is seamless network access. With Passpoint, authentication no longer requires a browser-based sign-on or a subscriber-entered password. Passpoint-enabled devices authenticate automatically. Security is also addressed with WPA2. All connections are secured with WPA2-Enterprise, which provides a level of security comparable to that of cellular networks.

The first step in the evolution to cohesive Wi-Fi offload is what is known as the vertical model. This model allows Passpoint devices to gain access to provider services once they have been admitted onto the network. This will address two major areas of mobile broadband congestion: Radio Access Network (RAN) and backhaul congestion.

Coming in 2014: The Hybrid Offload Model

The next progression in this evolution is known as the hybrid model. In rural telco operator-owned networks, operators deploy backhaul and carrier Wi-Fi access networks for mobile offload and enterprise/metro Wi-Fi services. These networks will partner with businesses to deploy managed Wi-Fi as an extension of mobile offload. This will usher in a new revenue stream for regional wire-line operators.



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RURAL IS COOL



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BY RACHEL BROWN

Cool

ADJECTIVE: Cool•er, cool•est
Slang: α. Excellent; first-rate

In 1981, country singer Barbara Mandrell released her Billboard-topping song, "I Was Country When Country Wasn't Cool." If country has been cool in the three decades since, that's something Agriculture Secretary Tom Vilsack wants to highlight. Late last year, he spoke at a farm forum and proclaimed that rural America is "becoming less and less relevant." One of the reasons he cited for this grim assessment was the fact that in the past four years, 50% of the nation's rural counties have seen population decreases.

But rural experts today—ranging from policy wonks and demographers to rural outsourcing consultants and executives—argue that rural America is not only relevant, it's cool. They don't dispute the numbers coming out of the Census Bureau, but they are quick to point out that it is literally only half the story.

Looking out over the entire rural landscape (encompassing 75% of the United States), one sees a tremendous amount of room for hope and optimism on numerous fronts that make rural America a great place to work, live and play.

Working in Rural America

While it's true that many young people are leaving farming and mining towns, many businesses and corporations are coming to town because they've discovered that outsourcing their work to foreign countries like India or China is more costly and logistically difficult than they originally envisioned.

The phenomenon of relocating to rural America is sometimes termed "rural sourcing," "inshoring" or "onshoring," but whatever it's called, it holds great potential for rural areas and the country in general.



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#lakes



#shortcommute



#connections



#vistas



“Here, American companies have the same language, the same culture, the same time zone, the same U.S. governing laws that protect copyrights and patents,” explained Becky McCray, rural advocate and co-author of the book, “Small Town Rules: How Big Brands and Small Businesses Can Prosper in a Connected Economy.” “You can hire a developer in the Philippines to build your app for peanuts, but you have no recourse if he steals it.”

#Cool Factor: A Homegrown Labor Pool

Monty Hamilton—chief executive officer of Rural Sourcing Inc. (RSI), a domestic IT sourcing company—agreed that there are many reasons why rural America holds a competitive advantage over foreign countries, adding that rising salaries and turnover rates have made foreign employees much less desirable. “In recent years, salaries in India have gone up 15% to 20% annually,” he explained. “Also, the turnover rate is tremendous because individuals do not have a commitment to any one company. A high turnover rate lowers productivity.”

Collaborative Consulting, an IT consulting services firm, found that some companies with overseas operations see employee turnover rates as high as 40% a year. In a recent report, the firm stated that the cost of offshore and onshore resources will equalize around 2015 on a dollars per hour basis for some locations in the United States. “This does not take into account the true cost of offshoring with all of its challenges,” the report said.

RSI is already feeling the results of this onshoring trend, Hamilton said. “In the last year or so, 30% to 40% of our new clients have been bringing work back to this country that had been offshore,” he said.

Commute times to work in rural America are typically 5 to 10 minutes versus 50 minutes to two hours, explained Monty Hamilton, chief executive officer of Rural Sourcing Inc. (RSI), a domestic IT sourcing company.

#Cool Factor: Shorter Commutes

rural life. “They don’t have the high cost of real estate,” he said. “They’re happy to settle down and say, ‘This is where I’m going to live and raise my family.’ You get a highly committed worker who is happy with the lifestyle.”

The tradeoff for an urban worker moving to a rural job is a lower salary compared with a big city, Hamilton said. “But factoring in everything else, they may be better off in rural areas,” he said.

For workers coming from the local rural area, they bring a strong work ethic that many companies find refreshing. “Rural people are hardworking, dedicated, committed, productive employees—they take pride in their work and the products they make; they want to meet deadlines and internalize the goals of the company,” Hamilton said, adding that he understands this mentality because he grew up in a two-stoplight town in Mississippi. “Every day, you had chores to do in the garden or on the farm.

• You learned to drive early so you could drive the tractor.”

For workers coming from an urban area to a rural area, Hamilton said they are often pleasantly surprised by the benefits of

Living in Rural America

Read through the impressive biography of Becky McCray—author, speaker, blogger, liquor store owner, cattle rancher—and it’s evident that she’s made a successful career for herself in rural America (and she thanked Pioneer Telephone Cooperative in Kingfisher, Okla., for providing all of her telecommunications services). But talk to her about her home and family in northwest Oklahoma, and it’s clear she’s made an even more successful life.

“Rural” means “spread out,” she explained. “We have more room per person—there’s a sense of not feeling crowded. We have sunrises and sunsets. We have stars, and we have silence. People visit my farm and they go outside, and they cannot believe how quiet it is. We like that.”

McCray said she also likes not having to arrange play dates for her children. “You can just turn your kids out—they’ll go play and explore on their own,” she said.

Rural people are naturally helpful, McCray said. “We all depend on one another,” she said, laughing and adding that it’s not necessary to have a GPS [global positioning system] device in the country. “You can stop and ask anyone for directions.”

Kenneth Johnson—senior demographer for the Carsey Institute, a nonprofit policy and applied research organization, and a professor of sociology for the University of New Hampshire—agreed that rural people have a real sense of community. “They know each other and work together—they look out for each other,” he said.

While conducting research for a recent report, “Demographic Trends in Rural and Small Town America,” Johnson was surprised to discover that immigrants (who normally settle in cities) are making their way to rural areas. “Between 2000 and 2004, immigration accounted for 31% of the overall population increase in nonmetropolitan areas,” the report stated. “In 297 counties (particularly those in the rural Midwest, central North Carolina and northern Georgia), the foreign-born populations exceeded 5% for the first time in 2000.”

Johnson added that immigrant families tend to be of child-bearing age and have more children than average American-born families. “In some

areas, if it weren’t for the immigrants coming in, they would have population drops as their older residents die off,” he said.

Sometimes small towns are not too pleased about the

Immigrants have traditionally brought ethnic flavor and variety to urban areas, but now they’re starting to settle and raise families in rural America. According to the Rural School and Community Trust, a nonprofit advocacy group, one in four rural students is a child of color.

#Cool Factor: Diversity

prospect of foreigners moving in because of their insular nature, McCray noted, adding that this is true even of native-born outsiders moving in. “But immigrants will be a driving force in the future of rural America,” she said, adding that some rural areas have welcomed immigrant populations. “Enid, Okla., has a large Korean population; Rochester, Minn., has a Somali population; in this part of Oklahoma, we have Mexicans.”

Playing in Rural America

Another demographic group that is flocking to rural America is retiring baby boomers, Johnson said, pointing out that this is a group with 75 million members. “For many of them, this is often a matter of having been there before on vacation or having bought a second house in the area,” he explained. “When it comes time to retire, they make that shift and move to the second home.”

Johnson noted in his report that rural counties with natural beauty and amenities like lakes and mountains have consistently been the fastest growing, particularly throughout the 1970s, 1980s and 1990s, and even into the early 2000s. “This trend has been slowed down by the recession in the last several years as people are delaying retirement. But as the economy improves, this will likely pick up again,” he said.

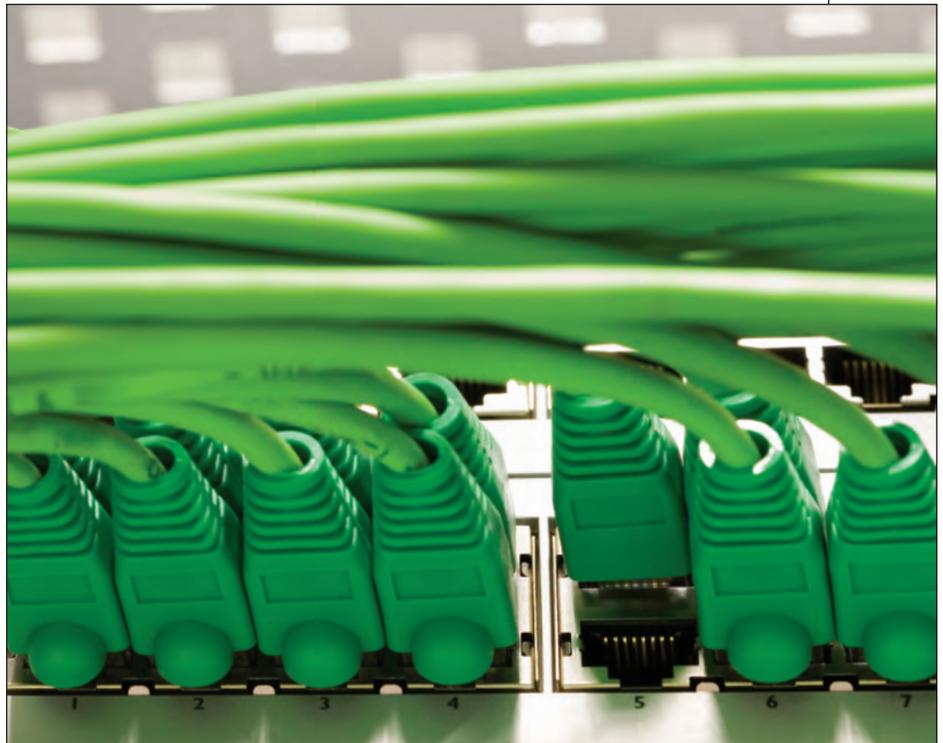
As the wave of 75 million baby boomers contemplate retirement, more and more of them are choosing to move to the part of rural America where they vacationed during their working years.

#Cool Factor: Going on a Permanent Vacation

Rural areas that cater to affluent retirees with manmade amenities like golf courses, shopping malls, nice restaurants, and medical facilities tend to attract additional retirees, as well as people in their 30s and 40s, Johnson said, adding that these types of amenities also decrease the outmigration of young adults who are from the area. “All of these amenities translate into job opportunities, not to mention the jobs created from housing construction and road infrastructure,” he said. “So more people come to an area and fewer leave.”

Co-op Cool

Two telecommunications cooperatives that have seen the populations in their respective local areas swell in the last decade or so are Hardy Telecommunications Inc. (Lost River, W.Va.)—10%; and Horry Telephone Cooperative (HTC; Conway, S.C.—37%. Both co-ops fit the profile of being bastions of natural beauty and amenities—Hardy County is nestled in the Appalachian Mountains with



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lazy rivers and nearby state parks and forests; Horry County and nearby Georgetown County are home to Myrtle Beach and more than 100 golf courses. Both co-ops cite retirees as the primary source of new residents, but Hardy said it has also seen an influx of Hispanic and Burmese immigrants, while HTC reported that it has a lot of seasonal workers who move in for the tourism businesses.

The rural co-ops listed numerous appeals of their areas—friendly people, sunny weather, low crime rates, slower paced living—as well as the recreational features of their areas: canoeing and hiking in West Virginia; golfing, shopping, dining and water sports in South Carolina.

Both co-ops also credit their investment in advanced telecommunications, particularly fiber optics, as an attractive amenity in their areas. “HTC is pleased with the progress we’ve made to make fiber to the home and business a reality for our members,” said Tom Vitt, director of marketing. “It is our continued commitment to provide our members with access to communications services comparable if not better than those of larger cities.”

“For the price of a shed in Northern Virginia, retirees can buy a nice house here,” said Derek Barr, marketing and human resources director for Hardy Telecommunications Inc. (Lost River, W.Va.). “For the price of a house in Northern Virginia, they can buy a mansion here.”

#Cool Factor: Reasonable Real Estate Prices

Barr echoed that sentiment, pointing out that most of the visitors and retirees to Hardy County are coming from the Washington, D.C., metropolitan area. “They still want all the amenities they’re used to,” he said. “As we lay more fiber, we are bringing more and more people to come and stay in the area.”

Critical Connections

The concept of telecommunications driving an area’s business and residential development is not a self-serving claim put out by the service providers. RSI’s Hamilton said advanced telecommunications services are “absolutely critical” to the deployment of a rural business relocation. “It’s a nonstarter if those things are not in place,” he said, crediting telecommunications infrastructure for making it even possible for companies to set up shop in rural America. “In the past, it may not have made sense to move to a rural area; but today, it makes a lot of sense.”

Demographer Johnson agreed, pointing out that it used to be that developers would look at an area and wonder if the infrastructure was sound in terms of bridges and roads that could support trucks and traffic. “Now, it’s Internet access and cellphone service,” he said. “If an area doesn’t have those things, it gets crossed off their list.”

Charles Fluharty—president and chief executive officer

of the Rural Policy Research Institute, a rural advocacy organization—listed the top five unique assets that rural

America contributes to the nation: clean water; clean air; safe, abundant, and affordable food; abundant and affordable energy; and natural amenities, rural art, history, and culture. “None of the above can be fully achieved without telecommunications technology,” he said.

Tim Marema—vice president of the Center for Rural Strategies, a nonprofit organization—noted that Internet connectivity is critical to the next wave of rural development and rural living,” he said. “It is the universal rural issue,” he said. “It cuts across all the issues—education, economics, culture, medicine. It’s bigger than crop subsidies or housing policies.”

McCray said she laughs every time she thinks about the 2010 poll by Zogby Analytics that found that high-speed Internet was the amenity that most people did not want to live without. “It ranked higher than indoor plumbing,” she said. “This is an issue not just for young people—Gen Xers, baby boomers, millennials—none of these groups are afraid of technology. Telecommunications is extremely important in terms of attracting and retaining residents.”

Even putting aside rural residents and their access to amenities, rural areas in and of themselves are important to the country. “Rural America grows the food and agriculture we all need,” McCray said. “It’s where our natural resources are produced—oil and gas, wind and solar energy, timber, mining, minerals. These are all the things we take for granted in our Industrial Age lives.”

Rural areas are also key to preserving our natural heritage. “This is where we have our national and state parks, our designated wilderness areas. This is our environmental preservation,” she said, pointing out that today’s young people are focused on localism. “What’s local and sustainable and green? Where is a small, walkable place? A small town is the epitome of all of that.”

Marema said the single largest positive trend for rural America is a growing awareness of its importance. “Rural America has what we need to feed and fuel the nation in the long haul,” he said. “We need a vibrant and fully engaged rural America to succeed. That’s the starting point to any discussion of the future.”

Rachel Brown is a freelance writer. She can be reached at rachelb@aol.com.

As rural advocates like to say, “If you like to eat, thank a farmer.” According to the U.S. Department of Agriculture, one American farmer feeds 155 people.

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BROADBAND ADOPTION AND YOUR CONSUMER



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B

BY MASHA ZAGER

roadband usage represents more than a revenue stream for service providers. Social and political life, economic opportunity, and access to health care, education and government services have all become inextricably linked to broadband. That's why, ever since the American Recovery and Reinvestment Act of 2009, encouraging broadband adoption has been a national policy goal.

In the stimulus program, the National Telecommunications and Information Administration (NTIA) reserved a portion of its \$4 billion grant fund for programs that could be models for "sustainable adoption." And the national broadband plan, published in 2010, called for measures to ensure that all Americans could "reap the benefits of broadband."

Specifically, the plan called for addressing the issues of cost, digital literacy and relevance that keep Americans from using broadband services. One recommended measure was to extend two telephone-oriented Universal Service Fund programs, Lifeline and Link-Up, to support broadband connectivity for low-income customers.



Toledo Telephone partnered with a community college for training.



PHOTO COURTESY TOLEDO TELEPHONE CO.



PHOTO COURTESY MADISON COMMUNICATIONS

Madison Communications will study the impact of digital literacy training on broadband adoption.



As the national broadband plan was translated into specific policy initiatives, the FCC turned its attention to restructuring Lifeline. However, the agency found little reliable evidence about which changes might be most effective. To generate statistically valid data that could guide its decision, in December 2012, the FCC awarded \$13.8 million to 14 pilot programs designed to promote low-income households' adoption and retention of broadband services. In addition to providing data, the projects themselves will deliver broadband to about 74,000 low-income consumers. Recipients include urban and rural wired and wireless broadband providers.

Broadband Changes Lives

Toledo Telephone Co. (Toledo, Wash.) used the NTIA adoption grant it received in 2010 to provide free training, equipment and broadband service to its telephone customers who hadn't yet subscribed to broadband. By the time the program ended, 87% of its telephone customers were using broadband (up from about 40%), and most program participants are now switching to paid services as their two years of free broadband come to an end.

Dale Merten, Toledo's chief operations officer, said the company's choice of partners was instrumental to the success of the program. The Cowlitz Tribe helped promote the program to its members, many of whom live in Toledo's service area, and the tribe also offered space for computer classes. Centralia Community College provided the digital literacy program that began with computer basics and went on to cover Microsoft Office, e-commerce and other skills participants wanted to learn.

Addressing the barriers of costs and skills was relatively simple, Merten said: "The toughest one was relevance." Toledo's most successful strategy for engaging participants proved to be knocking on doors and talking with customers, one at a time, about how the Internet could improve their lives. A favorable article in the local newspaper also helped generate excitement about the program. Sometimes, however, the pressure had to come from outside—for example, one elderly couple was unimpressed by the Internet until their great-grandchild was born and they discovered they could follow his progress on Facebook.

Merten said that when the adoption program began, "If I knew one person was able to ... get a degree or a job, that would make it a success for me." His wish was granted some months later when his marketing manager

[A Toledo Telephone] marketing manager received a letter from a disabled worker who had taken advantage of the program to learn computer skills and voice-recognition software. The worker was now working his way toward a degree in applied science and a job in the energy industry.

received a letter from a disabled worker who had taken advantage of the program to learn computer skills and voice-recognition software. The worker was now working his way toward a degree in applied science and a job in the energy industry.

Testing the Value of Training

Madison Communications (Staunton, Ill.) is a participant in one of the new FCC pilot projects, along with six other Illinois telcos and Partnership for a Connected Illinois. The project will quantify the impact of digital literacy on broadband adoption and retention. In Madison's service area, low-income customers in one of five exchanges will receive broadband at a lower cost, free installation and intensive digital literacy training, while similar customers in the other four exchanges will receive only the lower cost and free installation.

The program officially launched April 1, and as of mid-April the company was ramping up for the project and aligning the activities of its various partners. The Citizens Utility Board, an Illinois nonprofit that represents the interests of utility customers, will help with promotional announcements and posters. Madison and the other participating local exchange carriers will then send direct mailings to customers, verify their eligibility and provide them with vouchers to purchase refurbished computers for \$50 from Computer Banc, an Illinois nonprofit that helps provide low-cost technology for classrooms. Connected Living, a national organization that specializes in technology adoption, will provide four hours of basic computer training for customers in the "digital literacy" study group. Connected Living also will provide ongoing support for those who need it.

Even before the full marketing effort launched, inquiries about the program began to pour in, and Kim Harber, Madison's senior vice president, said he is excited and optimistic about the project. However, Harber said, the question, "How do I incorporate broadband into my life at work, at home, in the education of youth?" is still unan-



Toledo's broadband adoption program more than doubled the number of broadband subscribers.

PHOTO COURTESY TOLEDO TELEPHONE

swered. The company plans to work closely with the local hospital, schools and economic development organizations to make sure that those who adopt broadband actually benefit from it and that the FCC's vision of broadband as an economic engine for rural America becomes a reality.

A Homegrown Adoption Program

Many telcos are trying to address obstacles to broadband adoption without help from federal grant programs. For example, Waitsfield and Champlain Valley Telecom (WCVT; Waitsfield, Vt.) has an inexpensive "broadband lite" offering targeted to lower-income customers, and the telco provides education to all its customers.

By converting its email system to the Google platform, WCVT has been able to offer customers the full suite of Google's cloud-based services, which increases the value of broadband for them. In connection with the Google conversion, the company offered 40 educational sessions that more than 600 of its customers attended, either in person or online. WCVT has partnered with the local chamber of commerce to offer training for small-business users. Libraries and town recreation departments also host training classes for residents and help promote them.

Kurt Gruendling, vice president of marketing and business development for WCVT, said age can be a major barrier to broadband adoption, but that seniors' children and grandchildren often encourage and help them to keep their families in closer touch through social media and video chat. In addition, Gruendling pointed out, new, inexpensive, easy-to-use devices such as tablet computers make the Internet less intimidating for many, including seniors, who were once reluctant to try it.

Quality Versus Price

Not everyone agrees that broadband adoption programs are the best way to increase broadband adoption. Derrick Bulawa, chief executive officer/general manager of BEK Communications Cooperative (Steele, N.D.), offered a contrarian view: "If you invest in relevance, the price of Internet service is irrelevant." For Bulawa, high quality is what makes Internet service relevant.

A recent broadband stimulus award allowed BEK to build out fiber to the home (FTTH) in a nearby underserved area. The speed BEK offered—20 Mbps to 100 Mbps—and the reliability of the system were enough to attract subscribers. Without any specific "adoption program,"

BEK quickly sold broadband services to about 87% of potential customers in that competitive area, even though it was largely rural and low-income. (BEK's total penetration rate for all services is 92%.)

Bulawa said of his FTTH offering, "It's work-quality Internet service. If they wanted to work from home or run a small business, it was something they could rely on. People understood the notion that this was going to work."

Working from home wasn't the only "relevant" application. Bulawa told the story of an elderly customer who swore he would never buy Internet service even if BEK were selling it for \$5 a month. As far as he was concerned, the Internet was only a gateway to all kinds of depravity. Bulawa said, "Suddenly, when the hospital came up with a workstation that would let him transmit his vital signs—blood pressure, glucose and so forth—instead of driving 100 miles every two weeks, it became relevant for him, and he bought Internet service.

"The hospital requires high-quality broadband to make this service happen," concluded Bulawa, offering one more way broadband changes and improves life in rural America. ■

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and CHANGING Customer Habits

▶ BY ANNA HENRY ◀

For avid viewers, television nirvana is being able to watch any programming, on any device, anywhere, and for little or no cost.

While the “little or no cost” part of their vision remains doubtful, much to viewers’ delight, technological innovations are providing access to a broader variety of viewing options that can be watched with greater convenience. These dynamics present both challenges and opportunities for rural telcos offering video and broadband.

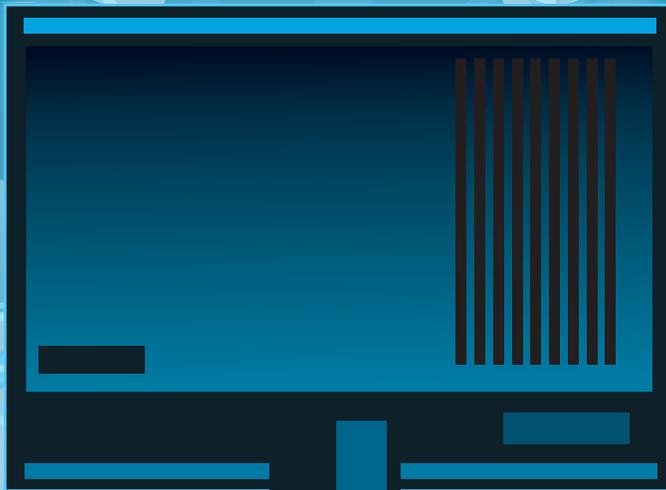
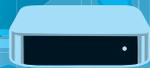
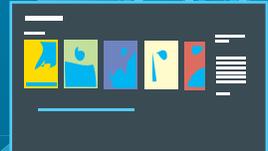
Nirvana’s Nemesis

Part of what stands in the way of realizing TV enthusiasts’ vision of media nirvana is an extremely lucrative business model for content that’s fiercely guarded.

It’s estimated that nationwide cable and satellite TV operators pay on the order of \$3 billion a year for television programming. Rural telcos that have delved into IPTV can also attest to the pains of negotiating for, and the expense of, content. Then there’s another \$25 billion per year that programming networks like ESPN and CNN collect in “affiliate fees” from multichannel video programming distributors for the rights to retransmit their programming. ▶



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Content providers' most valuable assets are first-time-to-air original programming and live events. David Pratt, director of video operations for Arvig (Perham, Minn.), has seen significant increases in the cost of this type of content, particularly for regional sports. ESPN is the reigning provider of sports content, and that allows ESPN to dictate pricing.

Most consumers don't realize the cost of programming. What customers see is a monthly bill. As Pratt explained, "Customers see \$60 per month for basic expanded TV service and look at that bill and say, 'Do I really see this much value?'"

That question isn't exclusive to Arvig's customers, and there are certainly people unhappy with the cost of TV. Yet only about 54 million people elect to watch only free, over-the-air, broadcast TV. According to Nielsen's 2012 fourth quarter cross-platform video report, almost 90% of TV homes in the United States pay for television.

Over the Top

One trend that applies to all TV viewers is an increasing demand for over the top (OTT) content. Within that group of 54 million electing to not pay for TV is a subset that also has Internet broadband. While Nielsen reports those viewers represent less than 5% of all U.S. TV households, they stream twice as much video online as the general population, though they watch half as much TV overall.

This segment has increased almost 23% over the past year. Even so, it is a paltry portion of the viewing population and hardly indicates that droves of households are jumping ship from pay TV. Instead, those continuing to pay for TV are augmenting their viewing choices with OTT programming.

Both these scenarios are good news for broadband providers. Frank Bulk, technology and product development manager for Premier Communications, formerly known as Mutual Telephone Co. (Sioux Center, Iowa), said, "Netflix and YouTube [users] are huge consumers on our network. It's hard to believe, but on average the lowest broadband use [for Netflix and YouTube streaming] is 50%, and it's not unusual for it to hit 69% to 71%. It can be three in the morning and I'll still see over 50% of our bandwidth being used."

Stephen D. Milner, general manager for Planters Telephone Cooperative (Newington, Ga.), said, "Our customers use devices like Roku, AppleTV and Slingbox, and we push every one of those products." Milner doesn't see these OTT solutions as a true replacement for paid TV ser-

vice because they lack live programming content. However, that could change as these types of solutions evolve. One development he's watching with interest is the set-top box that Intel is poised to release this year.

Along with the expected library of on-demand shows, Intel's pay-TV provides the ability to flip channels, see live broadcasts such as news and sports, record digital video on the cloud, and receive programming on TV sets, computers and mobile devices. For its content, Intel has met with providers such as Time Warner, NBC Universal,

Viacom, News Corp., The Walt Disney Co. and CBS.

In a nod toward tracking viewer info (but perhaps too close to infringing on privacy), the box even contains a camera that detects who's in front of the TV. Intel has stated its offering will be less than half the cost of cable bills and that it won't offer à la cart programming. The OTT box will sell directly to customers and will receive Intel-provided content via the Web.

Milner believes products like Intel's will make broadband connections extremely valuable. "We're excellent broadband providers, and anything that adds value to that we'll embrace," he said. "Intel's model is great for us because they'll [customers] need a good broadband service. We don't want to do TV. We want to be a delivery path for it."

Milner does have one concern though: "A mistake many of us have made was that we've discounted data. I've worried that all we've been doing is conditioning the customer to think that data's cheap and killing the golden goose in the process."

As an IPTV provider, Arvig's Pratt sees another opportunity in the OTT usage trend. "The middleware is app-driven software that gives us an opportunity to create our own software apps for customers. We want to create our own app that provides our customers with a link to OTT content that would be provided by a third-party vendor." Essentially, his vision would create an Arvig version of something close to Netflix that would allow the rural telco to leverage the OTT revenue model.

Mobility

Watching TV on any portable device is another growing trend, but content providers and operators both recognize this freedom has drawbacks. Among them is the potential loss of revenue if pay-TV services are accessed on mobile devices by nonsubscribers. Another is that it vastly complicates tracking viewers' watching habits, and that data has been a key component in attracting advertisers.

These are some of the reasons why programming net-

Within that group of 54 million electing to not pay for TV is a subset that also has Internet broadband. While Nielsen reports those viewers represent less than 5% of all U.S. TV households, they stream twice as much video online as the general population, though they watch half as much TV overall.

works have taken an active interest in finding a TV everywhere solution, such as the Mobile500 Alliance's MyDTV, and Mobile Content Venture's (MCV's) Dyle. Premium programming networks have created their own applications, such as HBO GO.

Others down the TV service-providing food chain see providing mobility as the latest must-have capability to win over and keep customers. Thus Comcast is rolling out TV Everywhere, while many rural telcos with an IPTV offering are using WatchTVEverywhere. OTT content provider Slingbox offers SlingPlayer to allow its mobile device-touting customers to use a virtual remote control to flip through local TV channels and watch video on demand or pay-per-view programs through the Slingbox.

Free Content?

For the avid viewer seeking low- to no-cost content, there is Aereo, which streams local, over-the-air broadcasts to subscribers through the Internet without asking broadcasters' permission or paying any fees to retransmit their content. Aereo also allows for pausing live TV and recording shows for later viewing. It's accessible on portable devices and TVs with AppleTV or Roku. Though its service is currently limited to the New York area, it plans to extend its service to 22 markets this year.

The legality of its model was challenged by national content providers. They lost the federal appeals court ruling in March, and Aereo is still operating. Legal battles will undoubtedly continue, and content providers like Fox and News Corp. said they may consider charging for local network content if Aereo continues with its present model.

Conclusion

Androids, iPhones, tablets, Kindles and other mobile devices have given viewers unprecedented freedom to watch TV virtually at will. OTT offerings are providing viewers access to more programming choices, without the hassle of running to the video store. OTT also is generating increasing demand for bandwidth, which is good news to broadband providers.

While these advances are changing how and where consumers can watch TV, for the most part, the programming networks'

control over the cost of content remains a stronghold. That means IPTV providers will likely need to work harder to negate their customers' potential sticker shock over TV service bills.

Anna Henry is a freelance writer. She can be reached at Headlineink@comcast.net.



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COMPETITION TODAY VS. 10

BY CHRISTIAN HAMAKER

Bryan Roth



Kurt Gruendling



Think back to 2003.

The Telecom Act had been rewritten seven years earlier, but the subsequent September 11, 2001, terrorist attacks had cast a pall across the economy. Although the Internet bubble had burst, telcos were moving toward an IP-based future, with all the benefits offered by that new technology. Then came an economic crisis, a new president and the American Recovery and Reinvestment Act.

Through it all, the independent telecom sector stood strong, bolstered by the funding mechanisms and political support that had sustained the industry for decades.

Things changed when new FCC leadership undertook efforts to restructure policies that had been working for more than half a century. A new belt-tightening mentality took hold of the country as a Democrat president and Republican House both looked for ways to prove they could reduce spending. The regulatory changes forced the independent telecom industry to make adjustments, as did shifting customer preferences, the rise of the wireless industry and a growing awareness among telecom providers of the benefits of broadband.

To assess how far the industry has come in tackling competition in the last decade, we asked several rural-telco leaders about the changes they've seen in the industry in the last 10 years. Their responses, presented here in a question-and-answer format, paint a picture of an industry that has successfully met the challenges it has faced since 2003—and an industry that continues to adapt to regulatory and legislative changes by making adjust-

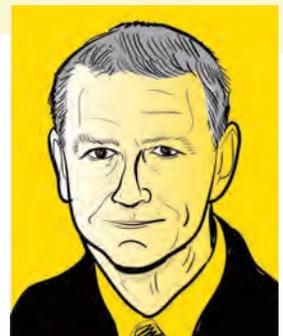
Eric W. Roughton



Jeff Leslie



Robert Rozell



YEARS AGO: A ROUNDTABLE



Phil Cappalonga



Tyler Rasmussen

ments to technology, human resources and marketing strategies.

Thanks to the lessons learned from a tumultuous decade, the independent telecom sector is more nimble and ready to meet the challenges that are sure to come in the next 10 years.

WITH REGARD TO COMPETITION, HOW HAS IT CHANGED IN THE LAST DECADE (SINCE 2003)? HAS IT CAUSED RURAL TELCOS TO COMPLETELY CHANGE THEIR BUSINESS APPROACH TO MEET THE COMPETITION?

● **Jeff Leslie**, *President and Chief Executive Officer, Indiantown Co. (Indiantown, Fla.)* – We are almost not recognizable from what we looked like 10 years ago. We face competition in our ILEC from Comcast and from wireless, and in our CLEC we compete against everyone. We have transitioned to be a communications organization that is sales-cultured, from our accountants to our techs. Sales people are also now a critical part of our business.

● **Dustin Schlaefli**, *Marketing Sales Manager, Nex-Tech (Lenora, Kan.)* – I think competition is different. We are all facing competition in some form: wireless, over the top, VoIP, Magic Jack, Dish, DirecTV. I would bet that in every market, there is some form of competition for a telco's core services of voice, video and data.

I think some telcos are reacting and have changed their approach, but some have not. I have seen a large shift in some of the smaller telcos. They are changing colors, logos, taglines, etc., and I think it's



Dustin Schlaefli



Mickey L. Sims



Rod Kusser

all due to trying to compete. Some are trying to make changes, but it's hard when they have never had to.

● **Phil Cappalonga**, *Chief Financial Officer, Toledo Telephone Co. (Toledo, Wash.)* – The industry is much different. Our CSRs were basically order takers 10 years ago, and we did a lot of “extra” work for nothing. Now I view every employee as a salesperson to some extent, and we charge for anything extra we may be asked to do.

That said, I think we are much more customer-oriented, and we try to sell needed services to customers, not just take an order. We ask them questions about how they plan to use a service to determine what product will best meet their needs.

We are also aware of the competition's strengths and weaknesses. We will talk to the customer about the competition if prompted and make sure they know the weaknesses.

● **Tyler Rasmussen**, *Marketing/Public Relations Manager, STRATA Networks (Roosevelt, Utah)* – Competition has stiffened significantly. In the past 10 years we have had to completely rethink the way we present our products and corporate brand (retail setting, marketing, pricing, etc.). Ten years ago we were still operating under the “phone company” type mentality, where we just expected people to come in our door. We still have a significant amount of work to do in regard to completing this cultural shift, but we are making good strides.

● **Rod Kusser**, *Member Services Manager, Venture Communications (Highmore, S.D.)* – Phone services are being discontinued due to lack of use and cost. Customers feel the pinch and are discontinuing landlines, but they are not going to give up their cellphones. Tower expansion over nearly all communities has improved dramatically.

Bundles have certainly been critical in slowing the move. In some ways I feel we have a stronger foothold because of the bundles our customers have embraced. In the same breath, we are unquestionably facing a larger competition presence with the wireless companies having positioned themselves more firmly in and around all our communities, and with their expansion of broadband capabilities. This definitely makes us much more vulnerable than we have been for some of our services.

● **Robert Rozell**, *BTC Broadband (Bixby, Okla.)* – Where most companies have a donut hole where competition exists, we have something closer to a half-moon of competition. The northern part of our exchange has become overrun by the southern expansion of the Tulsa metro, and we are essentially a bedroom community.

People might think that it makes our job easier with the increase in the population. They would be incorrect. We have one of the most aggressive cable competitors in Cox and a business-only CLEC, Easytel, in addition to every wireless carrier known to mankind trying to pick off customers.

We were able to slow the losses of lines, but not to stop them altogether. Today, we serve about 5,600 lines, a loss of

about 47%. We at times got pretty despondent about that until we saw industrywide numbers in that ballpark just from the loss of second lines and cellphone-only households.

Despite that line loss, we are still likely a stronger company today because the last several years we have focused on products and services that are profitable. One large business might contribute more net to the bottom line than several hundred residential customers. Internet customers, because of our low cost of transport, are more important than voice-only customers by a mile. Competition is getting fierce, but everyone recognizes that you have to keep margins up in those core areas or we will all be out of business.

2 HOW HAVE REGULATION AND LEGISLATION AFFECTED THE STATE OF COMPETITION? DO YOU FEEL STRONGER AS A COMPANY NOW THAN YOU DID IN 2003? DO YOU HAVE A STRONGER FOOHOLD IN YOUR MARKET THAN YOU DID THEN, OR ARE YOU FACING MORE COMPETITION BECAUSE OF REGULATORY CHANGES?

● **Eric W. Roughton**, *General Manager, Arthur Mutual Telephone Co. (Defiance, Ohio)* – For Arthur Mutual, regulation and legislation have caused decreased compensation to us for the use of our network. And, operationally, there has definitely been a negative effect. Now more than ever before, we have higher incidences of slow pays, no pays and disconnects, all resulting in greater exposure to bad debt. To make matters worse, there is little, if any, enforcement of penalties to industry “bad actors” that seemingly don't play by the same rules.

This has hurt our reputation, since we are often blamed by our own customers for call-completion issues. When calls don't complete on landlines, but do on cellphones, we are the first place that's called. Since the call completion issue is not something we can fix, our hands are tied.

We feel our company position is slightly weakened since 2003 mostly due to the long-term uncertainty of cost recovery and other changes in the FCC's national broadband plan.

● **Bryan Roth**, *General Manager & CEO, TrioTel Communications (Salem, S.D.)* – The additional reporting requirements create substantial increases in operating expenses due to burdensome data compilation. Many of the reporting requirements seem unsubstantiated and without merit.

Do we feel stronger as a company now than we did in 2003? Absolutely not. In 2003 there was a recovery mechanism for your infrastructure investments. Today the mechanism is very sketchy and uncertain. Here in rural South Dakota I don't think the regulatory changes have increased the competition as much as technology has.

● **Mickey L. Sims**, *General Manager, Buggs Island Telephone Cooperative (Bracey, Va.)* – Legislation and regulations

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have clearly been detrimental to our business, and the uncertainty accompanying such have crushed our access to capital. Yet paradoxically, such has not caused competitors to come into any of our markets and or provide our subscribers with service offerings.

● **Kurt Gruending**, *Vice President of Marketing and Business Development, Waitsfield and Champlain Valley Telecom (Waitsfield, Vt.)* – I would say the national broadband plan outcome is having a more prolific impact on companies and forcing them to get efficient and focus more on finding new dollars.

HOW HAS TECHNOLOGY ALTERED THE COMPETITIVE LANDSCAPE FOR RURAL TENCOS?

● **Mickey L. Sims** – Immeasurably! Technology clearly does drive our business—and all businesses. The impact of the Internet and the services associated with access to the Internet have irrevocably altered the business landscape. The growth of the competing network provided by the Internet severely limits the public-switched network and the basic business tenants associated with that still-largely “regulated” network.

● **Robert Rozell** – In the time frame discussed, technology developments were actually what allowed competition to exist. Technology has also virtually eliminated entire profit centers like residential voice, long-distance service, T1s and most other access services because of bypass methods carriers can use.

We can sit around and cry about it or we can use the technology to fight back. Our company has focused on building and maintaining multilocation networks for large business such as hospitals, banks and school systems. Most of this is done via IP technology. We are also following the lead of our business competition and building out into the AT&T footprint in areas with a lot fewer competitors.

Our biggest CLEC customer contributed more net profit to our companies than the entire LEC footprint last year. We are going to try to fix that this year, but it will be tough with our regulatory challenges. It will also be a hand-to-hand combat situation to keep Internet customers going forward.

● **Eric W. Roughton** – Competition from wireless carriers and providers has been the biggest threat to Arthur Mutual. As a result, there are an increasing number of homes without any of our services. We are overbuilding our entire service area with fiber to the home in an effort to offer a triple-play package. So far, it has been well received.

● **Bryan Roth** – Mobile phones have provided the convenience and security aspect people demand. When these customers are paying for voice and broadband service on a mobile device already, it definitely calls into question why they would retain a landline solution.

● **Kurt Gruending** – I think every company is innovating to some extent. I can’t say I’ve seen anything “revolutionary.” Many companies, including us, are increasing our focus on cloud services and offering higher-speed services.

IN WHAT WAYS HAVE YOU ADJUSTED YOUR MARKETING SINCE 2003? DO YOU HAVE TO DO MORE TO GET THE ATTENTION OF CUSTOMERS? HAS THE EXPLOSION OF ONLINE USE MADE FOR MORE WAYS TO COMMUNICATE AND MARKET TO YOUR CUSTOMERS? HAVE THE EXTRA CHANNELS STRENGTHENED OR DILUTED THE IMPACT OF YOUR MESSAGING?

● **Rod Kusser** – With all the additional services we are able to offer to customers and the expanded serving areas, we have certainly adjusted our marketing efforts in the past 10 years. Definitely more time spent on the continued expansion of marketing in hopes that all employees in the company recognize they need to be marketing, from CSR to service technician.

As for online use and communication, it is certainly very fast and can be an effective method of communicating with customers. We have found it to be effective when dealing with some situations as a means to inform customers quickly of an issue. We use it on a weekly/monthly basis.

Customers seem more comfortable in some cases using social media as a mode of communication. This can work in the favor of the company but also is a constant concern, definitely unable to be [the] exclusive mode [of communicating]. [We] still must use the traditional methods [of customer communication].

● **Eric W. Roughton** – Ten years ago, Arthur Mutual had virtually no marketing and enjoyed good market penetration. Since then, we have updated our logo and website and have introduced a new advertisement or promotion in our subscriber bills each month.

We are located in a rural area with no large towns nearby, so the use of traditional media is not effective. Consumers today are overwhelmed with marketing tactics and promotions. Instead, we use personal conversations and tailor to their needs.

We take pride in our excellent customer service and still find traditional methods of communicating with our customers are best.

WHAT HAVE BEEN THE IMPACTS OF COMPETITION ON YOUR HUMAN RESOURCES AND STAFFING? HAVE YOU ADDED STAFF TO ADDRESS COMPETITIVE CHALLENGES? HAVE YOU STREAMLINED THESE AREAS?

● **Bryan Roth** – We have not noticed any impacts at TrioTel. We try to hire locally or employees who wish to return to a small town and raise a family, so we really

don't compete for employees with our competition. We have been looking at ways to reduce headcounts by natural attrition. Like any prudent company, we have tried to reduce our expenses however we can. Our team is very aware of our industry's uncertainties, and has been very willing and active in reducing costs whenever they can.

● **Robert Rozell** – Ten years ago we had 66 employees. Today, we have 60 employees. That doesn't seem to be a huge shift. However, the makeup of those employees is vastly different. We require our CSRs to meet sales quotas. We have a lot more IT personnel and few CO guys are left. We have a fully integrated OSS to run all of our back-office functions. We reorganized reporting structures to make sure we get as much as we can from every employee.

Elimination of overtime became an important issue in order to remain competitive. When that was accomplished, it again brought to the forefront one of our current competitive disadvantages. We lost two employees because they had chosen health care plans that they could only afford with overtime, and we couldn't raise their pay to compensate. It could be that Obamacare will level that playing field, but it hasn't yet. We are likely to choose much cheaper options going forward and reduce the com-

pany and employee burdens while rolling the dice on coverage being sufficient.

● **Tyler Rasmussen** – In general, we have become much more efficient and lean as a company. We have focused more on developing specific technical skills and abilities within the company (to progress with changing technology). We have worked to leverage resources (both human and capital) through partnerships and consortiums. In general, our efforts to create partnerships have been beneficial for all the parties involved.

The Next 10 Years

What will the industry look like in 2023? No one can say with certainty, but continued innovation and the increasing expectation for content delivered to people when and where they want it are reshaping the competitive landscape—again—for independent telcos and their customers.

If there's one thing these telco experts have proven, it's that they're ready to meet the challenges of the next decade head-on.

Christian Hamaker is managing editor of Rural Telecom. He can be reached at chamaker@ntca.org.



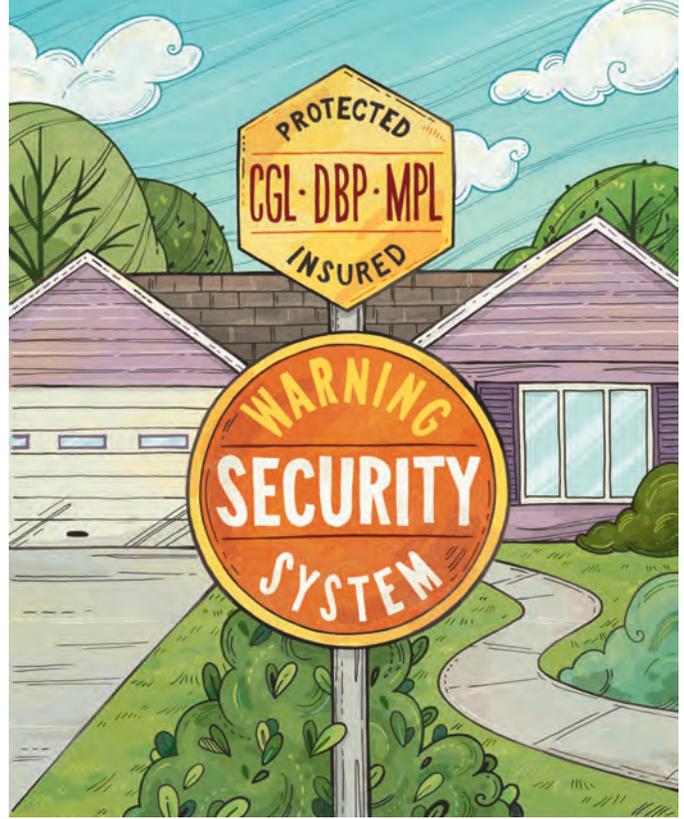
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Why Should Alarm Systems Set Off an Alarm?



Your customers want more and more from you. Does that sound familiar? As daunting as the thought of entering into new areas of service may be to deal with, the good news is that you are not alone when it comes to feelings of being overwhelmed or getting requests from customers for more.

The biggest question facing all business owners and managers is, What more can we offer? Due diligence is more than a prudent practice when analyzing and planning whether to enter into a new activity as a service offering. In some regard, it is a requirement of your direct and indirect management team. Direct means your staff holds responsibility for management and decision making, and indirect includes any third-party professionals that support your business with operations. These third parties include attorneys, accountants, investment advisers, and hopefully your insurance provider. All of these service providers can play a key role in offering advice that forms the basis of your decision to begin offering or forget about entering into a new product or service offering.

Recently our company has fielded a number of inquiries about the risk of providing alarm services. These include standard premise and person security systems, as well as programs that notify the customer by text or email of a malfunction of a system at their property, and medical alert systems that tell the user to take medicine. But what is the risk and insurability of these systems?

Insurance risks other than the liability are associated with offering alarm services, like the loss of property. But they pale in potential severity when compared with the potential of a third party suffering bodily injury, property damage or financial loss connected to a company's alarm service. For that reason, this article focuses on the general liability and professional liability exposures, and on how these can be a major issue.

The following will give coverage overviews and examples of activities that fall under the commercial general liability policy (CGL) and a miscellaneous professional liability policy (MPL) and also a design and build policy (DBP) for you to get a feel for the coverage of risk.

The CGL policy covers premises and products or completed opera-

tions of the insured. It covers them in very basic terms. A third party makes a claim of bodily injury, property damage, personal injury or advertising injury. The first two are the most worrisome in the event that an alarm service fails and would also be the most costly in the event that bodily injury leads to one or more fatalities and property damage to complete destruction of a building and its contents. The policy is meant to cover events that involve bodily injury, property damage, personal injury and advertising injury that happen because of the named insured's actions or their responsibilities. So an unendorsed base CGL will provide protection, but it is rare to almost impossible to find one that will not be endorsed to limit or exclude some of the alarm activity of the insured. Generally the installation, a connection of telecommunication wire to an alarm system, is included by insurers in the CGL with a premium charge. The theory is that failure of the system will not be due to the connection of the telecommunications wiring but probably more from failure of the equipment. The monitoring, which is often performed by a third party for the telecommunications provider, is one of the places where you will commonly see an exclusion. The problem that the insurers often feel is unacceptable is that the third-party monitoring firm, through the contract it signs with the telecommuni-

Due diligence is more than a prudent practice when analyzing and planning whether to enter into a new service offering.

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cations company, passes all liability for monitoring to the telecommunications company although it is not actually monitoring the properties.

A couple of activities that could fall into the CGL could be considered professional exposure. These include consulting and the engineering of the security system. The first would be consulting from an employee who has credentials, a degree or some knowledge above and beyond that of a layperson with regard to security systems. Most businesses want their employees to offer advice on the products or services they offer, but the line of what is general exposure or professional is drawn when knowledge and education plus a fee or charge come into the equation. When the risk is a credentialed employee offering consulting for a fee, there is a risk of loss that is from an error or omission in his or her work.

Coverage for an error or omission is the base protection of the MPL and DBP. Unfortunately, defining the risk isn't all that easy. The activity of consulting has many shades of gray, and the CGL or an MPL could be the appropriate policy to respond. That is why there is overlap.

The other professional liability exposure, which is often an extension of the general consulting, involves a situation where the specifications of the manufacturer of the system are ignored and advice is given to bypass them, which, in liability terms, now makes the business the engineer of the system and subject to what is known as design and build liability. Of all of the risks, this is the easiest to risk manage by using the basic avoidance technique. Never override the specification. Never. Policies are available for this if management won't work.

This risk associated with entering a new business activity is great, but it can be even greater if you do not involve all of your direct and indirect management teams in the process of vetting the activity. Alarms, installation, consulting, design or monitoring each come with a risk and solution.

Peter J. Elliott, CPCU, is president and chief executive officer of Telcom Insurance Group. He can be reached at PJE@telcominsgrp.com.

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In the **NEXT** issue

- **Training and Development: Your Place or Mine?**
- **Brand Image and HR Policy**
- **Tribal Telcos Take on Unique Challenges**

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Education, networking and inspiration. What do these three things have in common? They're all part of the NTCA—The Rural Broadband Association Fall Conference in the Windy City.

Learn, connect and be inspired by your colleagues as you gather in Chicago to take part in timely roundtable discussions, informative educational sessions and inspiring keynote addresses.

Throughout the conference, NTCA will help you unwind with special events that include golf, a baseball game and a museum tour.

Here's a list of highlights.

Peak Performance, a Nice Bike and Cybersecurity

What do peak performance, the "nice bike principle" and cybersecurity have in common? They're all the focus of general session speakers at the Fall Conference.

After NTCA Chief Executive Officer Shirley Bloomfield gives her address at the Opening General Session on Monday, September 16, Marcus H. Sachs, PE., will spotlight the critical issue of cybersecurity, updating attendees on what they need to know to protect their networks against crippling cyber attacks.



Author Robert Kriegel, Ph.D., author of "Sacred Cows Make the Best Hamburgers" and "If It Ain't Broke ... BREAK IT!" will show attendees how change can be a positive, transforming power in your business.



Speakers who will help wrap up the

conference at the Closing General Session include Jonthan Linkous, an expert in telemedicine who will highlight broadband's role in medical care for rural Americans and opportunities to partner for patient care.



Mark Scharenbroich will unpack his "nice bike principle," designed to motivate listeners and validate the importance of employee recognition and team performance.





White Sox, Golf and Broadcast Communications

What do the Chicago White Sox, Cleveland Indians and broadcast communications have in common? Each is integral to the special events planned for Fall Conference.

The White Sox and Indians square off Saturday night, September 14, and the Foundation for Rural Service (FRS) wants to take you to the game. FRS will host an all-you-can-eat buffet—featuring BBQ ribs, fried chicken and beer—while the players warm up, and then take the group to the grandstands for the game.

If golf is more your speed, you can support FRS by joining the foundation early on Sunday at the Harborside International Golf Center for a round on the Port Course designed by renowned architect Dick Nugent.



Sunday night, the Telecommunications Education Committee Organization's (TECO) Rural Telecommunications Administrative Fund hosts an evening at the Museum of Broadcast Communications—one of only three museums in the country dedicated to broadcast history. Event attendees will have exclusive use of the museum, and will enjoy a buffet of heavy hors d'oeuvres. Memorabilia at the museum

includes the "Meet the Press" set and the camera from the Nixon-Kennedy debate.

The Mentalist

Speaking of broadcasting, fans of CBS's "The Mentalist" might want to check out Chicago's own version of that program's title character. Fred Zimmerman will lead an interactive time full of mind games and psychic tests, and he promises to expose professional frauds. The evening promises to be both spooky and surprising.



Let's Eat!

Connect with NTCA staff Sunday night at the show. Staff members will be dining at select Chicago restaurants. This is your chance to chat and break bread with the staff members that work on your behalf.

Enjoy some of the best dining experiences Chicago has to offer. A full list of restaurants will be posted online soon.



On Monday, burn a few calories at upscale bowling alley Lucky Strike, another FRS fundraising event. Bowl a few frames or have a drink with friends in the Wine Room. Big-screen TVs will air "Monday Night Football," and a three-entrée buffet dinner, dessert and full open bar will be available.



Learning

Fall Conference educational sessions on Monday and Tuesday will prepare you and your employees for the road ahead. Topics include "Relationship Sales: Become the Trusted Broadband Adviser," "Ten Characteristics of Highly Effective Boards," "Meeting the Challenge of Video Programming Costs" and "Mobile Apps for Directors and Telco Leaders."

Tuesday also includes roundtable discussions of hot topics. New product opportunities, grassroots political efforts, health care benefits and online learning tools for directors—these are just some of the afternoon roundtable discussion topics.

Tours

Five tours round out the Fall Conference offerings. See Frank Lloyd Wright's home, learn about Chicago film history, jump aboard one of the city's trolleys, visit Wrigley Field or enjoy a Chicago architecture river cruise.



Register today for the Fall Conference by visiting www.ntca.org/fallconference.

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EXCHANGE

JULY-AUGUST 2013



Minburn Communications General Manager Deb Lucht (center) joins a representative of the U.S. Postal Service for the grand opening ceremony of the village post office inside the telco's headquarters.

Minburn Communications: Mail Stops Here

By Tennille Shields, NTCA Senior Writer/Editor

When the U.S. Postal Service (USPS) announced plans last year to close or reduce hours at nearly 13,000 rural post offices, the news sent shockwaves across the country as residents in small towns questioned how they would address their postal needs.

Minburn, Iowa, population 365, was among the cities affected by the USPS cost-cutting measure that included scaling back the local post office's retail window hours to 1-5 p.m., Monday through Friday, and 1-3:45 p.m. on Saturday. Although residents could still access their P.O. boxes at any time, the USPS changes still created a sense of unrest throughout the community, said Deb Lucht, general manager of Minburn Communications (Minburn, Iowa).

Around that time, the post office held a series of town hall meetings to gauge community feedback on the change. To fill the void left by the reduced hours, the USPS introduced the village post office (VPO) model as an expanded retail location for postal products and services, especially in rural communities. VPOs are operated by local businesses contracted with the Postal Service, and offer a range of popular postal products and services such as accepting mail, selling Forever stamps and offering Priority Mail flat-rate products with stamps for postage.

Minburn Communications soon recognized the great service it could provide as a VPO for the community. Following a three-month government process that included reference and background checks, Minburn Communications was required to submit a bid for payment for providing the service. The company receives an

Denny Law Named SPIRIT Advocate of the Year

By Michelle Ly, NTCA Advocacy Programs Manager

During the 2013 Legislative & Policy Conference, Denny Law, general manager of Golden West Telecommunications Cooperative (Wall, S.D.), was awarded the SPIRIT Grassroots Advocate of the Year Award for his significant and long-standing support of NTCA's advocacy efforts.

SPIRIT, Supporting Policy Initiatives for Rural Independent Telecommunications, is the association's grassroots program.

Over the years, Law has done an exemplary job in building support for rural telecommunications from the grassroots level. He has been instrumental in forging relationships with the South Dakota congressional delegation, and many of his contacts have gone on to become leading advocates of key rural telecom issues such as the Universal Service Fund and call completion.

In addition, Law has been active in both fundraising and policy events, including serving on a panel last year during a Hill briefing organized to educate congressional staff about call completion problems. He followed up that





Denny Law (center) receives the NTCA SPIRIT Award during the 2013 Legislative & Policy Conference.

SPiRiT Advocate of the Year

from page 41

briefing by reaching out to NTCA members across the country to help build support for a related Senate call completion letter to the FCC.

It is a great privilege to recognize Law for his achievements in building relationships with policy-makers and his dedication to the association's advocacy success. Please join NTCA in congratulating and thanking Law for all he has done for the association and the industry.

SPiRiT Fast Facts

- ▶ **Stands For:** Supporting Policy Initiatives for Rural Independent Telecommunications
- ▶ **Purpose:** NTCA's grassroots initiative designed to maximize the association's advocacy success.
- ▶ **Focus:** Developing a team relationship between NTCA members and staff and federal policymakers.
- ▶ **How to Get Involved:** Contact NTCA's government affairs team at 703-351-2033 or ga@ntca.org. ☰

In Memory of N. Everette Kneece: Industry Leader and Innovator

N. Everette Kneece, 83, a rural telecom leader and visionary, died on April 1. A farmer turned telephone executive, he helped to save his in-laws' independently owned telephone company, Pond Branch Telephone Co., from the brink of extinction in 1963, leading a dramatic turnaround that positioned the company as the first in South Carolina to offer private line service.

Active on the regional, state and national levels, he was named president of OPASTCO in 1988. While serving as OPASTCO president, Kneece and his wife, Martha, along with a group of OPASTCO members, had a vision of a nonprofit organization that would help improve rural education and community development. The following year, the Fund for Rural Education and Development (FRED) was created with a \$5,000 donation from Everette and Martha Kneece. Under his leadership, FRED evolved from a simple idea to a national foundation, now called the Foundation for Rural Education and Development.

Kneece was president of FRED in 1991 and 1992, and continued to serve on the board for several years. He was an honorary board member until his death. Kneece leaves a lasting legacy to the industry and will be missed. ☰



Martha and N. Everette Kneece are recognized for their tremendous contributions to the Foundation for Rural Education and Development.



Is Your Community a Smart Rural Community?

NTCA-The Rural Broadband Association is accepting nominations from member companies to participate in its Smart Rural Community initiative that recognizes rural telcos' efforts to deliver technologies that make rural communities vibrant places in which to live and do business.

The Smart Rural Community initiative will recognize and award communities served by NTCA members that embody the title "Smart Rural Community" by providing next-generation applications and platforms such as distance learning, telehealth services, modern utility networks, precision farming and next-generation 911 communications.

If your community is a smart rural community or you wish to nominate another community for an award, visit <http://www.ntca.org/smartruralcommunity>. Nominations for smart rural communities are due July 31. Award recipients will be notified later this summer and recognized at the NTCA 2013 Fall Conference in Chicago. ☰

'THANK YOU':

Two Words That Have a Huge Impact

By Kimberly Nunnally, NTCA Human Resources Manager

Showing appreciation never grows old. Today's organizations are staffed leanly, and employees are asked to learn new skills, deliver a quality customer experience and work more efficiently while budgets for bonuses and incentive pay may be reduced or eliminated.

The good news is that saying "thank you" to your employees does not have to result in big additions to your bottom line.

Members of NTCA—The Rural Broadband Association are getting creative with ways to reward and recognize employees while injecting some fun into the workday. Here's how.

Each year, West River Cooperative Telephone Co. (Bison, S.D.) hosts an employee appreciation night featuring games for all ages and food prepared by the cooperative's board of directors. "Employees and their families are invited," said Gladys Jackson, executive secretary at West River Cooperative. "Both the employees and their children love it because it is a family affair. It is a chance for all of us to get to know everyone's families a little better."

To help reduce expenses, the cooperative uses its credit-card reward points to purchase gift cards, which then are used for prizes at the event, Jackson shared.

For the chance to win some bragging rights in and out of the kitchen, employees at Big Bend Telephone Co. (Alpine, Texas) put their culinary skills to the test in a cook-off at work. "We had employees cook their versions of the same food, and judges to pick the winners," reported Beverly Meade, human resources director at Big Bend. "The cook-off winner received a prize and recognition in the company newsletter that featured their winning recipe. Everyone got involved and had a lot of fun, and we got to sample some great food."

Continuing on the food theme, Big Bend also hosts an occasional Friday lunchtime cookout. The company furnishes the hamburgers, and employees bring the side dishes. "It is a fun Friday treat for our staff, and is something that is easy to plan and inexpensive," Meade shared. "Sometimes it is just nice to relax and spend some time together."

During employee meetings at Panhandle Telephone Cooperative (Guymon, Okla.), the cooperative's management team often cooks for everyone on staff. Supervisors are also given gift cards in small amounts to reward employees for work that goes above and beyond their normal job responsibilities. "Sometimes it is just the simple act of [employees] having their supervisor recognize their efforts that means the most," said Mitzi Dain, director of human resources at Panhandle Telephone. "The amount of the award does not have to be large if it is accompanied by sincere appreciation. That is what really means the most and costs nothing to share."

Peer-to-peer recognition also can be a low-cost, effective way to show appreciation. At Copper Valley Telephone Cooperative (Valdez, Alaska), each employee can give two peer awards each quarter to co-workers who have gone out of their way to be helpful or have done something outstanding. The program has been widely embraced by Copper Valley's employees.

Celebrating holidays at work also can provide opportunities to recognize employees. While many telcos host employee functions around the Christmas holiday, there are many other fun holidays to recognize throughout the year. Valentine's Day, Earth Day, Halloween and Thanksgiving can be fun to celebrate in the office with small tokens of appreciation such as handwritten valentines, potluck Thanksgiving lunches, and Halloween tricks and treats.

Regardless of how you are showing appreciation, the key is to recognize employees for their efforts in ways that are meaningful to them. Appreciation does not have to have an adverse impact on your budget, but it certainly can have a big impact on your employees' productivity and job satisfaction. 

THE FARM IS GROWING!

Minburn Communications *from page 41*

annual payment for providing the service, Lucht shared.

"We're the second VPO in the state of Iowa," she said. "The company saw this as a positive PR opportunity to provide service to community members who felt like something was taken away. Plus, it's difficult to get customers to come inside our offices, since most pay their bills online or use our drop box. Now, we get people coming in to address their postal needs, and we can talk to them about our products and services, too."

During an April 11 grand opening ceremony as Iowa's latest VPO, Jim Herrmann, manager of the USPS Des Moines-based Hawkeye District, stated, "The location of the Minburn Communications building will provide postal customers added convenience and is an important example of how the Postal Service is changing to better meet America's needs."

Lucht shared that the Minburn VPO is located right across the street from the post office. With the post office closed in the mornings, people stop by Minburn Communications instead. "We can work on their schedule, rather than them having to work on the post office's schedule," she said.

"We've only been offering the service for two weeks, but we have already seen increased foot traffic," she continued. "It really is a good fit for us,



John Padalino, acting administrator for the Rural Utilities Service, visits Minburn Communications to hear more about its recent fiber to the home project, as well as its recent partnership with the U.S. Postal Service.

and I've been encouraging other rural telcos to look into it. It's a great partnership for independent telcos to look at for those experiencing cutbacks in their areas."

In addition to stepping up to ensure its customers' postal service needs are met, Minburn Communications also recently completed a telecommunications upgrade in Minburn that was financed, in part, by the U.S. Department of Agriculture Rural Development.

John Padalino, acting administrator for the Rural Utilities Service, visited the company in May as part of a three-day tour throughout rural Iowa visiting with local businesses that are making a difference in their communities. Padalino applauded Minburn Communications' efforts to deploy broadband service and spur innovation. 

SHARE YOUR STORY

NTCA seeks to spotlight the efforts of member companies across the country. Exchange is a great place to share your company's success stories on economic development, community outreach, technology rollouts, and state and regional collaborative projects. To share your story, contact Tennille Shields, NTCA senior writer/editor, at 703-351-2097 or tshields@ntca.org.



Join us at the Fall Conference.

This is the perfect time to gain valuable education, information and training in a great location. You'll get:

- Savvy insights and ideas for business innovation
- Important connections with other telecom executives
- Inspiration to build a stronger future for your company



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NTCA THE RURAL
BROADBAND
ASSOCIATION

BY DAVID R. ARVIG



ARVIG

Perham, Minn.



NTCA
Member Since
2013

President:
Allen R. Arvig

Service Territory

The Arvig service area covers more than 9,000 square miles, serving over 65,000 people in rural Minnesota. We have 63 incumbent LEC exchanges and 10 CLEC exchanges, and approximately 63,000 access lines (about 49,000 LEC and 14,000 CLEC). We also have expanded our reach into the metro areas of Minnesota with more than 750 linear miles of fiber from St. Cloud and Minneapolis/St. Paul to Rochester.

Workforce

Our team consists of more than 600 employees who are dedicated to serving the needs of our customers with dependable and progressive communications, information and entertainment services. In recent years, we have diversified and added multiple independent companies to our payroll, expanding our employee-base exponentially.

In 2002, we became an ESOP (employee stock ownership plan) company, allowing our company to remain privately held and providing our employees with the benefits of sharing in the growth and value of Arvig Enterprises Inc. Today, 37% of Arvig is employee-owned.

Customer Profile

Although access lines are slightly decreasing, the overall trend in our customers is holding steady because we make up for any loss of traditional voice customers with



increased focus on our Internet services. Regardless, Arvig continues to show less loss than the national average, and we continue to grow our customer base as we diversify and expand into new areas.

History

Established in 1950, Arvig has grown from the small, family-owned Perham Telephone Co. to one of the largest independent telecommunications providers in the nation. Although the company name changed from the Perham Telephone Co. to East Otter Tail Telephone Co., then to Arvig Communications Systems and finally, in 2012, to just Arvig, the mission to serve rural Minnesota has remained the same.

Technology

In the original days of the telephone business, aerial wires and party lines changed the way we communicated. Later buried wires, individual lines and additional services provided telephone subscribers with even more.

But the most obvious and dramatic technology to change the industry is the Internet, which has allowed us to diversify and offer a broader range of services that go beyond our traditional voice services. In the last several years, we have embraced fiber optics and the associated transport technologies. Distance is no longer an obstacle. Fiber-based data and video provide limitless bandwidth and enhanced quality to our customers.

Make it Possible

- Commitment to our U.S. customers
- Global experience with end-to-end expertise
- Comprehensive line of communication solutions
- Dedicated local services partner



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For over 75 years, CHR Solutions has been committed to ensuring the success of Communication Service Providers. And, while the industry has evolved and grown, so have we. With twelve offices, four datacenters, one business process outsourcing center, and 24x7 support, our mission remains the same. We exist to help our clients succeed.

Thanks for making the first 75 years such a success. **We look forward to serving the industry for many years to come.**

Learn more at www.CHRSolutions.com/75Years