Statement for the Record

Jerry James, CEO, COMPTEL

Before the

United States House of Representatives
Committee on Small Business
Subcommittee on Healthcare and Technology

Hearing on

Broadband: The Catalyst for Small Businesses Growth

February 15, 2012

Madam Chair and members of the Subcommittee, COMPTEL appreciates the opportunity to provide a statement for the record for today’s hearing. COMPTEL has about 200 members and in 2011 celebrated its 30th year representing entrepreneurial broadband competitive companies in the communications marketplace. Nearly two-thirds of COMPTEL’s members are small businesses, a majority of which have $10 million or less in revenue and fewer than 100 employees.

COMPTEL member companies utilize private investment to drive technological innovation and create economic growth with their competitive broadband voice, video, Internet, data, and other advanced services. Customers are offered a wide array of broadband products, services, and solutions, ranging from traditional voice to managed services to cloud computing. Members of the competitive industry are at the forefront of innovation, having been the first to deploy DSL in the mid-1990s and now deploying next-generation, IP-based managed networks utilizing copper, fiber and wireless technology. Whether our members are saving customers thousands of dollars per month in IT costs by offering a cloud-based solution or providing
support for the telecommunications needs of rural healthcare facilities, COMPTEL members are the companies fostering innovation, entrepreneurship, and job creation.

Today’s hearing is appropriately titled because broadband is the catalyst for small businesses and we appreciate the Committee’s continued focus on the communications marketplace. Fostering a healthy small business environment, especially one designed to encourage innovation and job creation, is critically dependent on advanced communications networks. America’s small businesses must have the ability to purchase broadband services, which will enable them to grow and compete. And, the best way to ensure affordable access to broadband and greater capacity to handle small business demands in this country is to maintain and promote successful policies that enable competitive service providers to reach small business customers. Doing so requires a robust wholesale market to provide elements of the underlying networks to offer real competitive retail services.

The passage of the 1996 Telecommunications Act, a bipartisan consensus between a Republican Congress and President Clinton, introduced competition in telecommunication services. As the Congress continues to examine opportunities to make broadband more affordable and increase the capacity of broadband networks to small businesses, you should make clear that broadband policy must enable all competitors to have access to the underlying communications infrastructure on reasonable terms and conditions.

A November 2010 report commissioned by the Small Business Administration’s Office of Advocacy evaluated the impact of broadband speed and price on small businesses. It said, “Small businesses want both competition and choice in broadband service market. They see competition as key to innovation, customer service, and lower prices.” ¹ Also included among

---

the report’s recommendations was the need for the government to “encourage and enable small business broadband providers and other competitors by providing access to network infrastructure or otherwise lowering barriers to entry.”\(^2\) These statements are particularly instructive because much of the existing network that connects America’s small businesses is the copper network. Competitive access rules governing use of copper networks are designed to ensure that small businesses can have a choice among service providers.

The innovations that competitive companies bring to market are enabling the legacy copper network to be a valuable broadband resource for small businesses. For instance, one of the technologies actively being deployed by COMPTEL companies is Ethernet over Copper (EoC). Where fiber cannot be deployed, yet high bandwidth requirements exist, EoC can allow a small business to significantly increase its bandwidth to 10 Mbps at a much lower price than the cost of a traditional T-1.

Where copper facilities no longer exist, or the copper is not useable, Congress can encourage the FCC to examine solutions and policies that allow small businesses to continue to reap the benefits of the competitive marketplace with access to capabilities provided over fiber based infrastructure. It is not just about access for the service provider, it is about small businesses gaining access to cutting-edge digital technologies and applications that drive value and growth. The ability of competitive service providers to access the underlying communications infrastructure on reasonable terms and conditions, while maximizing existing infrastructure, will continue to provide small businesses with the tools they need to succeed.

In addition to ensuring access to network infrastructure, it is vital for any successful broadband policy to guarantee the ability of service providers to interconnect with other provider’s networks, regardless of the technology. Sound interconnection policy, regardless of

technology or network, gives the nation a functioning competitive broadband market. As long as we maintain and promote a competitive interconnection policy in telecommunications services, investment is higher, prices are lower, innovation is greater, jobs and productivity increase, and innovation flourishes.

Pro-competitive policies are vital to ensure a vibrant communications marketplace. Challenges remain to ensure all small businesses are able to reap the benefits of high-speed broadband and the resulting cutting-edge applications and technologies. Only a functioning competitive market will ensure that those challenges are met in the near future.

Madam Chairman and members of the Subcommittee, thank you for the opportunity to provide this statement for the record.