

fibertoday.com

Vol. 12, No. 150

August 14, 2009

Dear Executive:

Washington, D.C.--Fiber optics and wireless continue to be the future technologies of choice for Verizon if comments relayed by leading corporate officials at two days of workshops on broadband infrastructure are any indication.

"We believe LTE could be to our wireless program what FiOS has been to our fiber optics program," said Verizon Vice President David Young yesterday.

The odd man out, at least over time, appears to be DSL. Time and again, Verizon officials selected FiOS over DSL when quizzed by FCC officials as to which was more critical. "Does fiber edge out or does DSL edge out," panel moderator Rob Curtis asked. "I think fiber edges out," said Verizon's Tony DiMaso, vice president of corporate strategy. Noted Verizon Vice President Tom Sawanobori as part of a separate panel: "We are seeing some interest in DSL, but when we have fiber, that is preferred by many customers."

DiMaso also was thinking fiber and wireless. "Fiber wireless meets the ecosystem," he noted. "With fiber to all 3,000 cell towers in America, its fiber to every 1,000 homes, with FiOS its fiber optics to every home."

Sawanobori expressed excitement about LTE, saying Verizon will trial it in 25 to 30 markets next year. "We expect it will deliver 5-12 Mbps of spectrum," he observed, "and will have a significant impact on how Americans work, live and play and be able to access the Internet on the move." However, continued Sawanobori, it will not be able to match FiOS, it simply complements it. Wired technologies are still critical.

"FiOS is a big success," said DiMaso. "The 18 million homes we will pass cover about 70 percent of our footprint. We now offer broadband to just North of 80 percent of our universe and by the time the FiOS buildout is complete it will be over 90 percent."

DiMaso, and most speakers, see FTTH as inevitable, although he arbitrarily threw out that it may be accomplished by 2025. "FiOS is a big success," he observed. "We do see significant fiber deployment as a plus. Fundamentally these networks will be the enablers of smart networks."

While Verizon has not shown much interest in serving rural communities at least solely on its own nickel, DiMaso said that if he personally lived in a rural area, "I would want as much access as possible, because that is the basis of my life. The connection could be the basis of my life."

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Washington, D.C.--Hunter Newby, the articulate and energetic CEO of Allied Fiber, says he has a pretty good idea why America has done a poor job getting broadband to its rural communities. "The large carriers never designed their long-haul fiber for intermediate access," he observes. "They would run a New York-Chicago longhaul trunk and not let anyone tap into it in between."

"They bypassed thousands of potential drops," said Newby. "They have ignored entire communities desperately in need of connecting to the information superhighway."

Furthermore, major carriers such as Verizon won't sell their dark fiber to companies that would like to do that, he observed. "You would be surprised how few companies own all the dark fiber," Newby told fibertoday.com

Newby says his company, Allied Fiber, will be different. Allied Fiber is working with the

Norfolk Southern Railroad to build a new fiber optics network throughout the United States. "We will have fiber cuts every 3500 feet to provide lateral access to wireless towers, data centers, schools, whatever," he observes.

Newby said the major carriers are hurting small companies by providing poor reciprocal compensation, in the continually lowering decimal points, in order to terminate calls in the rural carrier's area. His suggestion to the rural carriers would be to create VLANs over IPTV to compete with "the big boys."

If America is not careful, and too slow to build out its networks, it may end up like the United Kingdom where a number of networks could not handle a BBC application that British Telecom developed along its 21CN network, which allows British citizens to access any BBC broadcast whenever it wants. Instead of acceding to the request of the other carriers to take the feature off the air, the British government forced them to improve their networks to be able to handle it.

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FiberNet Telecom Group reported yesterday that revenues for Q2 09 were \$15.8 million, up nearly 10 percent year over year and a slight increase sequentially.

The company reported a slight loss despite the fact that EBITDA was \$3.4 million, up 16 percent year over year.

Transport services remained the most significant component of FiberNet's revenues, accounting for 76.1 percent of the total revenues generated, according to the vendor. Colocation services represented 23.3 percent of total revenue generated in the second quarter of 2009.

NOTES: Connexion Technologies has been ranked number 84 on **Inc magazine's** fastest 500 growing companies, the company reports...The U.S. **Defense Advanced Research Projects Agency** says it is soliciting proposals for its Short-range Wide-field-of-View Extremely Agile Electronically steered Photonic Emitter (SWEEPER) program. The goal is to "create a paradigm shift in active optical beam steering and sensing by developing chip-scale integrated photonic coherent beam-forming technologies that overcome the limits of opto-mechanical and electro-optical systems while being constrained to small size, weight, and power." Applications are due by September 24...**Nortel Networks** says its voice applications business, which is currently for sale, has recently won new business in Great Britain, Australia and Austria. The company says it is close to getting a stalking horse or first bid for the division...The application closing deadline for the broadband stimulus program has been extended to August 20 at 5 p.m. The previous deadline was August 15...**Molex** is expressing its appreciation to the French government for appointing a mediator to help facilitate a resolution regarding its proposed closing of its facility in Villemur-sur-Tarn.

Sincerely,

C. David Chaffee

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