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Ultrafast Internet nearly up to speed

INSIDE TECHNOLOGY BY JON VAN

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Three-dimensional high-definition TV is ready, and the viewing experience breathtaking, but will people like the technology enough to pay extra? And can it pay off for network operators?

Phone and cable companies, including Verizon Communications Inc., certainly hope so as they prepare to launch ultrafast Internet service that can run at 100 megabits per second in some markets.

"There is a business case for ultrabroadband service in markets with a very dense population—New York, Chicago, Paris—but as a market's population gets thinner, the business case gets weaker," said Robert Atkinson, research policy director for the Columbia Institute for Tele-Information, a Columbia University-based center in New York City.

Network operators need to earn more than the \$100 a month they get now from customers for Internet, phone and video service to make the investment of billions of dollars for network upgrades worth their while, said Atkinson, who recently addressed Chicago's branch of the Federal Communications Bar Association.

Atkinson questions whether large-enough numbers of consumers will pony up an additional \$50 to \$100 a month to enjoy 3-D HDTV.

Another possible source of revenue for companies would be to provide such connections to home offices. Ultrabroadband would enable someone working at home to hold virtual meetings that are almost as good as being there.

Add 3-D HDTV to the equation, and an employer may be motivated to pay for ultrabroadband connection instead of \$100-a-square-foot office space, Atkinson said.

Atkinson also believes ultrabroadband upgrades will eliminate competition, because the expense of building and maintaining a network means only a few markets will be able to support more than one carrier, he said.

Maintaining network carrier competition in densely populated urban areas such as Chicago and New York will be important "because the market competition is needed to provide benchmarks for what to expect in service, technology and price," he said.

Those benchmarks, in turn, can be used by regulators who increasingly will oversee broadband service in smaller markets, he predicted.

Atkinson also challenged the notion that America falls far behind other modern countries in broadband access.

The U.S. is outranked by such countries as the Netherlands, Finland, Japan and South Korea when it comes to broadband penetration. But that criterion is misleading, Atkinson said. If U.S. states such as California, Massachusetts and Illinois are examined individually, they rank ahead of most other countries.

Also, the flat-rate system adopted in the United States for dial-up Internet access means that many people here who could change to broadband choose not to do so because of the higher cost.

"For someone who only goes online to look at e-mail or surf some Web pages, dial-up seems good enough," Atkinson said. "They don't want to change, and there's no economic incentive for them to because they pay a flat rate.

"In Europe, dial-up service comes with a high per-minute charge, so people are eager to get broadband because it's cheaper."

As for network infrastructure, the U.S. has most European countries beat, Atkinson said. That's because of the competition between cable TV and telephone companies.

Most European countries have only one network provider that often uses copper wires, whereas U.S. cable and phone operations tend to use optical fiber.

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