



Why you Should Care about High-Capacity Broadband Lines

We at **Competify** are proud to present our “everything you need to know” guide to high-capacity broadband lines. It may not sound sexy, but these lines are critical to business and consumers. They are also BIG money makers for a few huge Internet gatekeepers.

Top priority, indeed. Years worth of data collection by the FCC and almost a decade of advocacy by those in the broadband community have landed high-capacity broadband lines squarely in Chairman Tom Wheeler’s sights. Over the next few months, Chairman Wheeler and his fellow commissioners will rule on this issue to ensure these connections are provided at reasonable rates. This ruling is poised to rein in the abuses of the broadband gatekeepers.

Where we’ve been and where we’re going. On September 17, 2015 the FCC made public a vast database of industry data on the high-capacity broadband market. The deadline to submit a comment on the database and the market as a whole is January 22. After January 22, the public will have until February 19 to submit follow-up comments.

In February 2015, the FCC adopted Net Neutrality rules to protect American consumers and businesses against the symptoms of the dominance these huge companies wield over our broadband infrastructure. One year after issuing these landmark rules, the FCC will finally take action to address the underlying disease. America needs real broadband competition and rules to protect consumers and businesses until that competition exists.

What’s behind broadband’s hidden cost? Fact: most consumers and businesses don’t get the best deal for broadband. Why? Because in most places across the country there isn’t any meaningful competition. In fact, about **75% of all Americans** have just one choice for wired high-speed Internet access. But you already knew that. What you might not know is that businesses have the same problem as the consumer. The only difference is that they pass on that increased cost to you. Millions of Americans are paying for broadband’s hidden costs every time they fill up at the gas pump, withdraw money at an ATM, make a call on your cellphone, or use the Wi-Fi at the local library or Starbucks. In each and every one of these scenarios the

hidden cost passed on to the consumer helps the business pay for access to high-capacity broadband lines that connect businesses to the information superhighway.

America's broadband future is at a tipping point. A few huge Internet gatekeepers now dictate when, where and how much you pay for the broadband access on which we increasingly rely. However, several gatekeepers are overcharging both consumers and businesses billions of dollars every year for access to the Internet, thereby imposing an enormous cost on the U.S. economy.

So what do we mean by "gatekeeper"? These are the entrenched incumbents who control the high-capacity pipelines that are the base of a wired economy and, as a result, gouge competitors and customers in order to maintain their market dominance. These companies overcharge both consumers and businesses every year and you can see it in their bottomlines. In 2014, AT&T (\$38 Billion EBITDA) and Verizon (\$36 Billion EBITDA) *each* raked in more profit than the next three highest profit carriers in the industry (Comcast, Time Warner Cable, and CenturyLink) *combined*, and *each* made more than *4 times* the combined EBITDA of Sprint and T-Mobile. I'm sure it's no surprise to you that these two companies alone hold more than 72% of the national wireless market (as measured by revenues), as well as the majority of the dedicated broadband connections used to provide wireless service.

At Competify, we like to say these gatekeepers are suffering from chronic Broadband Access Control issues.

- **The Symptoms:** Almost everywhere in the United States, there is just one provider of a necessary broadband service to nearly every business in a geographic market. These monopoly providers have used their control of that market to get rid of competition.
- **The Consequences:** Allowing a powerful few to control our broadband pipelines has enormous negative effects on American communities: dragging down speeds, delaying deployments, making access more expensive and slowing our digital economy.
- **The Cure:** The Commission can stop these dominant companies from using their market power to extract unjust and unreasonable rates over these critical broadband inputs. It must continue its march to broadband competition that leads to better, faster and cheaper broadband for all.

A cure is on the horizon. In August, the White House released the long awaited [Broadband Opportunity Council Report](#). The report stressed the importance of genuine competition in the broadband marketplace as a top priority. This report also reinforced the [FCC's decision](#) to do a

major review of the \$40 billion high-capacity broadband market. Individually, these two things represent major breakthroughs in the effort to relieve the millions throughout the broadband economy suffering from competition loss and the effects of chronic Broadband Access Control. Since August, the FCC has accelerated their review of the few broadband gatekeepers that control the high-capacity broadband market. In early October the FCC also [announced](#) a probe into AT&T, CenturyLink, Frontier, and Verizon for “locking up” the market for business internet. It’s only a matter of time before the FCC has cured the companies suffering from chronic Broadband Access Control issues.

How do I learn more? For questions about anything in this guide or other issues related to high-capacity broadband lines, please email info@trycompetify.com.