

Testimony of Deana Wiese
Information Technology Council of North Dakota

Interim Information Technology Committee
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Chairman Weisz and members of the Interim Information Technology Committee:

My name is Deana Wiese, and I am the executive director of the Information Technology Council of North Dakota (ITCND). Thank you for the opportunity to provide information on the Dakota Fiber Initiative, which ITCND is championing.

ITCND was created in 2000 by North Dakota business, government and education leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. Today, ITCND has nearly 90 member organizations, with representatives from industry, government and education.

Background

The objective of the Dakota Fiber Initiative is to *"provide affordable, world-class internet speed and reliability to every individual in the state of North Dakota."* The Dakota Fiber Initiative was rolled out during Sen. Hoeven's Technology Conference in late August 2013 when Doug Burgum shared his vision for North Dakota to have the highest speed and greatest bandwidth internet infrastructure in the world by 2015 through partnerships with the public and private sector.

Following the conference, Burgum held a meeting to further identify the supply and demand issues regarding broadband in North Dakota. ITCND was approached as a logical champion for the initiative because of its infrastructure development goal of working for affordable access to state-of-the-art voice, video and data service for all North Dakotans. In addition, ITCND is a statewide entity that represents both the supply and demand side of the broadband issue.

ITCND has participated in additional meetings with both the supply and demand groups to identify next steps. Through these discussions, we have determined there is enough interest in improving affordable and reliable broadband in North Dakota to move forward. We have commitments from most broadband service providers to participate in the initiative under the condition that it is private-sector driven and managed by a neutral third-party entity to ensure all proprietary provider information remains confidential.

Need

Although North Dakota currently has significant bandwidth coverage across the state, initial discussions point to the issues of inadequate speed, affordability of adequate speed, and ensuring capacity can meet future demands.

According to Net Index by Ookla, North Dakota ranks 21st in the nation on download speed (19.7 Mbps). This is ahead of South Dakota (25th) and Montana (50th) but behind Minnesota (15th). North Dakota ranks 32nd in upload speed (4.46 Mbps). This is ahead of Montana (43rd) but behind Minnesota (22nd) and South Dakota (28th). The same data indicates that the state's value index (median cost in US dollars per Megabit per second) is \$3.18 Mbps compared to the national average of \$3.78.

Although this indicates that the average cost of broadband services in North Dakota is well below the national average, there are pockets where the cost is nearly double the national average. This is the case with Fargo at \$6.30 Mbps. In contrast, rural areas in North Dakota have received federal funding to address broadband access and affordability. The state's more populated areas have less access to this funding.

In addition, there are significant economic development opportunities that have been identified in initial discussions with stakeholders. One example is the potential enhancement to rural economic development by ensuring affordable access to state-of-the-art broadband services for North Dakota's agricultural producers. It is no surprise that ag producers are a large consumer of online data and that the need for state-of-the-art broadband service is essential to the success of the individual producer and to the future of North Dakota's agricultural industry as a whole. The future of ag-based research relies on state-of-the-art advancements in technology. In addition, there is an opportunity to recruit large ag- and biotech-based companies to the state should the technology climate meet or exceed their needs. This initiative will assist in identifying those opportunities and ensuring North Dakota has the technological competitive advantage.

Both broadband supply and demand data exists, but there is a need to compile the existing information, identify gaps in coverage, and address affordability issues.

Approach

The Dakota Fiber Initiative will be approached in three phases: 1) Pilot 1 (downtown Fargo) Feasibility, Assessments and Implementation, 2) Pilot 2 (greater Fargo area) Feasibility, Assessments and Implementation, and 3) Statewide Feasibility, Assessments and Implementation. ITCND will be the coordinating entity for both the supply and demand sides of this initiative. It will look to public and private sector partners to fund each phase of the program. The budget for Phase 1 feasibility and

industry support research, broadband supply and demand assessments, and an economic impact study is estimated at \$75,000. The budget for the next phases will be determined based on the broadband supply and demand assessment studies.

Dakota Fiber Initiative Phases

Phase 1 – Pilot 1 – Feasibility, Assessments, and Implementation

- Determine feasibility of a downtown Fargo pilot through pledge process
- Conduct broadband supply and demand assessments for downtown Fargo
- Conduct economic impact study for downtown Fargo
- Develop an implementation plan and budget for downtown Fargo based on the results of the assessments
- Initiate next phase based on a supportive financial model identified in this phase

Phase 2 – Pilot 2 – Feasibility, Assessments, and Implementation

- Repeat Phase 1 steps for a Fargo/West Fargo pilot

Phase 3 – Statewide Feasibility, Assessments and Implementation

- Repeat Phase 1 steps for statewide implementation

Phase 1 Budget – Downtown Fargo

Income	
Private/Public Sector Partners	\$75,000
Expenses	
Supply and Demand Assessments	\$45,000
Economic Impact Study	\$15,000
Feasibility Study and Coordination	\$10,000
Miscellaneous (travel, supplies, etc.)	<u>\$5,000</u>
	\$75,000

Next Steps

ITCND is currently soliciting pledges for Phase 1 and has more than half the necessary funding committed, representing both the supply and demand sides. Once the funding is secured, we will move forward with a request for proposals to conduct the supply and demand assessments, as well as the economic impact study, for Phase 1.

Summary

I want to thank you again for this opportunity to update you on the Dakota Fiber Initiative. We are very early in the process. Once pledges are secured for the Phase 1 and the initial supply and demand assessments are completed, the path forward will be much clearer, at which time we'd welcome the opportunity to brief you again. We look forward to any input you might have regarding the initiative.

I'd be happy to answer any questions.