

WinstonNet offers a sustainable business model

WinstonNet is a non-profit, innovative technology initiative operated in partnership with major institutions in the Winston-Salem community. Its mission is to create and sustain any technology-based initiative which provides free or affordable access to information for all residents, especially the economically disadvantaged, in the Winston-Salem and Forsyth County.

WinstonNet has a proven track record of many successful projects like:

- The first regional 26 mile fiber loop which provides high speed and low cost internet for its members
- 44 community computer access centers with complete Microsoft products to use for free to further bridge the technological divide
- A community portal called the bee-hive used as an educational and resource tool by families in Forsyth County.

With its new wireless initiative, WinstonNet aims to provide a community network with low-cost or free broadband connectivity and related opportunities such as job searching capability and skill development, to underserved households, community groups, small businesses and large organizations.

Some highlights of this project were:

- Hired expert consultants from Civitium who have experience and focus on muni wireless
 - Explored options with Duke Power seeking pole attachments to reduce costs
 - Involved the business community of Winston-Salem by getting them to sign the Memorandum of Understanding.
 - Accepting the proposal from Azulstar who in partnership with Cisco and IBM are building this community wireless broadband network.
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Sustainability of the business model:

The WinstonNet model for the Wireless Winston initiative is not sustainable because of the following reasons:

1. Memorandum of Understanding - With just an MoU signed by the large organizations of Winston-Salem like Wachovia, BB&T, Aladdin Travel, Allegacy Federal Credit Union, Flow Motors, Inc., Novant Health, Reynolds American, Inc., Sara Lee Corp., Womble, Carlyle, Sandridge, and Rice Attorneys and others, there is no enforceable contractual agreement, and thus no company is bonded to actively participate in this initiative- whether in terms of contribution, procurement, formal approval, or any sort of contractual discussions related to the Wireless Winston initiative or WinstonNet. If these companies decide not to use the network after the completion of this wireless network, the demand for this service will drop significantly and the whole project may become unsustainable due to the high fixed costs incurred on the project.
2. Price War – Since competition is strong in the market with players like EarthLink, TimeWarner, Verizon, it is anticipated that the players will likely end up in the bottom left corner of prisoner’s dilemma, which may lead to an all out price war among the players in the market. Current incumbents such as TimeWarner would have their eyes and ears glued to the developments of this project and have already started preparing for the future as evidenced by it recent partnership with Fon.
3. New Wireless Initiatives: There may be new wireless initiatives, offering similar products/ services, by companies such as Earthlink, ClearWire, which already have an established customer base.
4. Contracts – Many companies already have long term contracts with other players in the market and will be very hesitant to move to a new network. They may use this initiative to further negotiate their current prices or costs with the providers and drive it down and choose not to change.

5. Security Issues - Wireless broadband can be just as secure as any other type of internet access but requires more vigilant protection by building firewalls, authentication, and data encryption. Users are often worried about the safety of their private information, and may not be willing to adopt the initiative, and companies may not allow any tie up with their own network.

6. Reach - With just using the poles and few towers, the reach of this wireless network can reach only up to approximately 2-3 storeys of any building. For further reach, companies may have to install their own hardware, which may turn up to be an extremely costly proposal for a start-up or a small and medium sized business.

7. Obsolescence – We know that WinstonNet expects Azulstar to budget money annually to protect against any obsolescence in the technology and for “technology refresh” to keep the network current. But there is always going to be a risk of whether and to what extent will Azulstar implement this and keep the technology updated.

8. Disaster Recovery plan – If the network fails for any reason, a DRP is in place for the government services, or some other services offered to large organizations, but there is no mention of continuity plan or routing signals to places like schools, community centers.

9. Demographics and Lifestyle – Winston Salem has been traditionally a manufacturing based community. Not a lot of people in the city use/ have access to laptops and Wi-Fi enabled mobile phones. Neither is Winston Salem a suburban environment with dense population nor a popular destination for a number of tourists or business visitors. Hence, the demand will have to come from the government, WinstonNet members and other large organizations which have signed the MoU to make this viable success.

10. Ownership Issues - The city could have also allocated public funds for the network, and hired Azulstar to build and run it. The city would own the network and Azulstar would have just got a part of the revenues or receive a management fee.

Muni wi-fi projects are dying quickly across the country, not because it is a bad concept, but because it is technically and financially infeasible. Tie-up with competitors and a firm commitment from large organizations will play a very important part in the success of WinstonNet's offering. This wireless broadband initiative can potentially be the first big step of many in the technological industry, if executed correctly.