



OTTAWA –2003 - Many Real Estate Professionals believe that telecommunications and technology initiatives died when the dot-com bubble burst. While many CLEC (Competitive Local Exchange Carriers) and TSP (Telecom Service Providers) did disappear, there are also many companies that continue to thrive and grow in this tough technology economy.

At the core of the business model for the survivors is to service the end user, our tenants with good products and services that meet their demands. The basic business premise that communication is critical holds true whether that communications is a voice call or a data packet.

Some of the challenges the current telecom companies face in Canada is the fact that the population of only 30 million is spread across thousands of miles and several provinces and territories. As many unsuccessful companies found out, the greater the distance, the greater the cost to service those customers. The key to success going forward will be to build the infrastructure where the customer base exists and not to speculate and expand too quickly.

NATIONAL

From a national perspective, the two dominant players continue to be the ILECs, the former monopoly companies that once formed the Stentor Alliance. This includes Bell Canada in Ontario and Quebec, Telus in Alberta and British Columbia and the other regional Incumbents. Competitive carriers have found it difficult to break their strong hold on the marketplace. Group Telecom went into bankruptcy protection in September of 2002 and towards the end of the year was bought out by 360 Networks. 360 only emerged from bankruptcy protection a year early so it remains to be seen whether this merger of two failed companies will succeed. AT&T Canada just recently filed for court protection and looks to restructure. By the end of the year, their parent AT&T will no longer hold any interest in the Canadian subsidiary so a name change seems imminent.

WESTERN CANADA

Bell Canada and Manitoba Tel changed the name of their partnership to better suit the region, from Bell Intrigna to Bell West. Bell West continues to build out their network and has secured large customers including governments agencies. Wireless technology has opened up new opportunities for service providers such as Zoolink and Terago. They are using RF spectrum, both licensed and unlicensed to build ring networks around major cities such as Vancouver and Calgary. With a small dish on a roof a customer can be up and running quickly often faster and cheaper than a typical DSL or other high-speed options. Shaw cable continues to offer it's Big Pipe services to business clients as well as cable modem connections to residential markets.

ONTARIO

Telus has kept the same name as it moves eastward and is building a good customer base. They continue to build a network in a controlled and measured approach that makes good business sense. Local electrical utility companies are using their access rights and experiences delivering utility services to customers to build a successful spin off business. Toronto Hydro Telecom, TelecomOttawa and Enersource (Mississauga) are all building POPs and extending their already extensive networks in Ontario's big cities. Terago (mentioned above) and Futureways are focusing on suburban cities that surround the larger cities and are finding a good customer base of tenants that are not well served by the traditional telecom companies.



QUEBEC

Telus is also expanding into Bell's home province too. With Bell's offices in Montreal, this is not an easy task, but they are gaining speed here. Montreal's changing demographics and economy are encouraging new high bandwidth industries such as biotech to set up or expand their operations. The cable operator in this region, Videotron has expansion plans as they purchased the assets of Stream Intelligent Networks which was central Ontario based.

EASTERN CANADA

Aliant is the incumbent in this region and is composed of the former provincial phone companies for Newfoundland and Labrador, Nova Scotia, New Brunswick and Prince Edward Island. Competition is alive and well in this region too despite the smaller population base. Provincial programs to encourage call centres, high-tech companies and other high-end users of communication services continue to foster competition.

OTHER HOT TOPICS

Wireless technology continues to be an area that shows a lot of promise. This is of course a broad topic and can include anything from roof to roof laser or radio dishes, PCS-Cellular etc. However, the area that probably most concerns or should concern building managers is 802.11 or WiFi. Ratified by the Institute of Electrical and Electronics Engineers (IEEE,) 802.11b is a global standard for the use of unlicensed radio spectrum for wireless networks. Further versions of this standard "a", "h" and "g" will extend the reach and increase the speed of these networks. What started as an extension to a company's wired LAN is now growing into a "hot spot" business. On the west coast of the US, people have been enjoying surfing the internet while enjoying a coffee at Starbucks or waiting for a plane at an airport. Now this technology is being used to create "hot spots" in Canada too where business travelers can connect back to their office or surf the internet for a fee at public buildings such as hotels, other transportation hubs and office buildings. The Toronto marketplace has seen at least three major players ramp up operations over the past year to serve this business. Spotnik recently received funding from Telus Mobility, a national PCS carrier. Bell has launched their "Access Zone" strategy to turn pay phones into "hot spots." The third player, DoDo Wireless is currently privately funded. It is not clear whether all will survive, but something that is clear is that building owners and managers must start to address the use of Wireless Networks in their buildings. Language should be included in leases for new tenants to address the use of WiFi and for the building manager to have the ability to resolve any disputes should various tenant networks interfere with each other.

WiFi technology may help to address another issue building managers have been troubled with for years. How to obtain voice coverage inside your building beyond the reach of the existing outdoor, macro cellular networks operated by the wireless carriers. It might not be long when one device will replace a radio, cell phone, pager and PDA on the maintenance technician's belt. By using Voice over Internet Protocol (VOIP,) voice calls as well as text messages, work orders and more could be sent to the same device. WiFi networks can and will be used to replace other wired devices and systems in elevators, security, HVAC, parking and other areas of building operations.

Prepared by Eric Yapp, Chair - BOMA Canada Telecommunications Task Force