



The Changing Landscape

After a six-year roller coaster, the telecommunications industry in Canada appears to be stabilizing and moving forward. Years of incredible growth followed by the dot com crash have created a very different landscape than at the beginning of the cycle. Some would argue that the more things change the more they stay the same. Rather than large regulated monopolies, we are left with large conglomerate companies dealing in every piece of the telecommunications pie. There are no more mom and pop or venture capital backed start-ups any more.

In 2004 we saw some big mergers and acquisitions in the industry. Bell acquired GT/360 Networks, MTS took over Allstream and Rogers completed two big deals, buying out AT&T Wireless and picking up Microcell. What does this mean for landlords? It has reduced the fear of dealing with unknown companies and replaced them with household names. While technology continues to change at a fairly rapid pace, the larger companies are better positioned to weather the storm often by cannibalizing revenues from one side of the company to another such as VOIP (Voice Over Internet Protocol) replacing landlines and long distance.

Another major shift in today's marketplace is that Telecommunications Service Providers are no longer the ones pushing to access buildings. Carriers are only looking to access buildings where they have bona fide customers (tenants.) The costs to deploy new infrastructure prohibit unnecessary build outs and idle POP (Point of Presence) sites. Tenants are also beginning to ask for additional services such as increased bandwidth. This is fueled by the use of more web-based applications and business continuity services such as off site data storage and network diversity prompted by 9/11 and the August 14, 2003 blackout in the eastern US and Canada.

Wireless Issues

A continuing hot topic is wireless. While wireless is a broad topic with as many issues as frequencies, the frequencies that seem to be getting the attention of many tenants and property managers are in the 2.4 GHz and 5.8 GHz ranges or WiFi. WiFi stands for Wireless Fidelity and could have the same impact on networks as HiFi did for audio systems years ago. The WiFi frequencies and protocols are international standards which allow interoperability by different manufacturers. An access point made by one supplier will work with any WiFi enabled laptop. No combating technologies here like VCRs (Beta vs. VHS,) cell phones (CDMA vs. GSM) or computers (PC vs. Apple.) The very nature of what makes WiFi so attractive could be its biggest headache from a property manager's perspective. Industry Canada and the CRTC in Canada, and the FCC in the US make these frequencies available to the public. Because they are public, any tenant could decide to use WiFi without getting prior permission from the property manager. Since there are relatively few channels available within each frequency range, interference problems can arise when several tenants on a multi-tenanted floor or even tenants that are above or below on another floor attempt to use the same channels. Landlords should start to consider some language that deals with WiFi and other RF (Radio Frequency) emitting sources in new leases and renewals. Property Managers may also want to consider engaging an engineering company to conduct RF surveys and assist in interference resolution.

Looking ahead

So where are things headed in 2005? Canada and the US have a long way to go to catch up to what some European and Asian landlords are doing. North American Property Managers should start to think of broadband as the 4th utility, and delivering it the way we do the other three; water, gas and electricity. On the wireless front, keep an eye on companies such as Inner Wireless, who offer a complete In-Building RF solution. RF is still very much a specialized and complex field, so before embarking on any wireless project for your building, make sure that your project team includes engineers or other qualified experts.