

# IBEC - Broadband to Rural America

by BEN DYER on MARCH 4, 2009

**Broadband communication over electric power lines (BPL)** is the forte of International Broadband Electric Communications, Inc. (IBEC), based in Huntsville, AL. The company offers high-speed Internet connectivity to **rural and undeserved** consumers and has agreements to deploy in 16 markets over the next four years.

The business model is predicated on relationships with **rural electric cooperatives (Co-Ops)** and on **proprietary technology**:

- IBEC operates a “**landlord**” model with the Co-ops, whereby it supplies the BPL equipment, installation supervision, backhaul services, and customer support. The Co-Ops roll the trucks and do the billing and collection in return for a percentage of revenues. Studies have shown that Co-Ops, which are non-profits whose stakeholders are the rate payers, are far more trusted by consumers than phone, ISP, or satellite providers.
- The company modifies **existing power line equipment** to reduce costs and achieve transmission quality. IBEC quotes a cost of \$150 per customer at 7 homes per mile, compared to \$800 for DSL, \$1200 for cable, and as much as \$3000 for fiber to the home.

A power grid made smart by IBEC offer **ancillary revenue** opportunities such as automated meter reading, VOIP, and video monitoring, and fault and outage isolation.

The addressable market includes 865 Co-Ops with 37 million customers, of which IBEC is focused on 196 with approximately **7.5 million customers** where technical conditions are ideal and there are very limited or no broadband alternatives.

With respect to capital, the company can take advantage of an existing USDA program known as **Rural Utility Service (RUS)**, which was established in 2000 for the purpose of spurring the availability of broadband in rural areas. For network deployment, RUS matches every equity dollar with four dollars of low-interest loans. In addition, there may be further capital accessible through the recently enacted Stimulus.

Founded in 2003 and having made its first deployment that year, the company has proceeded to develop a suite of products, including a Broadband Regenerator Unit (BRU), a Customer Access Unit (CAU) and a Customer Premises Equipment (CPE) modem, all pictured above. The company has a number of awarded **patents** and others pending to protect its component designs and overall architecture.

The company's management team is headed by **Scott E. Lee**, President and CEO, and **Steven E. Turner**, COO, who along with others on their leadership team are deeply experienced in telecom technologies.

We have seen other companies using RUS dollars to deploy **Wi-Max** solutions in rural areas, but pine needles, certainly plentiful in our region, are an impediment to the Wi-Max signals. There certainly is healthy debate about the merits of Wi-Max versus BPL in rural areas, and there are also many ways in which the technologies can be successfully blended. We believe IBEC's combination of distribution through trusted Co-Ops along with the strength of its proprietary core technologies are an ideal combination to deliver broadband in rural areas.

Via <http://techdrawl.com/ibec-broadband-to-rural-america/>  
Story Copyright ©2009 Innovations Publishing, LLC, a Georgia Limited Liability Company