

South Bay Cities Council of Governments

May 14, 2018

TO: SBCCOG Steering Committee

FROM: Kim Fuentes, SBCCOG Deputy Executive Director

SUBJECT: Assessment of Internet Service Provider (ISP) & Voice over Internet Protocol (VoIP) provider for SBCCOG Office

Adherence to Strategic Plan

Goal D: Organizational Stability. Be a high performing organization with a clear path to long-term financial health, staffing continuity, and sustained board commitment.

SUMMARY OF REQUEST

The Steering Committee has expressed concern over the cost of ISP and VoIP services for the South Bay Cities Council of Governments (SBCCOG) office and has asked SBCCOG staff to analyze those costs and see if there are viable alternatives to reduce them.

BACKGROUND

Broadband: In February 2016 SBCCOG signed a 3-year contract with TelePacific to provide internet download/upload speed (i.e. bandwidth) of 20 megabits per second (Mbps), which was an increase from 6 Mbps, for the SBCCOG office. The goal for the contractual upgrade was to provide high-speed internet data transmission to accommodate SBCCOG staff's needs for VoIP (telecommunications), video conferencing, cloud services, etc. SBCCOG currently pays TelePacific \$1,005.77 per month under this agreement and has been content with the services; however, would like to have increased speeds for operations to increase productivity if costs were not prohibitive.

Phones: The SBCCOG office has used 8x8's services for VoIP since 2012, paying a monthly (non-contractual) bill for servicing office phones and online faxing capabilities, which ranges between \$650 - \$700 depending on metered line minutes and promotional rates. SBCCOG owns the phones, which are transferable to other service providers. 8x8's services have met staff's needs over the years and currently provide reliable customer service.

Dedicated Internet Access (DIA) vs. "Best Effort" Internet Access: The reason for the particularly high cost for TelePacific's service is relative to the type of internet access that they are providing. In this case, TelePacific is providing Dedicated Internet Access (DIA) where an internet connection is established via a fiber or copper circuit. Some advantages to DIA include guaranteed bandwidth and synchronous upload and download speeds, which are crucial to adequately servicing an office's VoIP, videoconferencing, and cloud database needs. The alternative is known as "Best Effort" service, which is typically cheaper and comes in the form of cable or Digital Subscriber Line (DSL). These types of ISPs make their "best effort" to maintain maximum download/upload speeds, but ultimately their network is built to leverage thousands of connections simultaneously as cost effectively as possible. Casually browsing the internet without a timely need for a high-speed connection best describes the level of service that "Best Effort" ISPs can accommodate. However, their inability to guarantee levels of bandwidth

and related supportive services can significantly impact an office that relies on a high-speed connection to carry out its day-to-day business.

The Federal Communications Commission (FCC) now defines high-speed internet connection (i.e. broadband) as providing a minimum of 25 Mbps of download speed and 3-4 Mbps of upload speed. The increased availability of high-speed internet infrastructure (e.g. fiber optic, copper, etc.) coupled with decreased costs (i.e. more local purveyors) illustrates how much has changed since the contract with TelePacific was signed.

ANALYSIS

Broadband: Currently, AT&T is the only other ISP in the building that SBCCOG's office occupies. AT&T only offers DSL (i.e. "Best Effort"), which can provide up to 6 Mbps of connection speed (not adequate for SBCCOG's office needs) for \$40 per month. Additionally, they are not currently considering any measures to accommodate high-speed internet for the area where SBCCOG's office resides.

SBCCOG staff also reached out to a digital services consultant to provide a list of ISPs capable of providing comparable DIA services in the area. MetTel and CenturyLink were suggested and provided competitive quotes based on long-term contracts (2, 3, and 5-year). However, addressing infrastructural feasibility (i.e. laying fiber/copper circuit into the building) to bring DIA to SBCCOG's office is a complex process, which requires more extensive outreach between SBCCOG staff, the ISPs, and 3rd parties involved to determine the process and viability. Just because TelePacific currently provides DIA into the space, does not necessarily mean their competitors will be able to as well (at least from a cost-effective standpoint).

Phones: Regarding the VoIP services, SBCCOG staff reached out to VoIP service providers Vonage Business and Nextiva, both claiming they can provide competitive rates and services that would decrease the monthly bill to between \$500-\$600. SBCCOG staff also reached out to 8x8 and asked for a reduced rate on the phones currently being serviced. In turn, 8x8 agreed to apply a discounted rate to the phones (quoted as decreasing the monthly bill by roughly \$100), which will take effect on the May billing statement (available for review at the beginning of June). The reduced rate typically lasts 12 months before the customer can reapply for the latest promotional rate.

RECOMMENDATION

SBCCOG staff will reach out to ISP competitors and 3rd parties to determine the feasibility of DIA provision into SBCCOG office and report back to Steering Committee in June. Additionally, SBCCOG staff will report back to Steering Committee with latest 8x8 billing statement to evaluate the new cost savings accrued.

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