Rural Telco Evolution - Surviving the Future Through Mergers and Acquisitions

NARUC 2018
Orlando, FL

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Deal Flow | Picking up Some Steam

- Significant slow-down in deal flow pending and immediately after issuance of the National Broadband Plan.
- 2014 unleashed some “pent-up” demand!
- Does 2014 – 2017 represent a new “normal”?
- Cooperatives are playing a larger role as market makers for RLECs.
- Will A-CAM companies flood the market over the next few years?
- Deal interest is increasing!
Increased Deal Activity in:

• Partnerships
• Mergers and Consolidations
• Managed Services Companies
• Network Assets
• Wireless Assets
• Data Management such as Data Centers
• Everything Broadband!!
Rural Telco Evolution – Surviving the Future Through Partnerships

Brian Ford
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NTCA-The Rural Broadband Association
Why Partner?

- Telcos, electric coops, and municipalities have a strong commitment to community.
- Telcos and electric coops have overlapping members.
- Telcos and electric coops have fiber and will build more.
- Telcos and electric coops need additional sources of revenue.
- The business case for building broadband networks is much harder in a competitive market.
- The customer may not care who provides it as long as someone does.
- Partnerships allow each entity to do what it does best.
Key Elements to a Successful Partnership

- Recognize the need for a partnership
- Clear and agreed purpose and objectives
- Commitment and ownership
- Trust between partners
- Sometimes pride needs to be checked at the door
- Create clear and robust partnership arrangements

- Good communications with all partners
- Mutual benefits for all partners
- Conflict resolution and mediation
- Systems to monitor, measure and learn
- Outcomes that live on beyond the life of the partnership

Key elements from JSI
Partnerships Can Take Various Forms

- Leveraging Network Assets
  - Fiber Swaps
  - Connectivity, Customer Support
- Operation and Maintenance Agreements
  - Someone owns it, someone else runs or sells it
- Joint Ventures
- Public-Private Partnerships
  - Telco + Electric working together yielded state broadband funding
www.partnersinbroadband.com
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PUBLIC PRIVATE PARTNERSHIPS - NORTH CAROLINA
ELECTRIC MEMBERSHIP CORPORATIONS

North Carolina Electric Cooperatives
QUESTIONS?
THANK YOU!

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