

# Geeks, Cowboys, and Bureaucrats: Deploying Broadband, the Wireless Way

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## 1. Introduction

The deployment of communication infrastructure has traditionally been associated with big investment programs undertaken by large entities such as telecommunications operators and government agencies. The reason is quite simple: only these entities were able to amass the sizeable capital and attain the necessary economies of scale involved in deploying wired networks. However, three parallel trends are converging to permit departure from that tradition: the emergence of more flexible spectrum policies, which has removed regulatory barriers to entry; the advent of new wireless technologies, which has fundamentally changed the cost equation in favor of wireless solutions; and the entrance of many small business and non-profit actors eager to play new roles in the creation and management of wireless communication networks.

While advances in wireless technologies have significantly reduced the deployment costs for communications infrastructure, their transformative impact on the architecture and control of communication networks is often overlooked. Because wireless technologies are not subject to the same economies of scale as traditional wireline technologies, they allow end-users – often acting collectively through cooperatives and other local institutions – to deploy and manage systems themselves in ways not previously possible. This in turn pushes the boundary that divides control between users and providers much deeper into the network, opening the possibility of a radically decentralized approach to system expansion, based on the integration of local wireless networks built and managed by users. While most of today's networks continue to be built by large organizations, the evidence increasingly points to a potentially disruptive shift in the way wireless communication networks are being deployed and operated (Best, 2003; Bar and Galperin, 2004).

The tension between these two alternative logics of network deployment is well illustrated in the case of wireless Internet access services. On the one hand, mobile telephony operators have made considerable investments to deploy third-generation (3G) networks that allow mobile customers to access a variety of IP-based services. On the

other, wireless enthusiasts, small entrepreneurs, and local governments are increasingly taking advantage of a new breed of wireless networking technologies to build wireless local area networks (WLANs), particularly in areas neglected by large operators. 3G networks follow the traditional model of large investments in infrastructure equipment for centrally-planned and controlled networks; WLANs on the other hand consist of small investments in terminal equipment by independent actors at the local level without coordination or a pre-conceived plan. While both are evolving in parallel (and some argue, are complementary), the tension is evident in recent policy debates about how to allocate limited resources (notably the radio spectrum) and the role played by local governments and cooperative organizations in the deployment of advanced wireless networks.

The paper is organized as follows: in the first part we review the evolution of the new breed of WLAN technologies, in particular Wi-Fi, and discuss its implications for the architecture and control of emerging wireless broadband networks. We draw on the social constructivist history of large technical systems and the work of economic historians concerned with the evolution of technology to understand the largely unexpected success of Wi-Fi. Next we review the evidence on the bottom-up deployment of wireless networks by local actors, focusing on three types of initiatives driven by different deployment dynamics: end-user cooperatives (affectionately referred to as “geeks” in our title), wireless ISPs (“cowboys”), and municipal government (“bureaucrats”). The conclusion discusses the policy and institutional issues most likely to affect the balance between centralized and decentralized deployment of wireless broadband networks in the near future.

## 2. From the cordless Ethernet to the wireless mesh: The unexpected evolution of Wi-Fi

WLAN technologies refer to a broad family of non-cellular wireless communication solutions which in practice includes most of the technologies currently under the purview of the IEEE 802.xx standardization activities. While this encompasses a range of technologies with different attributes and at various stages of development, the

focus of this paper will be on the suite of IEEE 802.11 standards also known as Wi-Fi. The reason is simple: this family of WLAN standards has gained broad acceptance, leading to significant cost reductions due to volume production, and the level of penetration in a variety of consumer devices (from PCs to PDAs to mobile phones) is fast reaching infrastructure scale.

Wi-Fi has evolved in a somewhat accidental manner, through an evolutionary path not envisioned by its original creators and early backers. This is a rather consistent pattern in the evolution of technological systems (e.g., Nye, 1990; Fischer, 1992). In the case of Wi-Fi, it was initially conceived as a wireless alternative for short-range connections between computers within homes and offices (i.e., a cordless Ethernet). However, it soon became clear that Wi-Fi could also be used to extend the reach of computer networks into public spaces. Moreover, both equipment vendors and wireless enthusiasts also realized that, with the appropriate hardware and clever tinkering, point-to-point connections could be made over several kilometers. The important role played by early adopters in the innovation process and testing of the technology under different conditions is again consistent with previous patterns of technological evolution (the best known case being that of amateur radio operators in the early 20<sup>th</sup> century).<sup>1</sup>

Wi-Fi has experienced extraordinary growth since 1997, when the IEEE finalized the original 802.11 specifications.<sup>2</sup> It is worth noting that the technology emerged amidst competition from alternative standards for WLANs, notably HomeRF and HiperLAN. Interestingly, because these standards emerged from within the computer rather than the telecom industry, the standardization process has been largely led by the private sector, organized around industry consortia such as the HomeRF Working Group and semi-public organizations such as the IEEE. Compared to the contentious case of 3G standards

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<sup>1</sup> See Douglas (1987).

<sup>2</sup> Today, Wi-Fi comes in three basic flavors: 802.11b, which operates in the 2.4GHz frequency range and offers speeds up to 11Mb/s; 802.11a, which operates in the 5GHz frequency range and offers speeds up to 54Mb/s; and the most recent 802.11g, which is backwards compatible with 802.11b but offers speeds up to 54Mb/s. Work continues on new variations that will improve the range, security and functionality of Wi-Fi, such as 802.11e (Quality of Service), 802.11r (roaming), and 802.11s (meshing).

(see Cowhey, Aronson, and Richards, 2003), the role of governments and multilateral organizations such as the ITU has been rather minor.<sup>3</sup>

It is estimated that there are currently about 60 million Wi-Fi-enabled devices worldwide.<sup>4</sup> Among the many factors that explain the success of Wi-Fi, three are particularly noteworthy. First, Wi-Fi can deliver high-bandwidth without the wiring costs, which makes it an effective replacement both for last-mile delivery as well as for backhaul traffic where the installation and maintenance cost of wired infrastructure is prohibitive (it is estimated that wiring expenses can comprise up to three-quarters of the upfront costs of building traditional telecom networks). Second, there is widespread industry support for the standard, coordinated through the Wi-Fi Alliance, an industry organization including over 200 equipment makers worldwide.<sup>5</sup> As a result, equipment prices have dropped rapidly, and users can expect compatibility between Wi-Fi client devices and access points (APs) made by different vendors. A third key to the technology's success lies in the lack of regulatory overhead: Wi-Fi networks have blossomed on unlicensed bands, namely, thin slices of radio spectrum reserved for low-power applications in which radio devices can operate on a license-exempt basis – though this is not always the case in the developing world (see Galperin, forthcoming). This has allowed for a wide variety of actors to build WLANs without any of the delays and expenses traditionally associated with obtaining a radio license from telecommunications authorities.

The major drawback of Wi-Fi is the short signal range. Even though point-to-point connections have been made over several kilometers, Wi-Fi networks typically extend for a few hundred meters at most. This makes the technology generally unsuitable for long-

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<sup>3</sup> Today the development of HomeRF has been largely abandoned, and while the new generation of the HiperLAN standard (HiperLAN2) gained some momentum in the EU as a result of ETSI (European Telecommunications Standards Institute) rules related to the use of unlicensed spectrum in the 5GHz band that delayed the launch of 802.11a products in the European market, analysts agree that this Wi-Fi competitor will, at best, fill a small niche in the corporate market.

<sup>4</sup> Presentation by Devabhaktuni Srikrishna, CTO, Tropo Networks (December 2004). Available at [www.arnic.info](http://www.arnic.info).

<sup>5</sup> The Wi-Fi Alliance was formed in 1999 to certify interoperability of various WLAN products based on the IEEE 802.11 specifications. Since the beginning of its certification program in 2000, the group has certified over 1,000 products.

haul transmissions. Nonetheless, related technologies are emerging to address this problem, notably 802.16x (also known as WiMax). This new standard is expected to offer point-to-point connectivity at 70mb/s for up to 50 kilometers, making it an ideal alternative for traffic backhaul. Nonetheless, establishing baseline protocols for WiMAX that would allow interoperability between equipment from multiple vendors has proved more complex than in the case of Wi-Fi. Interestingly, the unexpected success of Wi-Fi, coupled with the potential challenge that new WLAN technologies represent to 3G networks being deployed by mobile telephony operators (Lehr and McKnight, 2003), has significantly raised the stakes in the standardization process, bringing many more players to the bargaining table and making agreements more difficult to reach.

The new generation of WLAN technologies challenges many assumptions associated with the deployment of traditional telecom networks at the local level. Laying conventional fiber and copper wires, or even installing expensive cellular telephony base stations, is not unlike paving roads. It requires large upfront investments, economies of scale are pervasive, and the architecture of the network has to be carefully planned in advance because resources are not easily redeployed. As a result, networks are typically built by large organizations in a top-down process that involves making many ex ante assumptions about how the services will be used, by whom, and at what price. However, these assumptions are easier to make in the case of well-understood, single-purpose networks (such as roads and sewage) than in the case of ICT networks, where applications and uses often result from the accumulated experience of users themselves (Bar and Riis, 2000). Moreover, outside wealthy urban areas, demand for advanced ICT services is complex to aggregate and difficult to predict.

New WLAN technologies create an alternative to the top-down network deployment model associated with traditional telecom infrastructure. Because of the relatively low fixed capital expenditures, the use of unlicensed spectrum, the wide acceptance of open transmission standards, the scalability of the technology, and the lack of significant economies of scale in network deployment and management, infrastructure investments in Wi-Fi networks are within the reach of a variety of local actors - from private

entrepreneurs to municipal governments to agricultural cooperatives. Moreover, these investments are for the most part in increasingly powerful wireless terminals capable of adapting to their operating environment, which allows for more edge-base control of network uses and innovation. This allows for a flexible infrastructure to expand from the bottom-up, without a preconceived plan, and driven by those who best understand local demand for advanced information services – local users and organizations.

Moreover, it is possible to imagine a future in which ad-hoc networks spontaneously emerge when enough Wi-Fi devices are present within an area (Benkler, 2002; Agarwal, Norman, and Gupta, 2004). Today, most Wi-Fi networks are deployed to replace Ethernet cables within homes and office, with the simple goal of allowing mobility for users within a confined network environment and physical space. This is similar to the way cordless phones allow limited mobility for fixed telephony within a limited range of the base station. Yet because there is no fundamental difference between Wi-Fi access points and clients, all Wi-Fi devices can be programmed to detect other devices within range and create ad-hoc connections. Traffic can then be routed through a series of short hops, bouncing from one device to the next until it reaches a backhaul link, and effectively bypassing much of the existing wired infrastructure at the local level. Of course, this only works if there are enough Wi-Fi devices in an area, but this becomes increasingly possible as Wi-Fi prices come down and as Wi-Fi radios are built into more user devices. Assuming a dense enough distribution of such radios, network coverage would become nearly ubiquitous. Collectively, the end-devices would control how the network is used. New communication services could be invented and implemented at the edge of the network, and propagated throughout the network from peer to peer.

Consider the prediction that by 2008, 28 million cars will come equipped with local networking devices.<sup>6</sup> These would not only serve to connect various systems within the vehicle, but to support communications with outside systems, for applications ranging from telephony to safety and cashless payment systems. Ultimately, since cars are

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<sup>6</sup> ABI Research, 2003, *Automotive Wireless Networks Opportunities for Wi-Fi, Bluetooth, RFID, Satellite and Other Emerging Wireless Technologies* (<http://www.abiresearch.com/reports/AWN.html>).

typically always within less than a hundred feet from one another (and have a built-in power supply), one could imagine how they would provide the basis for a mobile networks. Of course, many technical issues remain to be solved for such networks to become practical, including the development of adaptive routing software that can keep up with intermittent mobile nodes. But the rapidly growing number of Wi-Fi devices present in the environment creates at least the theoretical potential for such wide-area wireless grids to emerge, with wires progressively receding in the background.<sup>7</sup>

The evolution of WLAN technologies is today at a critical juncture, with many possible trajectories lying between two extremes. One represents the extension of the established deployment model to the world of wireless broadband communications: licensed by the state, wireless service providers deploy centrally controlled, closed-architecture networks, their economic strategies resting on tight control over spectrum and on the ability to raise massive amounts of capital to secure licenses, build out networks, and subsidize terminal equipment. The other represents an alternative approach whereby users and local institutions make small-scale investments in radio equipment to build local networks from the bottom-up, in an unplanned manner, and collectively organize to exchange traffic and share common network resources. While there is much theoretical debate about the feasibility of such alternative network deployment model (e.g., Benkler, 2002; Sawhney, 2003; Benjamin, 2003), we take a different approach by examining the actual evidence of such bottom-up network deployment in the case of Wi-Fi networks. Our focus is on three types of local public Wi-Fi networks, each driven by different sets of actors and based on different logics of deployment: wireless cooperatives, small wireless ISPs, and municipal governments.

### 3. Decentralized models of wireless broadband deployment: Reviewing the evidence

#### a. Wireless cooperatives

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<sup>7</sup> There is much historical precedent about the displacement of older technologies by new technologies once considered complementary or feeders to the incumbent system. It is worth recalling that railways were once considered appendices to the canal system, that the telephone was once considered a feeder for the telegraph network, and that the direct current (DC) and the alternating current (AC) electricity systems were once considered complementary (Nye, 1990; Fisher, 1992; Sawhney, 2003).



Some of the most publicized grassroots efforts to provide wireless Internet access to the public have been led by so-called wireless cooperatives. Though wireless cooperatives come in many colors and flavors, these are generally local initiatives led by highly skilled professionals to provide wireless access to the members of the cooperative groups who build them, to their friends, and to the public in general (Sandvig, 2003). These for the most part comprise little more than a collection of wireless access points intentionally left open by these wireless enthusiasts and made available to anyone within range, although there are more sophisticated architectures generally based on backhaul connections made between these access points. For example, the Bay Area Wireless User Group (BAWUG) operates long-range connections (2 miles and more) linking clusters of access points, while in Champaign-Urbana a wireless community group is building a 32-node mesh network that will function as a testbed for the implementation of new routing protocols.

Wireless cooperatives pursue a wide variety of goals: some simply provide a forum for their members to exchange information about wireless technologies, while others are actively engaged in building wireless networks to experiment with the possibilities of Wi-Fi technologies, such as the Champaign-Urbana group referred to above. While the exact number of community networks is difficult to establish (in large part precisely because these are small community initiatives that do not require licensing by a central authority), there are over 100 documented initiatives in the U.S. alone, each typically ranging from a few nodes to a few dozen nodes.<sup>8</sup> Interestingly, many of these free wireless cooperatives operate in some of the wealthiest U.S. cities such as San Francisco, San Diego, and Boston. There are also many individuals (or organizations) who volunteer to open their access point to the public without necessarily belonging to an organized cooperative, and advertise this fact on directories such as nodeDB.com.

Despite much publicity, the assemblage of these community networks is today of small significance in terms of the access infrastructure it provides. Further, it is unclear how

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<sup>8</sup> For a seemingly thorough listing see <http://wiki.personaltelco.net/index.cgi/WirelessCommunities>.

many people are effectively taking advantage of them. In cases where the community organizations track usage of their open networks, there seems to be relatively few takers.<sup>9</sup> Anecdotal evidence indicates that the main users of these community networks are the wireless community members themselves (Sandvig, 2003). Nevertheless, these networks are playing an important role in the emerging ecology of Wi-Fi. If nothing else, they represent a clear disincentive for investments in commercial hotspots operations.<sup>10</sup> Moreover, much like in the case of radio amateurs in the 1910s, wireless enthusiasts have made significant improvements to the reach and functionality of Wi-Fi networks, including routing protocols for mesh networks, authentication tools, and the real-life testing of signal propagation and interference problems.<sup>11</sup>

Somewhat surprisingly, coordination among the various community wireless groups has been relatively limited, with different groups often duplicating efforts in terms of basic access provision over the same area or development of competing software protocols. However there are recent signs of increased cooperation to pursue common policy goals (e.g., availability of unlicensed spectrum) as well as technical cooperation.<sup>12</sup> There are also grassroots efforts to connect small local networks to share backhaul capacity and exchange traffic in a mesh-like architecture. For example, the Consume project is a London-based collaborative effort to peer community Wi-Fi networks. The group has developed a model contract for cooperation called the Pico Peering Agreement, which outlines the rights and obligations of peering parties (in essence, it is a simplified version of existing peering agreements between Tier 1 backbone operators).<sup>13</sup>

Much like in the case of open source software, wireless community efforts are based on the voluntary spirit of like-minded (and technically-proficient) individuals who agree to

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<sup>9</sup> See for example the usage statistics of Seattle-wireless at <http://stats.seattlewireless.net>.

<sup>10</sup> Verizon cites the availability of free wireless access in several areas of Manhattan as the reason why it decided to offer free Wi-Fi access to its existing DSL customers.

<sup>11</sup> It is interesting to note that the notorious Pringles “cantenna” used by many Wi-Fi enthusiasts has a precedent in the history of radio, for early radio amateurs often used Quaker Oats containers to build radio tuners.

<sup>12</sup> It is worth noting that the inaugural National Summit for Community Wireless Networks was held in August 2004.

<sup>13</sup> Available at [www.picopeer.net](http://www.picopeer.net).

provide free access or transit across their network. While simple contracts such as the Pico Peering Agreement might prove useful for peering among small community networks, more complex financial and legal arrangements are likely to be needed for scaling-up the current patchwork of community access points into a larger grid that provides a true connectivity alternative for those limited technical expertise and for local institutions with more complex service demands. Yet, while the impact of wireless community initiatives has yet to match that of the open-source movement, experimentation with cooperative models for the deployment and management of WLANs has excitingly opened new possibilities for network deployment at the local level.

#### b. Municipal governments

A second category of non-traditional actors that are increasingly engaged in building and managing wireless broadband networks are municipal governments. This is certainly not the first time in U.S. history that municipalities are engaged in the deployment of telecommunications networks or the provision of services (see Gillett, Lehr, and Osorio, 2003). Yet the advances in wireless technologies discussed above have created a more attractive environment for local government involvement in the provision of wireless broadband services, particularly among those communities neglected or poorly served by traditional broadband operators (notably cable and DSL providers). The impetus is particularly strong among communities where municipally-owned public service operators are already present – for example, among communities with Municipal Electric Utilities – for the existing resources (such as trucks and customer service and billing systems) significantly lower the cost of municipal entry into broadband wireless services. In pursuing these deployments, municipal governments have a considerable advantage over commercial entities or community groups: they control prime antenna locations in the form of light posts and traffic signs, all of which have built-in electrical supply that can serve to power wireless access points.

The number of cities deploying wireless broadband networks has been growing very fast in recent years. According to one estimate, as of June 2004 there were over 80 municipal

Wi-Fi networks in the U.S. and the EU, with more in the planning stages in large cities such as Los Angeles and Philadelphia.<sup>14</sup> The scale, architecture, and business models of these municipal networks vary widely. Some municipalities are simply building so-called “hot zones” (essentially a small cluster of public access points) along downtowns, shopping districts, and public parks. By providing free Wi-Fi access, these cities hope to help attract businesses to these areas, boost customer traffic, or lure conference organizers to their convention centers by making it easy for conference-goers to stay connected. This was for example the explicit goal behind the launch of free Wi-Fi access by the city of Long Beach, CA in its downtown, airport and convention center areas.<sup>15</sup>

A more ambitious model involves generally small municipalities that seek to deploy city-wide wireless broadband to service government buildings, mobile city workers, security and emergency services. This is for example the case of Cerritos, CA, a small Southern California community without cable broadband and only limited access to DSL services. The city partnered with wireless access provider Aiirmesh to offer access to local government workers (in particular mobile employees such as city maintenance workers, code enforcement officers and building inspectors), while at the same time allowed the company to sell broadband services to Cerritos’ residents and businesses. Similar public-private partnerships are mushrooming in a number of small and mid-size U.S. cities, including Lafayette, LA, Grand Haven, MI, Charleston, NC, and others.<sup>16</sup>

A significant number of these municipal networks use a mesh architecture: rather than connecting each Wi-Fi base station to the wired network, as in the case of residential access points or commercial hotspots, devices relay traffic to one-another with only a few of them hard-wired to the Internet. They are programmed to detect nearby devices and spontaneously adjust routing when new devices are added, or to find ways around devices that fail. Municipalities have an inherent advantage in pursuing a mesh architecture since

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<sup>14</sup> Muniwireless.com First Anniversary Report (June 2004). Available at [www.muniwireless.com](http://www.muniwireless.com).

<sup>15</sup> Interviews with Chris Dalton, City of Long Beach Economic Development Office, February 6, 2004 (see also John Markoff, “More Cities Set Up Wireless Networks”, New York Times, January 6, 2003). It is also worth noting that during our visit to downtown Long Beach we detected several private access points open for public use.

<sup>16</sup> For descriptions of these municipal wireless projects in the U.S. and elsewhere see <http://www.muniwireless.com>.

as noted they control a large number of prime locations for antenna locations, such as light posts, traffic signs or urban furniture, dispersed through the city and equipped with power supply. A prominent example is Chaska, MN, a city of less than 20,000 where the municipal government built a 16-square miles mesh network and operates the service on the basis of an existing municipal electric utility.

Municipal wireless networks drew little controversy when confined to small cities or communities underserved by major broadband operators, or when these initiatives primarily addressed the needs of government employees. Yet, as soon as larger municipalities announced plans to build metropolitan area networks (MANs) that would cover large geographical areas, the debate over the proper role of local governments in the provision of wireless broadband erupted, and incumbent operators swiftly sought legislation blocking municipal Wi-Fi projects. The theoretical case in favor of local government provision of wireless broadband rests on three key assumptions: first, that broadband access is part of the critical infrastructure for communities to prosper in economic and social terms; second, that for a variety of reasons market forces cannot adequately fulfill the demand for broadband access within the community (for example, because externalities prevent private operators from fully capturing the benefits of widespread broadband access); and third, that under these circumstances local governments can run wireless networks and deliver these services (either directly or under a franchise agreement) more efficiently than private firms (Lehr, Sirbu, and Gillett, 2004).

While the first assumption seems plausible, the other two depend on a number of specific circumstances that prevent overarching generalizations (such as those typically made on both sides of the debate). In communities underserved by existing broadband operators, there is clearly a role for local governments to play in spurring the availability of broadband at competitive prices. This is particularly the case when other municipal utilities already exist, so that economies of scale and scope can be realized in the provision of a bundle of government services (e.g., electricity, water, broadband). At first glance, the market failure rationale is less convincing for areas where a competitive

broadband market exists, although even in these cases it is entirely possible to argue for a limited government role in the provision of wireless broadband (for example, in running the fiber backhaul, in specialized applications for government operations, or in conjunction with economic development projects). Ultimately, a better understanding of the potential costs and benefits of municipal wireless initiatives under different contexts is needed to allow conclusions about the appropriate role of local government in the wireless broadband environment.

### c. Wireless ISPs

A third category of new actors taking advantage of the properties of new WLAN technologies are the Wireless Internet Service Providers (WISPs.) These are new for-profit companies providing internet services to residential and business customer over wireless networks, including internet access, web hosting, and in some cases more diverse services such as virtual private networking and voice over IP. Over the past two years, the FCC has taken a keen interest in WISPs, seeing them in particular as a way to bring broadband internet access to rural areas. This regulatory support is further strengthened by rural development funding programs, such as the USDA's Community Connect Grant Program aimed at providing "essential community facilities in rural towns and communities where no broadband service exists."<sup>17</sup> In November 2003, the FCC held a *Rural Wireless ISP Showcase and Workshop* to "facilitate information dissemination about Rural WISPs as a compelling solution for rural broadband service."<sup>18</sup> In May 2004, FCC Chair Michael Powell announced the creation of the Wireless Broadband Access Task Force, to recommend policies that could encourage the growth of the WISP industry.

In the U.S., WISPs are present in a diversity of communities ranging from large cities (like *Sympel, Inc* in San Francisco or *Brick Network* in St Louis), to rural towns (like *InvisiMax* in Hallock, MN). However, their impact is perhaps most significant in rural

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<sup>17</sup> See <http://www.usda.gov/rus/telecom/commconnect.htm>.

<sup>18</sup> See <http://www.fcc.gov/osp/rural-wisp/>

and small towns, where they are often the only broadband access solution. While there is much enthusiasm about this new segment of the ISP industry, little information is available.<sup>19</sup> Different sources cite widely divergent numbers of WISP providers. In September 2003, analysts In-Stat/MDR estimated there were “between 1,500 and 1,800 WISPs” in the U.S.<sup>20</sup> During the *Wireless Broadband Forum* held in May 2004 by the FCC, Margaret LaBrecque, Chairperson of the WiMax Forum Regulatory Task Force claimed there were “2500 wireless ISPs in the U.S. serving over 6,000 markets.”<sup>21</sup> At the same meeting, Michael Anderson, Chairperson of part-15.org, an industry association for license-free spectrum users, said there were “8,000 license-exempt WISPs in the United States actively providing service”<sup>22</sup>, most of them serving rural areas. The FCC’s own Wireless Broadband Access Task Force puts that number at “between 4,000 and 8,000.”<sup>23</sup> While these numbers obviously lack precision, they are also strikingly large. Considering there are about 36,000 municipalities and towns in the U.S., of which the large majority are small (29,348, or 82%, have less than 5,000 inhabitants; 25,369, or 71%, have less than 2,500 inhabitants)<sup>24</sup>, and considering that there are several WISPs serving more than one community (Table 1), the coverage that this new breed of access providers are providing in rural and small communities is remarkably extensive.

The small scale of these operators is illustrated in Table 1. While the larger WISPs serve less than 10,000 subscribers, the majority of them are mom-and-pop operations serving only about 100 customers each.<sup>25</sup> This indicates an extremely fragmented industry structure, largely resulting from very low entry costs: with an upfront investment as low as US\$10,000 in off-the-shelves equipment, a small entrepreneur can build a system able

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<sup>19</sup> The authors gratefully acknowledge research help from Namkee Park, USC, in tracking down some of the available information.

<sup>20</sup> Cited in Bob Brewin, “Feature: Wireless nets go regional,” *CIO*, September 14, 2003.

<sup>21</sup> Transcript of the FCC Wireless Broadband Forum (5/19/2004), p. 63. Available at: [http://wireless.fcc.gov/outreach/2004broadbandforum/comments/transcript\\_051904.doc](http://wireless.fcc.gov/outreach/2004broadbandforum/comments/transcript_051904.doc).

<sup>22</sup> *Ibid.* at p. 89.

<sup>23</sup> “Connected on the Go: Broadband Goes Wireless”, Wireless Broadband Access Task Force Report, FCC, February 2005, p.5.

<sup>24</sup> *2002 Census of Governments*, at <http://www.census.gov/govs/www/cog2002.html>

<sup>25</sup> Stephen Lawson, “Wi-Fi brings broadband to rural Washington,” *NetworkWorldFusion*, 08/23/04.

to serve about 100 customers, with a payback ranging from 12 to 24 months.<sup>26</sup> In fact, many WISPs have been started by frustrated customers fed up with the difficulty of getting affordable high-speed connections in their small communities, and who decide to front the cost of a T1 connection and spread that cost by reselling the excess capacity to neighbors over wireless links.<sup>27</sup> However, one common problem is the availability of T1 lines (or comparable) for backhauling traffic. Unlike urban ISPs, many WISPs have to pay additional long-haul charges to interconnect with Internet POPs located in major cities, which raises provision costs significantly.

**Table 1: "Top 10" Wireless Internet Service Providers**

Headquarters	Wireless ISP	Subscribers	Communities served
Omaha, NE	SpeedNet Services, Inc.	7,000	235
Prescott Valley, AZ	CommSpeed	4,579	-
W. Des Moines, IA	Prairie iNet	4,001	120
Amarillo, TX	AMA TechTel Communications	4,000	-
Erie, CO	Mesa Networks	3,000	-
Moscow, ID	FirstStep Internet	2,709	16
Lubbock, TX	Blue Moon Solutions	2,000	-
Owensboro, KY	Owensboro Municipal Utilities	1,550	-
Orem, UT	Digis Networks	1,516	-
Evergreen, CO	wisperTEL	1,000	31

Source: Broadband Wireless Magazine (at <http://www bbwexchange.com/top10wisps.asp>, as of 2/23/05) and company data.

The WISP sector is an infant industry, with most players entering the market in the last three years. The availability of both private and public financing, coupled with the slow roll-out of broadband by traditional carriers in most rural and small communities, has fueled the remarkable growth of this segment. For the moment, there seems to be significant demand from customers, and ample policy support, to sustain the current growth rates. Yet, at least two factors call for attention. The first is the entry of traditional

<sup>26</sup> See for example "How Much Does a WISP Cost?", Broadband Wireless Exchange Magazine at <http://www bbwexchange.com/turnkey/pricing.asp>.

<sup>27</sup> As *Part-15.org* Chairman (and CIO of WISP PDQLink) Michael Anderson recalls, "I think most of the WISPs, the licensed exempt guys, the smaller, less than 10 employees, 100 miles from any metropolitan area, those guys, for the most part, started their business because of the frustration of not having the availability of broadband in their areas, which makes them either suburban or rural. I think in '98, '97, when I started wireless from ISP, I had the same frustrations. I was paying U\$1700 a month for a T-1 at the office and four blocks away at my home the best I could hope for was a 288kb/s connection". Transcript of the FCC Wireless Broadband Forum (5/19/2004), p. 117.



wired broadband providers, such as cable operators and telcos, who in several cases have come to rural areas to challenge WISPs with lower priced offerings. The second is the long-term sustainability of these small-scale operations which often depend on a few larger customers. In early days of telephony, grassroots efforts were also critical to extend telecommunications to rural America, yet after a wave of consolidation in the early 20<sup>th</sup> century only a few remained independent (Fischer, 1992). While new WLAN technologies have similarly spurred a new generation of small telecom entrepreneurs, it remains to be seen how sustainable these networks will be in the long run.

#### 4. Conclusion

David (2002) has aptly described the Internet as a fortuitous legacy of a modest R&D program which was later adapted and modified by various economic and political actors to perform functions never intended by its pioneers. Wi-Fi has similarly emerged from a rather modest experiment in spectrum management launched by the FCC in 1985 that has unexpectedly resulted in the proliferation of local wireless networks in homes, offices, and public spaces. Much like the Internet challenged traditional telecom networks, with this new architecture comes a new distribution of control over wireless networks. However fast new wireless technologies evolve, this will be an evolutionary process whereby various stakeholders, not simply equipment manufacturers and incumbent carriers but also local governments, start-up providers and especially end-users, will interact to shape the technology in different ways. While some battles will be market-driven, other will take place in the courtrooms, in regulatory agencies, and within standards-setting organizations. Having outgrown their original purpose as an appendix to the wired infrastructure, Wi-Fi networks now stand at a critical juncture, for they embody technical possibilities of potentially disruptive character, and yet it is in the decisively social realm of economic and political interactions that their future is being cast.

With tens of millions units sold in just a few years, there is now a critical mass of Wi-Fi radios in the environment. All signs point to the continuation of this trend in the coming few years: Wi-Fi devices are becoming very cheap and embedded in a wide array of consumer devices, from cell-phones to televisions, appliances and cars. Once density reaches a certain threshold, the traditional deployment architecture and models of control will need to be revisited, for the system is likely to reach capacity as too many devices compete for scarce resources such as frequencies and backhaul links. This will inevitably lead to regulatory battles about how to reform the existing legal edifice for wireless communications, largely based on the broadcast model of a few high-power transmitters connecting to numerous low-power, limited-intelligence devices. The ongoing debate between unlicensed vs. property rights-based models of spectrum management illustrates this point.

One of the central questions for the evolution of WLANs is whether the large, and fast growing, number of radio devices in the environment could be coordinated differently to create a fundamental challenge to existing networks. We believe we are fast approaching a point where this might happen, because of two related developments. The first is the bottom-up dynamics associated with Wi-Fi deployment discussed in this paper. As households, grassroots community groups, small entrepreneurs and local institutions build their own networks, the incentives will increase to share resources, reach roaming or peering agreements, and devise new cooperative mechanisms to manage this decentralized wireless infrastructure as a public grid.

The possibility to do just that is tied to the second development, the recent emergence of open-source mesh protocols that can knit together neighboring Wi-Fi devices into a single network. At this point, mesh technology has been worked out for centrally deployed network devices, and much technical work remains to be done for ad-hoc mesh networks to become a reality. Nonetheless, as with other technologies, experimentation by users and corporate R&D will eventually result in a workable solution. More challenging, however, will be to create new organizational arrangements to manage the wireless grid. As noted, because it was conceived under assumptions drawn from an

earlier generation of wireless technologies, the existing regulatory regime limits the growth of and stifles experimentation with bottom-up WLAN deployment. Revisiting these assumptions is a necessary step to allow these exciting new ways of building and running networks to flourish.

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