



OPPORTUNITY INDIANA  
TESTIMONY & REPORT EXCERPT,  
JUNE 1993

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Q15. Is it important to deploy advanced telecommunications capabilities across Indiana's rural communities as well as urban areas?

- 1 III. THE BENEFITS OF AN ADVANCED TELECOMMUNICATIONS
- 2 INFRASTRUCTURE
- 3 - The Emerging Role of Telecommunications in Eco-
- 4 nomic Development, Business Attraction and Busi-
- 5 ness Retention
- 6 - The Impact of Telecommunications on the Quality
- 7 and Cost-Effectiveness of the Delivery of Educa-
- 8 tional Instruction
- 9 - The Impact of Telecommunications on the Quality
- 10 and Cost-Effectiveness of the Delivery of Health
- 11 Care
- 12 - Opportunities to Leverage Telecommunications to
- 13 Benefit Other Public Interests:
- 14 . Telecommuting
- 15 . Public Safety
- 16 . Special Needs Groups
- 17 . Libraries and Information Services
- 18 . The Criminal Justice System



1 tions. For instance to sell products to WalMart  
2 or Sears, a company uses Electronic Data Inter-  
3 change ("EDI"), a form of online inventory con-  
4 trol. . . . Implementing these practices into  
5 the small business sector in Illinois can have  
6 exponential returns for the economy of our  
7 state. . . . In short, as we move to a global  
8 economy, nowhere is the access to complete and  
9 accurate information more important than in the  
10 small business community.

11 The Illinois report tends to validate my own conclusions  
12 regarding the continued growth of small business, the tra-  
13 ditional growth engine of our economy, which dictates that  
14 advanced telecommunications services and capabilities, in-  
15 cluding broadband transport, must be available.

~~16 Q15. Is it important to deploy advanced telecommunications ca-  
17 pabilities across Indiana's rural communities as well as  
18 urban areas?~~

19 A15. Yes. Traditionally, lower population density and diffi-  
20 cult terrain have delayed the rate of technology innova-  
21 tion in telecommunications services to rural areas because  
22 of the practical effects of higher investment costs and  
23 lower economies of scale, fewer potential savings in oper-  
24 ating costs or lower new revenue sources. However, as the  
25 economy of the United States and Indiana increasingly  
26 shifts from a goods-producing base to a more information-  
27 intensive, services-producing base, advanced telecommuni-  
28 cations services and capabilities will be increasingly im-



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1           portant for rural communities. Without the deployment of  
2           advanced services and capabilities, rural areas may be  
3           less attractive to information-intensive businesses. The  
4           absence of advanced communications services and capabili-  
5           ties could overshadow the many other benefits of rural lo-  
6           cations.

7           My conclusions regarding the special considerations and  
8           sensitivities to rural areas and the role of telecommuni-  
9           cations in their future economic development was echoed by  
10          Dr. Edwin B. Parker in his article, "Communications In-  
11          vestment to Promote Economic Development," which was in-  
12          cluded in the publication *Infrastructure Investment and*  
13          *Economic Development - Rural Strategies for the 1990s*.  
14          Dr. Parker noted that:

15                   Rural America is following urban America into an  
16                   "information age" in which a wide variety of in-  
17                   formation services is an increasingly critical  
18                   factor of production for all businesses. Two  
19                   results of the increase in information services  
20                   in the national economy are productivity gains  
21                   in traditional businesses stemming from their  
22                   enhanced use of information processing and a  
23                   growth of information-based services businesses.  
24                   Rural America must follow or be left out of the  
25                   expansion of information services markets and  
26                   left noncompetitive in other nations and global  
27                   markets. Information services markets, particu-  
28                   larly producer and export services such as tele-  
29                   marketing and financial services sold to other  
30                   businesses and regions, are a most promising  
31                   growth area. With the availability of appropri-  
32                   ate telecommunications infrastructure, those  
33                   services can be located in rural areas as well



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1 as urban areas without typical rural penalty of  
2 higher transportation costs to market.

3 Additionally, in a recent report by the Aspen Institute,  
4 "Electronic Byways: State Policies for Rural Development  
5 Through Telecommunications," researchers corroborated my  
6 earlier conclusions regarding the role of telecommunica-  
7 tions in economic development by evaluating how telecommu-  
8 nications policy can remedy many of the rural economic de-  
9 velopment issues. The basic theme of the report can be  
10 best summarized by the following statements:

11 If only to provide an equal footing, rural busi-  
12 ness must use modern technology to place orders  
13 with distant suppliers, access information from  
14 outside data banks, learn about distant market  
15 trends and reach wider markets themselves.

16 Telecommunications services are only one part of  
17 a multifaceted strategy for rural development.  
18 Laying fiber optics across the desert will not  
19 make it green. But the absence of modern  
20 telecommunications services will block economic  
21 development at any oasis.

22 The article by Dr. Parker and the Aspen Institute report  
23 reaffirm my own conclusions regarding the importance of  
24 telecommunications to rural areas from a macroeconomic  
25 perspective. This is true not only on a national scale,  
26 as is evidenced by the Aspen Institute study, but also  
27 within Indiana's Great Lakes region. For example, the  
28 Council of Great Lakes Governors held a workshop in late  
29 1991 entitled "Great Lakes Telecommunications: Rural Op-  
30 portunity Regional Advantage" and also commissioned a



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1 study which supports my own findings and conclusions. The  
2 results of the study were designed to assist the Council  
3 in deliberations on the role that telecommunications can  
4 play in cooperative efforts for the economic development  
5 of the region. The study reaffirms my conclusions regard-  
6 ing the importance of an advanced telecommunications in-  
7 frastructure as noted below:

8 There can be very little doubt that technology  
9 will change the way we communicate with each  
10 other in the next century. Along with new, pow-  
11 erful, small and smart technology will come new  
12 services and enormous change in the ways we or-  
13 ganize our lives and our business. Access to  
14 state of the art telecommunications infrastruc-  
15 ture may be critical to successful competition  
16 in the global marketplace, increased productiv-  
17 ity, and access to new customers.

18 Additionally, with the advent of increasingly open markets  
19 and the pressures of national and international competi-  
20 tion, many goods-producing businesses located in rural ar-  
21 eas within the Great Lakes Region are now utilizing  
22 telecommunications technologies to remain competitive. An  
23 example that demonstrates my conclusions is the Eaton Cor-  
24 poration in Cleveland, Ohio. Eaton Corporation is an in-  
25 tensive user of telecommunications, including teleconfer-  
26 encing, satellite transmissions over wide area networks,  
27 and electronic data interchange with customers and suppli-  
28 ers. To capitalize on lower costs, many of its manufac-  
29 turing plants are located in rural areas. Small communi-