

Global Reach:

U.S. Virgin Islands Telecommunications

A technology friendly government and significant infrastructure investments are driving the islands' future

By Tom Bolt

The United States Virgin Islands possesses significant economic growth potential in telecommunications. Located almost equidistant between North and South America, the territory is uniquely positioned in the Caribbean. St. Croix, in particular, offers high-quality, broadband telecommunications and data transmission

capabilities because of the multi-directional fiber-optics network developed by Global Crossing. The existing infrastructure and broadband capability provides St. Croix with a strategic advantage for the development of a thriving e-commerce and information technology industry.

Innovation and expanding the territory's global reach in telecommunications is not new to "America's Paradise." One of the world's first and most gifted telecommunication entrepreneurs, Sosthenes Behn, was born on St. Thomas, Danish West Indies, in 1882. This native Virgin Islands tycoon began his business career in 1898 in nearby Puerto Rico, where he operated a small sugar brokerage house. In 1914, the globally minded Behn launched his telecommunications career by buying a bankrupt Puerto Rican telephone company which became the multinational conglomerate, International Telephone & Telegraph Corporation.

With an eye toward coupling the Virgin Islands federally authorized tax incentives, which include a 90% exemption from federal tax and a complete exemption from other local taxes, with the tremendous Global Crossing telecommunications pipeline, leaders in government, the University of the Virgin Islands (UVI), and the private sector came together a decade ago to tackle the territory's economic and workforce development challenges. They foresaw the potential economic benefits arising from a facility that would foster a growing, knowledge-based sector in the territory's economy. Today, the Virgin Islands Research and Technology Park (RTPark) on the St. Croix campus of UVI is becoming a global center for telecommunications, e-commerce and technology. With a focus on providing an environment for research and development and incubation of technology-driven business, they are confidently moving forward, bolstered by tough U.S. intellectual property laws and local tax incentives.

David Zumwalt, Executive Director of the RTPark noted, "Our overriding goal has been, and continues to be, securing additional knowledge-based businesses for the territory. The RTPark now has 15 active tenants serving diverse, globally competitive markets, another seven have approved or pending applications, and there are a number of prospective applicants."

RTPark tenants may set up office anywhere in the U.S. Virgin Islands, but they are required to utilize RTPark's campus and engage in workforce investment and development. RTPark's \$13.5 million building project is designed specifically to address the growing need for collaborative spaces. It's on schedule to be completed in January 2013.

"We are demonstrating progress towards attracting new business to the territory, and showing evidence of our commitment to promoting entrepreneurship and workforce development, especially in light of current economic challenges," Zumwalt said.

Another aspect of the territory's global reach in telecommunications encompasses President Obama's vision to build a nationwide broadband network that will provide the infrastructure for sustained economic growth by creating new jobs and industries, providing consumers with new sources of information, enhancing the nation's safety and security, and connecting communities.

The President has called this broadband initiative the modern day equivalent of building the transcontinental railroad or the interstate highway system.

Under the direction of Virgin Islands Governor John P. deJongh, the Virgin Islands Public Finance Authority applied for and received a federal grant to fund the construction of a high speed broadband network throughout the territory.

The VI Next Generation Network (viNGN) will allow the Virgin Islands to move its economy into the 21st century, create new jobs and opportunities for small businesses, attract high-tech industry and improve local initiatives such as health care, education, public safety, and energy efficiency.

Innovative Communications Corporation and its subsidiary, VITELCO, are in the second year of a four-year modernization plan. Innovative

is investing \$78 million in a new hybrid coaxial cable and fiber-optic network for its telephone, cable and internet service. While the modernization plan has a completion date of 2015, Seth R. Davis, President and CEO said the company is trying to finish sooner. Davis said that to move the project along swiftly they will utilize a new hybrid system on Innovative's existing poles, although the company plans to bury most of the fiber-optic cables underground.

"At the end of the day, customers will get crystal clear telephone service and truly high-speed Internet service," says Jennifer Matarangas-King, Innovative Vice President for Public Relations.

The territory's newest telecommunications company, Choice Wireless, offers services for wireless telephone and internet. Choice's strategy for expanding its customer base includes taking advantage of the federally authorized Universal Service Fund and a recent ruling from the Virgin Islands Public Service Commission which mandated local number portability allowing landline customers to transfer their number to their wireless phone.

"Our residential internet service is one-of-a-kind: We are the only residential 4G service provider with state of the art WiMax technology," states Choice Wireless. "Our ubiquitous CDMA service provides unparalleled coverage on all three islands and surrounding water ways. We also provide solutions for the business community through advanced fixed and multi-point access services."

Within the past year, the territory enacted comprehensive wireless telecommunications legislation and regulations which encourage colocation of wireless providers and a network of smaller towers.

AT&T of the Virgin Islands, the territory's largest provider of wireless telecommunications, has taken the lead in utilizing this new law by investing more than \$24 million in wireless and wired network upgrades including activation of new cell towers to improve coverage, deploying faster connections to enable 4G speeds, and adding spectrum capacity to support additional traffic. With additional upgrades, including deployment of new Wi-Fi hot spots and backbone network connections, AT&T is driving investment and innovation across the territory.

"We're working to build a 4G network that's smarter and better to provide our customers with a superior mobile Internet experience," said Ray Flores, AT&T Puerto Rico & United States Virgin Islands Regional Vice President, Legislative & External Affairs. "The ongoing investment we're making across the territory is designed to increase 4G coverage, reliability and speed. We also continue to invest in technologies like Wi-Fi and DAS to help provide customers with the best connections when they want it, whatever they're doing."

With the substantial investment in infrastructure and e-commerce-friendly legislation, United States Virgin Islands telecommunications are poised to attract new business and industry to the territory. The global reach of the Territory's telecommunications continues the proud tradition set by Sosthenes Behn almost one hundred years ago.