

As Seen On:



Comcast Broadband Deal Offers Few Benefits to Consumers

By Khan Klatt

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Consumers are stuck between failing or troubled DSL providers on one side and cable services provided by lethargic, complacent monopolies on the other.

Can things get any worse? First, the entire economy takes a nosedive. The plunge was led by the technology industry and accompanied by the financial troubles or failures of a slew of broadband outfits such as Exodus and Covad.

Then the new U.S. administration's Justice Department tries to give Microsoft (Nasdaq: MSFT) a minor slap on the wrist, with only a holdout by the states to keep consumers' interests in the game.

Now, with the imminent sale of AT&T's (NYSE: T) cable and broadband unit to Comcast (Nasdaq: CMCSA), the technology industry will take yet another unfortunate step toward consumer hell.

Let's face it, the market has failed the broadband customer, and this latest development is simply adding insult to injury. Some have hailed this arrangement between AT&T and Comcast as a major coup for Microsoft, giving it the opportunity to deploy its software and services to consumers.

Don't Forget!

Have we already forgotten that the antitrust trial proved Microsoft harmed those very same consumers with an illegal monopoly? Is this the remedy we were looking for?

Then there's the consumer-friendly AT&T Broadband. Never mind its pseudo-monopoly in the areas where it has the exclusive access to the cable networks owned by towns and cities nationwide. Never mind its unwillingness to do what's best for its customers by proactively acting before Excite@Home disconnected its customers.

While putting a high priority on advertising, AT&T Broadband misfires when it comes to actually coming through on promised services. Take, for example, its lackadaisical attitude towards network upgrades.

I live in Bellevue, Washington, literally next door to Microsoft's headquarters in Redmond. In Bellevue, AT&T Broadband promised that new services were just three months away from being available. But this went on for not less than three years!

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False Hope

Imagine my excitement when the news, as well as the AT&T trucks in my neighborhood, indicated that AT&T was upgrading the city's cable network. Of course, the reason for this upgrade was the risk of losing a US\$10 million bond that the city offered to AT&T as an alternative to losing its charter.

Well, the upgrade is complete (evidenced by the fact that my TV channels increased from 30 channels to 90), but I still can't order AT&T Broadband Internet services. AT&T told me it is waiting for regulatory approval from the city (an unlikely story), and the city claims it is a matter of adding the newly connected residences to Excite@Home's database.

Of course, when Excite@Home shut off its service to AT&T customers, AT&T migrated its Washington customers over to its own network in less than 48 hours. So why did it take them more than 60 days to actually turn on service to the newly wired community?

He Said/She Said

I am told the city does not have regulatory authority over the kinds or types of services AT&T provides. AT&T could upgrade its networks and then decide it never wants to roll out broadband Internet or local telephone service in Bellevue.

The City tells me, "The City of Bellevue's efforts are directed at forcing them to do the necessary upgrade in Bellevue so that they are able to deliver these services; then we are confident they will."

In other words, all the city can do is threaten them with the loss of their charter, which would encourage them to upgrade the network. Once the network is upgraded, they hope that the expense of the upgrade would encourage AT&T to actually provide broadband services -- but there's no guarantee they would ever do so.

Pardon me, then, if I ponder that this recent deal does nothing for the consumers who are stuck between failing or troubled DSL providers on one side and cable services provided by lethargic, complacent monopolies on the other.

The Cold War

During the cold war, economists classified countries as being first-, second-, or third-world countries, which did a fairly accurate job of describing citizens' access to basic human needs including shelter, sewage and clean water, as well as to infrastructure including telecommunications services, hospitals and transportation systems.

The AT&T-Comcast deal will do nothing to improve the dismal situation that consumers face in getting access to broadband services in the United States.

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Last Resort

I'm afraid the last resort of government regulation won't succeed in forcing companies to innovate and roll out technologies and services to consumers, either. After all, the regulation of telecommunications and DSL markets hasn't produced any kind of consumer panacea.

Our only hope for sanity is to resign ourselves to thinking of the U.S. broadband arena as a third-world market.

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