

Broadband on a Budget



A thrifty telecom profits from bringing affordable Internet access to one of New York's poorest neighborhoods.

DOUg FRAZIER IS ONE OF URBAN COMMUNICATIONS Transport's most dedicated customer service reps. When he's not fielding phone calls, you might find him installing DSL service in South Bronx apartment buildings. Frazier also happens to be Urban's co-founder, and he's on a mission to bring affordable Internet access to one of New York City's most impoverished areas. "These kids can't compete without the education, insight, and opportunities available online," Frazier says amid towers of set-top boxes and servers stacked in his cramped office. "The South Bronx has an Internet gap, and without access, they're not in the game."

That's where Urban comes in. The company offers cut-rate triple-play DSL service—that is, Internet, television, and phone—to residents of the struggling neighborhood. Frazier and his business partner, Stuart Reid, both of whom grew up in housing projects and are now in their 50s, want to shrink New York's digital divide while carving out a tidy business for themselves. "We see capitalism as a way of changing things," Frazier says.

To profit from their social goals, Frazier and Reid have structured Urban to keep costs low. They employ just 10 full-time workers and hire locals as contractors. The founders themselves handle accounts and occasionally answer customer service calls. A mix of technologies like VDSL—turbocharged DSL—and IPTV lets Urban run services through a building's existing infrastructure without costly wiring upgrades or repairs. Customers own rather than lease their "super modem" set-top

boxes, so Urban doesn't have to keep track of the hardware. The upshot: Triple-play service costs just \$99 a month, stand-alone Internet \$14.95. Compare that with the average New York monthly rate of \$30 to \$40 for Internet access alone.

Frazier and Reid, who both hold psychology degrees, founded Urban in 1984 as a cable-TV installation firm. Urban's status as a minority-owned company with a track record of providing services to previously untouched housing projects helped it win one of just four "high-speed telecommunications" franchises from New York City in 1993. When partnerships with Bell Atlantic and AT&T fell through, Urban was forced to go it alone. The company decided to use its own products to target the underserved South Bronx market, home to about 22,000 public housing apartments. Since 2002, Urban has installed high-capacity lines running from its offices to 68 local apartment complexes, Reid says. From there, service is routed to individual apartments.

Its low-cost service has made it tougher for Urban to truly thrive. Still, Reid says the company's revenue grew 25 percent in 2005, and he expects it to double this year.

Wi-Fi is one of several new businesses Urban is pursuing. It has also signed an agreement with KeySpan Communications to provide Urban's triple-play service to other tech-deprived neighborhoods. Says Frazier, "A niche for the big guys is a bonanza for us." — MICHAEL MYSER

ON THE JOB Reid, left, and Frazier keep Internet service cheap by helping to install DSL connections themselves.