
MEMORANDUM

SUBJECT: WIRELESS PHILADELPHIA

Background

Local governments throughout the United States have been toying with the idea of providing internet access to their residents. This has taken place because of the growing demand for internet access and the decrease in cost in providing the service. Some local municipalities have provided wireless connections because of the lack of private companies being able to provide internet to some areas. Philadelphia created a plan to create a Wi-fi network for all residents of Philadelphia that would specifically focus on providing internet access to small business and lower to middle income households that could not afford the rates of the private providers. The city would provide this access by creating a nonprofit organization, Wireless Philadelphia that would help manage and oversee the wireless program.

Key Issues and Recommendations

Throughout the process of trying to establish a wireless network, Wireless Philadelphia was faced with some major issues relating to the long term success and sustainability of the program. These included Wireless Philadelphia's role in providing internet, managing relationships with private sector contractors and the risk that the project would have on the city of Philadelphia financially.

Should government be responsible for providing internet services?

Dianah Neff, chief information officer for the city of Philadelphia believed that the city had the responsibility to fill a failure of the internet market by providing low-cost internet access to its residents. Often when the market is failing or there is room for improvement government and non-profit organizations will capitalize on these opportunities by creating new agencies or organizations to complete the gaps of the private sector (Rosen & Gayer, 2007). Through Wireless Philadelphia's establishment as a non-profit organization and its close relationship with the City it was believed that they would be creating competition in the marketplace. However at this time the Philadelphia area had ample choices in internet providers. This could lead to an over saturation of the market and could possible create a duplication in service as other internet providers had been focusing on the same specific demographics that Wireless Philadelphia has wanted to target. Within the nonprofit sector the concept of duplication of services has become more and more prevalent due to the vast numbers of nonprofit organizations continuing to be established throughout the country (Rauch, 1999). This factor relates to whether the city should or should not be providing a service if the reality is that the private sector really is not failing. Wireless Philadelphia also represents the concept of devolution of government (Stillman, 2005). Government services are being contracted out more and more on one of the beliefs that they are inefficient in providing the service and the private sector and nonprofit can provide the service for a cheaper price. The Wireless Philadelphia plan however would place local government in a role of trying to provide a private good.

Recommendation: The city of Philadelphia should not rush to establish their place in the internet market. First, they should determine whether or not their services are really needed. Though there had been some surveys completed and focus groups relating to the topic, a specific analysis should take place. This would involve another survey to the residents of Philadelphia. The

survey could either be mail or phone. The survey could include finding out what type of internet service they used if any, what they used the internet for, how much they paid on average, would they be willing to switch to a government operated provider, did they feel that government should be responsible for providing internet. Through these questions that would better understand if there was a need for the type of service that they wished to provide (Fowler, 2001).

Will Wireless Philadelphia be able to manage private sector specialists?

Wireless Philadelphia would not operate as a typical nonprofit organization but as a hybrid by partnering with private sector specialists in providing the direct services. Goldsmith and Eggers (2004) discuss that by governing through networks government “combines the high level of public-private collaboration of third-party government with the robust network management capabilities of joined-up government, and then using technology to connect the network together and give citizens more choices in service delivery options” (p.19). After examining the Business Plan Assumptions (Exhibit 11) it appears evident that in order for the organization to be successful that they must be able to create a strong relationship with the private group providing the services. With the constant technological changes in not only internet but Wi-fi services Wireless Philadelphia would need to establish whether or not they would be able to afford these changes and how they would be related to the contracts that they established with those providing the services. Further, it is unclear on whether Wireless Philadelphia will have the ability to manage and who will help manage these relationships. There is no clear description of who will be responsible for what in this process.

Recommendation: Wireless Philadelphia will need to choose a private sector specialist who may already have experience in working with local municipalities. They will need to find partners in which they can create accountability in the network (Goldsmith & Eggers, 2004). This will help both groups to be able to successfully work together. Further, Wireless Philadelphia will need to hire and train individuals who are knowledgeable about Wi-fi and partnerships with other organizations.

What is the long-term sustainability of this project? What are the effects on the city if it fails?

Because the City of Philadelphia is helping to get this project started the city will be vested in its long-term success. Key officials such as the Mayor want this project to serve as a catalyze for small business and low-income residents. They hope to bring in more money into the local economy for this project. Wireless Philadelphia’s success though relates to how they decide to contract out and whether or not they will be able to keep up with the constant changes in technology. Because the city has played such a large role they could be stuck with bailing Wireless Philadelphia out if they were forced with financial problems. This could more financial problems for the city which could include severe budget cuts.

Recommendation: The city of Philadelphia should create a committee solely responsible for overseeing Wireless Philadelphia and the private contractors. This committee would represent key stakeholders who have experience in working with contracts. Further, the committee would be responsible for establishing changes to the model that Wireless Philadelphia was using if it was not cost effective. This committee would help to serve as an extra set of eyes and ears for the city to ensure that this project is something that can be sustained long term.

Works Cited

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