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Granite targets shopping malls, retail vertical with fiber-based services

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Granite Telecommunications may have carved out a sizeable niche as a voice provider to large businesses, but the company's move to offer a fiber-based networking solution targeting mall operators and retailers shows that it is looking to diversify its revenue base.

Already, Granite has signed mall operator Simon and beauty retailer Sephora as two of its first customers for its Grid service, which is being currently rolled out to over 300 shopping centers and malls across the United States.

At each mall site, Granite is installing Cisco routers and its own fiber connections. The addition of fiber services is a direct complement to its traditional copper-based voice and data service, one that recently exceeded \$1 billion in annual revenue.

"With the Granite Grid it's simply us bringing in significant bandwidth into a mall and installing fiber throughout the facility and then run a Cat 5-6 cable to a suite and give the tenant an Ethernet handoff and give them all flavors of voice and data they could imagine," said Rob Norton, VP of advanced data solutions at Granite Telecommunications, in an interview with *FierceTelecom*. "If they want SIP they can get SIP, or if they want hosted they can get hosted, or if they want 100 Mbps of dedicated Internet access (DIA) they can get that."

Unlike other cable and DSL services retailers have used, Granite's Grid service is fully dedicated with the ability to immediately scale up bandwidth in an on demand fashion to accommodate a retailer's sale promotion, for example. The symmetrical 1.5 Mbps service is competitively priced at \$129 a month, which is far lower than the typical \$500-\$600 a retailer would have to pay a telco for a T-1 line.

"A lot of the retailers have campaigns and if they're using the Grid and have 10 Mbps at a site and for this campaign they need to be at 20 Mbps, they can call their dedicated rep and scale to 20 Mbps," Norton said. "They can scale back down once the campaign is over."

One of the key problems that Granite is hoping to solve with its Grid service suite is that retailers that reside in shopping malls typically have had little choice for data services besides lower-speed DSL or cable modem services for their key applications.

These slower speed connections make it difficult for retailers to conduct daily activities such as point of sale, inventory management, and security systems and data backup.

With many of these applications often overloading the connections, it can have the detrimental effect of slowing down the shopping experience for patrons.

"The catalyst for the Grid is our retailer customers coming to us and saying that 'I have to create a better customer experience at my site so that means I have to drive more applications into my store and the quality of the bandwidth is poor,'" Norton said. "It's a best effort or shared facility that does not allow me to do what I want to do and if I want to upgrade to something that is a dedicated product it becomes cost prohibitive."

In addition to the retailers, the leaders of Simon and other mall chains will also enhance their own internal infrastructure.

"We developed a partnership with Simon and General Growth and we were able have a dialogue with them where they said to us that their internal infrastructure was not sufficient for their tenants, but also for their own internal needs," Norton said. "There's a lot they want to adopt within their facilities to drive customers and traffic into their properties such as analytics, building automation and best customer practices that will allow the shopper experience to be far greater than what it is today."

But retail customers and mall systems are only one part of the broader set of customers Granite can address with the Grid solution. It can also serve as a conduit to provide wireless backhaul capacity to mobile operators looking to provide access to their customers via distributed antenna systems or small cells within a mall.

"We're also finding via the Grid able provide backhaul services to all of the wireless tenants as well," Norton said. "When American Tower goes in and builds cell towers and they build a rack and Verizon Wireless ([NYSE: VZ](#)), T-Mobile ([NYSE: TMUS](#)) and Sprint ([NYSE: S](#)) put up their small cell repeaters and distributed antenna system (DAS) they need a way to transport that traffic within the property and backhaul it out of the property and the Grid allows them to do that as well."

Besides the fiber connections, the service provider is also contemplating the use of Wi-Fi to deliver services to adjacent sites a large mall owner has in a particular area.

While he could not reveal when Granite will announce the wireless option, Norton said that the products they are testing in their labs look promising.

"If you have an unattached facility, you don't want to trench into four or five other buildings because it becomes cost prohibitive, but what we are doing is testing two different wireless and Wi-Fi products," Norton said. "The model we developed is we'll come into that main building and establish connections between the other buildings and still be able to deliver high bandwidth and all the other applications for outliers."

While malls and retailers are the initial focus of the Grid offering, Granite is looking at replicating the model in other commercial properties, including traditional business parks.

Granite is currently in talks with large business park owners such as CBRE and Hughes, but the challenge will be in establishing new relationships with companies that may be in the midst of a multi-year contract with another provider.

"Some of the challenges we face is if it's not retail and if we don't have a relationship with somebody they may be in an existing contract so we'd have to wait that out," Norton said. "One of the things we're exploring with them is they all have new developments and if you think of a new development as part of the opex include the Grid it would be plug and play into our network."

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