



Smart Malls Get “Wired” for the 21st Century

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Shopping malls have recently faced a test: as it becomes easier and more secure to shop online, and consumers can get everything from breakfast cereal and makeup to designer shoes and golf clubs with a few clicks of a mouse, how can malls attract shoppers away from their computer screens to their malls?

Many malls around the country are fighting back against the online-only retailers by improving the *experience* for shoppers when they visit the mall. By offering improvements such as automated parking spot counters, digital signage, cellular signal boosters, and fast and free Wi-Fi, many malls are working hard to keep and grow their customer base.



At the same time, their retail tenants are also looking at improving both their efficiency and their customer experience with advanced technologies such as mobile point of sale systems, advanced inventory systems, enhanced security systems, digital signage, interactive Wi-Fi and more.

What do both the mall operator and retail tenants need to accomplish these goals? High-bandwidth networking services that include both Internet access and voice. Traditional options for service include DSL from the local telephone company, cable modem from the cable operator, T1s or bonded T1s, but none is a great fit for mall operators or tenants. Cable, DSL and T1s can't scale to allow these high-bandwidth services to operate effectively; bonded T1s or high capacity circuits can scale, but are so expensive that they are out of reach for some mall tenants and can blow the telecom budgets of larger tenants. Moreover, negotiating with cable or large service providers is difficult and time consuming at best.

Some of the largest mall operators in the country are now solving this bandwidth crunch by partnering with innovative competitive telephone companies. These companies design and deploy a fiber-based network throughout the mall. Tenants can sign up for services based on their current needs, and then scale cost-effectively (often at a fraction of what they're paying for cable or DSL services) as their demands grow. The turnaround time for upgrading service is days and hours, not weeks, since the fiber is already in place.

Many REITs, including some of the largest mall operators in the country, are embracing this Smart Mall model. So, what can other commercial real estate companies learn from these Smart Mall scenarios?

1) **It can be a revenue-generator.** Property owners can **generate new revenue** from broadband services, without having to be involved in the technical aspects of the design or installation. Competitive telephone companies can design and build the infrastructure, as well as market and sell services to tenants. Property owners reap the benefits through a revenue share.

2) **Fiber is reliable and secure.** Fiber is a **more robust and reliable backbone** than the DSL and cable services that most multi-tenant facilities currently have access to. It is also more secure; fiber is much more difficult to hack into. A fiber backbone allows tenants to scale their bandwidth needs virtually on-demand as they bring on board new bandwidth-intensive applications or go through periods of peak usage, such as around the holidays in November and December.

3) **Property owners are back in control.** In a traditional scenario, each tenant contracts for services separately with a provider, so different types of wiring and re-wiring were needed as tenants turn over or bandwidth needs change. Property owners didn't know who had access to their wiring cabinets or even when upgrades or repairs were made to the network. By partnering with an innovative competitive telephone company, they are back in control and always in the know about what's happening in their facility.

4) **Tenants need more cost-effective options.** Tenants are always looking for ways to **lower their operating expenses**. As utility expenses for heating, cooling and electrical continue to rise, businesses need to look at making cuts in other parts of their budget. Providing broadband services via a competitive telephone company allows tenants to get more broadband service for less money.

5) **Bandwidth is attractive.** The accessibility of such high-bandwidth services **makes a property more valuable to tenants**. Tenants know they have access to cost-effective, state-of-the-art data networking capabilities that can grow as their business grows. Through these connections, they can offer new capabilities that make their business more efficient.

6) **Reliable service and local support is incredibly important.** Retailers—like most businesses—can't afford downtime. For many businesses, it means direct lost revenue; for others, lost productivity. Having local support teams available to deal with any issues is critical.

7) **Multiple applications and uses of a mall communications backbone.** In addition to the services and applications that are available to the tenant, there are other uses of the communications backbone. Lighting, HVAC, security, fire/life/safety, utility meter monitoring, occupancy analysis, cell phone signal enhancement, parking, water monitoring systems, digital signage, audio visual and other smart building applications can all take advantage of the mall communications backbone.

REITs that partner with innovative competitive telephone companies are reaping the rewards of increased revenue, happier tenants, more valuable and desirable property, and more control over their facility. However, the Smart Mall concept can be applied to several different types of multi-tenant scenarios: not only indoor and outdoor malls, but also shopping plazas, office parks, and campus type environments such as hospitals and universities.

These types of properties all contain high-bandwidth consumers that are 'making do' with the services currently available. Just imagine the possibilities if they had access to scalable, reliable, cost-effective broadband without the headache of managing the network. I don't doubt that over the next few years, we'll see more and more of these types of commercial real estate companies clamoring to be the next 'smart' facility.