

How to get cheap(er) FiOS: buy it from someone else

Want that 50Mbps FiOS goodness but don't want to pay \$144.95 for it? Verizon now sells wholesale fiber access to other ISPs, one of which is offering 50Mbps service over the same lines for only \$99.95.

By Nate Anderson | Last updated May 17, 2009 6:00 PM CT

Want the 50Mbps speeds that Verizon's FiOS service can provide, but don't want to spend \$144.95 (one-year contract) or \$164.95 (month-to-month) that Verizon charges in most markets? Earlier this month, an ISP in California called DSL Extreme announced that it would offer 50Mbps fiber access for \$99.95 a month across 17 states. What the company did not say in the release, but later confirmed to us, is that DSL Extreme is one of the first wholesalers of FiOS Internet service.

While federal "line-sharing" requirements in the US died some years ago, telcos still voluntarily sell all sorts of wholesale services to smaller ISPs, mostly in the form of last-mile DSL links. Such offerings can make it difficult to be price competitive with the telco's own Internet service, but DSL Extreme is one of the largest wholesale partners for both AT&T and Verizon, so it can leverage its scale to get a better deal. I spoke with George Mitsopoulos, the VP and general manager of the company, who said that DSL Extreme is large enough that it actually offers wholesale Internet connections of its own to hundreds of small ISPs across the country, in addition to selling its own services.

That scale means that DSL Extreme does intend to compete with Verizon on the price of fiber for its new "Fiber Extreme" product. Its initial offerings, including 10Mbps links for \$39.95 and 50Mbps connections for \$99.95—are priced at the dreaded "introductory rate," but Mitsopoulos tells me that the rate is good for one year and will only increase by five bucks when it comes time to renew.

Compared to Verizon's own rates, the prices are a good deal, but DSL Extreme can't offer access to Verizon's TV or VoIP services. Customers who want those features can still get them, but this requires a second bill directly from Verizon.

And when it comes to price, Verizon is perfectly capable of lowering its own prices, too. It has already done so in some markets, offering 50Mbps fiber connections for \$90 in places like New York and Virginia.

That's why DSL Extreme also wants to compete on customer service, and on services (it offers Exchange hosted e-mail, for instance, support for Outlook, SharePoint, and the Blackberry, and Google Apps support). The company's call centers and support operations are all based in the US, with the main call center in Los Angeles—a fact the company trumpets proudly on its website and that Mitsopoulos tells me is an excellent sales tool.

With the death of line-sharing rules, reselling Internet service has been largely a niche business when set against the size of the telcos and cable companies. Still, if reselling wholesale FiOS can be a viable business, more power to ISPs like DSL Extreme. They have a chance to differentiate themselves on good customer service, unique features, and (for the moment) price. In today's economy, that sounds like a better proposition than ever.

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