UPGRADE

Reselling high-speed Internet

By Hiawatha Bray, Globe Staff, 7/14/2003

Millions of us buy Avon cosmetics or Tupperware bowls from our neighbors. Why not our Internet access? A company in Seattle thinks it has figured out a way to turn high-speed Internet users into digital entrepreneurs, while earning a pretty penny for itself. Most of the nation's 40 million broadband users have more bandwidth than they know what to do with. Consider the typical DSL connection -- 1.5 megabytes of download speed and 128 kilobits for uploading. Actually, this is still too slow for heavy multimedia uses like high-quality video. But for the e-mailing and Web surfing that consume most of our online hours, it's an embarrassment of riches. E-mail doesn't need much download speed, and even Web surfing isn't too bad on a slow connection.

That's why a single broadband connection can easily serve a two- or three-computer household. That's fine with cable modem and DSL companies, which will happily sell you cheap routers that share a single broadband connection with multiple PCs or Macs.

But then along came WiFi to complicate everything. The wireless networking technology lets you pull up to 54 million bits of data per second out of thin air. The cable and DSL providers don't mind if you get a wireless router and connect every computer in your house. But WiFi has a range of up to 300 feet. So the homes or apartments on either side of your own can share your broadband connection. And suddenly, the broadband company finds itself serving three households, while collecting a subscription fee from just one.

The broadbanders hate it, of course. Most of them have provisions in their contracts which forbid bandwidth sharing, but radio waves don't go to law school. Sometimes broadband companies threaten to sue a particularly flagrant violator -- a subscriber who advertises free broadband to everyone in his apartment building, for instance -- but that's about all they can do. So mostly they keep quiet about it, perhaps hoping that few people will realize how easy it is to share their bandwidth.

And then along comes Speakeasy to spoil it all. Seattle-based Speakeasy is a broadband company that delivers DSL services in 80 metropolitan areas of the United States, including Boston. They're not cheap; it's $49.95 for the least expensive service, which is slower than the $34.95 offering of local phone company Verizon. But CEO Mike Apgar said Speakeasy makes up for it with better customer service. "Six out of seven customers that are signing up for Speakeasy today are coming from other broadband customers." Apgar said.

One reason might be Speakeasy's policy on sharing. The company just doesn't care. If you want to let the whole block share your DSL account, go right ahead. Apgar figures it's a good way to attract new customers. "The more people you can give a taste of what you can do with broadband, the better," he said.
Still, Apgar is as interested in making a buck as the next fellow. Which is why Speakeasy has just launched an innovative new option called Netshare. The concept is simple: Instead of giving your excess bandwidth to a neighbor, why not charge him for it?

A Netshare customer asks his neighbors if they would like to pay, say, $20 a month for wireless broadband access. Those who agree are given a Web address, where they sign up. Speakeasy bills the neighbor, thus avoiding backyard feuds. The new subscriber simply gets his own WiFi card and logs onto his neighbor's wireless Internet router. Half of the money collected goes to Speakeasy, the other half to the Netshare account holder. "It effectively in many areas will give people the ability to get broadband for $20 a month," said Apgar. "It's a terrific way to try it."

Mitch Manning seems to think so. He's a 41-year-old Seattle network consultant who pays his next-door neighbor $20 a month for Netshare service. "It's immensely faster than when I was on a dial-up," Manning said. "I didn't realize it would be that drastic a difference . . . I'm really impressed."

His neighbor, 25-year-old computer systems administrator Brian Youngstrom, is equally pleased to have a neighbor paying for part of his broadband hookup. Speaking from Denmark, where he was on vacation, Youngstrom said that as soon as he gets home he is going to put up signs to advertise the Netshare service.

"I could handle, if they just do Web surfing, five or six people easy," he predicts. What if he's wrong, and his neighbors eat up all his bandwidth? He'll just order a faster connection. After all, the neighbors are helping pay for it.

It's unclear whether Netshare can turn a profit for Speakeasy. But in a WiFi world, any effort to prevent bandwidth-sharing is even more futile than the music industry's efforts to halt song-sharing. So Speakeasy has accepted the inevitable. Instead of harassing its customers, the company has made them digital Avon dealers, peddling cut-rate bandwidth to every neighbor within 300 feet. And you know how people love a bargain.

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