

**U.S. Department of Commerce -- Economic Development Administration
Planning Grant Proposal
For TEDCO's eCommerce Readiness Assessment**

Project Area:

The distressed areas in Maryland to be included in this project are the counties of Allegany, Garrett, Washington, Cecil, Kent, Queen Anne's, Talbot, Caroline, Dorchester, Wicomico, Worcester, Somerset, Prince George's and Baltimore City. Most are part of the "one Maryland" initiative (see Problem: "Regional Perspectives") and meet EDA area eligibility criteria.

Project Description:

Using a benchmarking model of assessment established by the Computer Systems Policy Project (CSPP) and implemented in the State of Ohio, TEDCO will apply their tools to assess the e-commerce readiness of the distressed areas of Maryland in order to achieve the following outcomes:

1. Identify Infrastructure – Lay the groundwork for continued private and public sector investment in information infrastructure and utilization by identifying current and future obligations.
2. Regional Performance – Determine each regions strengths and weaknesses in terms of capacity, access, and use of the information infrastructure.
3. Build Action Agendas for Progress – Develop State and regional action agendas to boost the State's capacity in the digital economy and economic viability of the identified regions.
4. Evaluate Progress – Measure progress on achieving goals.

These outcomes may be achieved by assessing the following areas:

1. Network Infrastructure – capacity, access and utilization of network by Marylanders and their businesses.
2. Domains – type and number of domains per capita, rate of increase.
3. Websites – type and number of business websites, functionality, usage, rate of increase.
4. Community Planning and Affordability – comparative pricing, access and capacity of local network, extent to which government and private sector is planning for digital access and use.
5. Users' Surveys – assess Maryland business, government, household, school and library usage of the network.
6. Real-time Web Testing – assess backbone capacity, quality and availability of network connections.

A Technical Advisory Committee will be created to assist in guiding the project. Representatives to that Committee will come from distressed regions in Maryland and from public, private, and academic sectors.

Proponent's Capability:

The Maryland General Assembly established TEDCO in 1998 as an instrumentality of the State to foster the development of a technology economy that will create and sustain business throughout the State. TEDCO's vision is to see that Maryland becomes internationally recognized as one of the nation's premier 21st century locations for technology and technology-based economic development.

TEDCO has been given broad responsibility for creating a coherent technology-based economic development strategy for the State and for conducting various programs. We are involved in a number of current State initiatives. These include:

1. Serving on the State Information Technology Board that is responsible for providing advice and counsel, studying existing and emerging technology, and developing standards and making recommendations concerning e-commerce.
2. Serving on the Management Committee of the newly established ASP (Application Service Provider) Consortium whose mission is to promote the deployment of Internet-based technologies in Maryland.
3. Serving on the Governor's Workforce Investment Board's Information Technology Workforce Task Force, which is made up of both private and public sector representatives brought together to facilitate and monitor progress in developing and implementing the State's IT workforce initiatives.
4. Serving on the Greater Baltimore Technology Council Board of Directors to guide the Council in meeting its mission to be a catalyst for building a vibrant technology community in the greater Baltimore region.

TEDCO's ability to implement and market this project is evidenced by current programs and relationships:

Relationship with Maryland Economic Development Commission

TEDCO is playing a significant role in the Commission's 2000 Strategic Appraisal Process by taking the lead as the Commission's technology advisor. Appraisal sessions, over 30 when complete, are taking place in all regions of the State. Representatives from TEDCO attend each session. The purpose of these sessions is to solicit public comment on proposed changes to the statewide economic development strategy. TEDCO's participation will provide the knowledge and capacity to assist the State in determining the technological needs throughout the State for jurisdictions, businesses, and citizens to access net.work.Maryland (see below) and participate in the digital economy.

net.work.Maryland

Under a Resource Sharing Agreement between the State of Maryland and Level 3 Communications, a 330-mile fiber optic network will be installed along State rights-of-way. A portion of the fiber will be dedicated to state government use, including economic development applications. TEDCO will play a role in this State project by:

1. Assessing and identifying the economic development potential of the network.
2. Understanding and explaining to the public the technological aspects of the network.
3. Working with the Maryland Economic Development Commission to determine the technological needs throughout the State for entities to access the network.

Contractual Relationship with TimeBridge

In order to analyze the economic development potential of net.work.Maryland, TEDCO has been asked by the Maryland Department of Business and Economic Development to contract with TimeBridge Technologies for technical support. TimeBridge will assist TEDCO and the State in developing an initiative to allocate underutilized fiber optic capacity in a manner that will stimulate economic growth and development. The scope of work to be performed includes:

1. TimeBridge leveraging extensive industry contacts (Internet Service Providers, Common Local Exchange Carriers, etc.) to determine their possible usage and interest in participation in the State's technology and technology-based economic development initiatives.
2. TimeBridge providing TEDCO with an economic development incentive plan that will integrate technology concepts and industry input, along with collected pricing information to ensure the economic development plan has the current technology view.

Relationships Established to Assist With This Planning Proposal

TEDCO has established relationships with representatives of Morgan State University, the University of Maryland Eastern Shore, the Tri-County Council for Western Maryland, and the Prince George's County Economic Development Corporation in order to leverage and extend current local support for this assessment. In addition, TEDCO has reached out to local government economic development representatives in Talbot, Caroline, Dorchester, Queen Anne's, Somerset, Wicomico, Worcester, and Garrett counties. These representatives will partner with TEDCO and act as local advisors throughout the process.

As a starting point, TEDCO conducted an outreach meeting with stakeholders representing all jurisdictions proposed in this project in January 2000. The representatives from the distressed regions in Maryland were particularly eager to partner with TEDCO in this effort.

Currently, TEDCO has eight professional-level staff and one support-level staff member. TEDCO has doubled its staff since May 2000. Our FY00 operational budget, while start-up in nature, is \$650,000. The FY01 operational budget is \$2 million. The source of these funds is the Maryland Department of Business and Economic Development's Enterprise Fund (not general funds) and is programmed

through FY03 to total \$7.5 million. This project could be implemented beginning November 1, 2000 and be completed no later than October 31, 2002.

Ms. Renee Winsky will be the overall Project Director. She brings over 15 years of professional experience to this project. Ms. Winsky is the Deputy Executive Director for TEDCO, where she is responsible for assisting TEDCO in reaching its goals in enhancing the transfer of technology from universities and federal labs to the private sector, fostering the growth of innovation companies in critical or high growth sectors, and extending the benefits of technology to communities, companies, and citizens across Maryland. Specifically, she is responsible for day-to-day operations of the organization and policy development, serves as liaison to the Board of Directors and General Assembly, and works on e-commerce initiatives and workforce development, among other issues.

Previously she was Vice President of the Information Technology Services Division of the Information Technology Association of America. Prior to that she worked with the National League of Cities and their affiliate, the National Association of Telecommunications Officers and Advisors. She serves on the Technology Council of the American Society of Association Executives. Ms. Winsky is a graduate of the University of Maryland.

Problem:

National Perspective

On Monday, October 16, the US Department of Commerce released its fourth report on the issue of digital divide in the US. *"Falling Through the Net: Toward Digital Inclusion,"* shows that remarkable progress has been made since *"Falling Through the Net: Defining the Digital Divide"* was released in 1999. The report also reminds everyone that **"the Internet is no longer a luxury item, but a resource used by many. Taken as a whole, the findings show tremendous progress in closing the nation's technology gap, but much work remains to be done."**

In addition, Secretary Norman Y. Mineta reaffirmed the strong support that DoC has for programs that work towards providing access to digital technologies for all Americans, by stating that "The Internet is becoming a vital tool in our daily lives, from international business transactions to keeping in touch with family members. Each year, being connected becomes more critical to economic and educational advancement and to community participation. That's why it is so important to move as quickly as we can toward digital inclusion. This is a vital national goal."

In keeping with this vision, and with the help of this grant from EDA, TEDCO will be able to determine where the State of Maryland is in reaching its commitment to bringing quality, high-speed digital access to all of its citizens so that Maryland can secure its future as an international leader in technology-based economic development.

While the October 2000 report found that more Americans are connected than ever before, a digital divide still persists between the information rich and the information poor. “The new data reveals that significant disparities continue to exist, including:

- Americans at every income level are connecting at far higher rates from their homes, but the percentage of those households at the upper end of the earnings scale connected is still considerably more.
- The gap between Black and Hispanic households connected to the Internet, as compared to other ethnic groups in the US, has actually increased since December 1998, leaving Black and Hispanic households **18% below** the national average.
- Regardless of income level, Americans living in rural areas continue to lag behind in Internet access, although significant progress has been made. A possible new concern may be the quality of access. Currently, as broadband services expand across the country, only 7.3% of rural Americans have access to broadband, compared to 12.2% and 11.8% for central cities and urban areas, respectively.
- Low-income users were most likely to use the Internet to look for jobs.

Maryland Perspective

In performing their 1997 study “Science and Technology Strategic Planning: Creating Economic Opportunity,” the State Science & Technology Institute (SSTI) found that in a review of various state technology planning documents “the state plans, with a few exceptions, do not explicitly target distressed areas.”

While the State of Maryland is working on its strategic plan (see “Relationship with Maryland Economic Development Commission” above) and taking a particular focus on technology, the distressed areas of Maryland are at varying levels of unreadiness for the electronic-commerce explosion of the new information economy. In addition, many regions are unprepared to close the digital divide.

The State is rolling out a high-speed fiber optic backbone (see “net.work.Maryland” above) that will ultimately be a network of networks, connecting all areas of the State to one another and the world. While the more urban, progressive, and technically savvy jurisdictions of the State already have in mind where their “point-of-presence” (POP) will be on this network, the underserved and distressed areas of the State do not know what technological infrastructure already exists in order to connect to or where their POP should be located.

Regional Perspectives

An example of what one region is doing to prepare to close the digital divide is found in the Western Maryland's Economic Development Task Force's efforts. In a report published in July 1999 as part of the "one Maryland" initiative, the Task Force found two major areas of emphasis emerging from their work: "an inter-related effort to enhance both traditional and information infrastructure to not only 'catch up' with the evolving job market, but to 'jump ahead' to a future job market in which 70% of all employment will be related to information and technology."

It should be noted that the Task Force considers "Biotechnology, Industrial Technology, High Technology Manufacturing, and Information Services as a singular, but related industry. *Thus, the development of a high volume, high speed 'off ramp' on the expanding Information Superhighway is critical to achieving the goals of this Task Force.*" The Task Force also addressed questions on how best to meet the needs of technology training and the development of a skilled workforce for the technology and information-based companies that are proliferating in this new digital economy.

The project outlined in this proposal will complement a project being proposed by the Tri-County Council for Western Maryland, Inc. to the Appalachian Regional Commission. Their project, the "Western Maryland High Speed Telecommunication Infrastructure Connection Analysis," will allow the region to continue the development of a modern communications network that includes voice, data and video and provide the workforce necessary to maintain these networks. Their ultimate goal to have the physical infrastructure necessary for self-sustaining economic development and improved quality of life will be that much closer.

The following tables offer data related to population, unemployment, and demographics for the regions proposed in this project.

Region/ Jurisdiction	Population 7/1/98 Estimate	Avg. 1999 Civilian Labor Force	Average 1999 Unemployment	1999 Unemployment Rate	% of 1998 State Median Household Income
Allegany	72,289	33,684	2,375	7.1%	55.6%
Garrett	29,511	14,087	1,176	8.3%	58.8%
Baltimore City	645,593	306,728	21,832	7.1%	68.8%
Prince George's	777,811	451,429	16,026	3.6%	100.0%
Upper Shore	233,176	125,091	5,235	4.2%	78.7%
Caroline	29,489	16,458	539	3.3%	66.7%
Cecil	82,522	41,951	1,965	4.7%	89.4%
Dorchester	29,503	15,921	1,167	7.3%	62.4%
Kent	18,925	10,336	393	3.8%	71.0%
Queen Anne's	39,672	21,057	622	3.0%	100.0%
Talbot	33,065	19,368	549	2.8%	82.6%
Lower Shore	146,452	86,371	5,462	7.0%	63.4%
Somerset	24,296	11,867	901	7.6%	59.2%
Wicomico	79,367	48,867	2,304	4.7%	70.0%
Worcester	42,789	25,637	2,257	8.8%	60.8%
Statewide	5,136,840	2,812,496	101,173	3.6%	\$51,100

Summary of Perspectives

This project will complement the “one Maryland” initiative, as well as other efforts described within. The “one Maryland” enabling legislation allocated over \$10 million to qualifying jurisdictions for the purpose of acquiring, improving, and rehabilitating land for industrial sites and parks, and for developing water and sewer lines, shell buildings, and infrastructure serving existing retail and office oriented centers. The qualifying jurisdictions include Baltimore City and the counties of Allegany, Garrett, Dorchester, Somerset, Caroline, and Worcester. The criteria for qualifying is based on data related to average per capita income or average rate of unemployment. All of these “one Maryland” jurisdictions, and more, would benefit from this proposed project.

The need for assessing the readiness in the distressed areas in Maryland is paramount to the economic viability of these regions to compete in the new information economy and to the accessibility of that economy by the citizenry of these regions. Helping these jurisdictions assess their readiness will assure their preparedness for this new economy and close the digital divide.

Project Impact:

By identifying current needs and infrastructure, these regions will be able to create and retain permanent jobs and increase incomes in these economically distressed areas. They will have the capacity to bring in businesses that rely on the latest technological capacity.

The project will:

1. Analyze local economies;
2. Define technology-based economic development goals;
3. Determine goals and opportunities; and
4. Assist in formulating and implementing an economic development plan that will ultimately reduce unemployment and increase incomes in these regions.

This planning effort will help support future deployment of communications infrastructure in distressed areas in Maryland. Impact on unemployed, underemployed, dislocated or low-income workers, job creation/retention, and private sector investment may be identified in this planning effort through the defined technology-based economic development goals determined in each region.

Project Beneficiaries:

Below are two examples of the types of companies that would benefit from this project.

Garret County

Financial Computer Support, Inc. (FCSI) began its business operations in this rural county for its quality of life. FCSI is an independent users group dedicated to providing computer and administrative support for financial professionals. Members join the group, pay dues, and receive four basic services: Software, Consulting, Education, and Special Services. Much of their business is web-based and heavily reliant upon access to high-speed bandwidth. They currently employ over 50 highly qualified consultants, trainers, programmers, and assistants.

Talbot County

3Di was able to set up their business operations in Easton, Maryland, due to recently enhanced technology infrastructure. 3Di delivers spatial data solutions and management tools for Geographic Information Systems (GIS). Unlike other GIS firms, 3Di streamlines the GIS process with end-to-end services – one company for every spatial data service. Their markets include local government, engineering firms, transportation, utilities, telecommunications, energy, environmental, and mining. 3Di currently employs over 250 worldwide.

Summary

Both of these companies, and many more, could be even more successful with the technological advances and infrastructure enhancements foreseen in the new digital economy and assessed through this project. Findings from this planning effort will be shared with all impacted communities and organizations so that the information gleaned can assist them in their development of economic development strategies.