

Coloring Outside the Wireless Lines

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Marc Ganzi and the team at Digital Bridge do not spend time thinking about how the mobile infrastructure business was conducted in the past. And, they suggest that you shouldn't, either.

In 2013, Marc Ganzi stood at a crossroads. His company Global Tower Partners had sold its towers to American Tower. Although he could have continued to specialize in cell tower development, an area in which he had been immensely successful, Ganzi instead opted to diversify and invest in the entire communications infrastructure ("comm-infra," as he calls it) ecosystem. "There has to be an understanding of your customer, and there has to be a belief that the way we have done things in the past does not necessarily predicate how we will do business in the future," Ganzi told AGL Magazine in an interview during a tour of the company's headquarters in Boca Raton, Florida. He cofounded Digital Bridge Holdings, and since then, the company has made good on that vision by investing in distributed network systems, small cells, fiber optics, data centers and interconnection services, along with macro cells, both domestically and internationally.

Tower Industry at a Crossroads

Now, it is the tower industry that stands at a crossroads. In serving wireless carriers, the industry must embrace change to remain relevant to its customers, according to Ganzi. "The winners in the successful ownership and management of wireless infrastructure in the next 10 years will be the ones that understand what the customer wants from a deployment partner," Ganzi said. Today, the smartphone has become essential to people's lives. It is the hub for activities such as banking,

transacting business and staying caught up on emails. It also serves as the platform for listening to music, watching videos and communicating with peers through social media. To remain relevant, the tower industry needs to take a more holistic view of the carriers' wireless infrastructure

connectivity needs, Ganzi said. Delivering this needed bandwidth requires new investment. The industry will need to cross five different points of presence: macro sites, small cells, distributed network systems, fiber and highly secure radio access points (or data centers). "As it becomes more focused, it is less about the towers and more about the fiber-fed infrastructure and how you connect the various points of presence and ultimately to the radio access room to the content and where you tie into the cloud," Ganzi said. Along with investing in macro towers through Vertical Bridge, Mexico Tower Partners and Andean Tower

Partners, Digital Bridge has moved in a number of different directions. In the fall of 2015, Digital Bridge entered the business of designing, building, owning and operating distributed fiber-fed networks for use by wireless carriers and venue owners by leading a \$1.4 billion recapitalization of ExteNet Systems. It quickly followed up that deal with a bolt-on to ExteNet when it purchased Telecommunications Properties in May of 2016. The company designs, builds and operates distributed antenna system and small cell networks inside high-profile venues. As of June 2017, the business owned and operated more than 350 networks, 16,300 nodes and 3,200 miles of proprietary fiber. Digital Bridge then completed the convergence cycle when it entered the enterprise-class data center business by acquiring DataBank in July 2016. DataBank then quickly made two acquisitions, buying select 365 Data Center assets in Pittsburgh and Cleveland and picking up Utah-based C7, which owns and operates three facilities in Salt Lake City. With new facilities under construction in Atlanta and a third asset in Dallas, DataBank will have 13 properties nationwide. Not done there, Digital Bridge decided to enter the hyperscale

cloud storage data center business, buying one of the largest providers of wholesale enterprise data centers: Santa Clara, California based Vantage, from SilverLake Partners. Today, Digital Bridge owns and operates more than 16 data centers, with five assets under development and construction across the United States. Digital Bridge has invested nearly \$2 billion in the sector.

Digital Bridge Companies

Andean Tower Partners operates wireless communications infrastructure in Colombia and Peru.

DataBank provides enterprise business solutions for data centers, managed services and cloud storage.

ExteNet Systems designs, owns and operates multicarrier neutral-host and multiple-technology distributed network systems.

Mexico Tower Partners operates wireless communications infrastructure in Mexico.

Vantage Data Centers provides highly scalable, flexible and efficient wholesale data center solutions.

Vertical Bridge owns and manages wireless telecommunications infrastructure in the United States.

Vertical Market Opportunities

Digital Bridge's investment in ExteNet increased its access to the verticals (customers with specialized needs) across enterprise wireless, which includes enhancing coverage in key sports and entertainment venues, medical, higher education, hospitality and commercial office buildings.

“We approach each of those verticals differently,” Ganzi said. “Sports/ entertainment was a huge strength at Telecommunications Properties, and we continue to book victories there with an integrated approach under the ExteNet flag. In medical, we are just scratching the surface.

We’ve had a couple of universities — University of Texas, Auburn and University of Michigan. Those are tough networks to build because the carriers have not taken them yet, but in time, they will. The need is just too compelling from a consumer, research and higher-education need.”

The Next Frontier

Digital Bridge’s companies have deployed in more than 200 commercial office buildings and hotels. The goal is to continue to find cost-effective solutions for the smaller indoor venues. “Hospitality is fertile ground, and we continue to invest there,” Ganzi said. “Finding solutions for hotels with fewer than 400 keys is critical, just as it is for office assets sub-500,000 square feet. Then, the next frontier or pain point in the network will be solutions for hotels with fewer than 150 rooms and office space less than 100,000 square feet.” ExteNet is heavily involved in the commercial office building segment and has exclusive access rights to more than 180 office properties. Networks will be deployed within those buildings where there is sufficient carrier demand. Where the economics don’t support deployment in an office building, the solution may be to connect multiple buildings at once. Digital Bridge has been working on creating these wide-area, in-building networks in multiple commercial office buildings. “If you can build a significant collocation facility in one building and connect it over fiber to five other buildings, it can make the economics work,” Ganzi said. “You can provide the ‘meet me rooms’ for all the fiber companies to get access to those buildings, provide enterprise-based wireless solutions for the tenants in the buildings, mobile connectivity for the major carriers, then you layer in Wi-Fi and public safety and you have created a really unique network that achieves the objectives of all constituents involved and saves everyone cost — this is the true shared telecom infrastructure model. It is something we are spending a lot of time on.”

One-stop Infrastructure Shop

The original business plan for Digital Bridge was to provide multiple ways to serve its carrier relationships in the mobile infrastructure space by having separate platforms to invest in the distinct components that make networks function at a high level, while also making use of all of the businesses to work in concert to deploy integrated solutions for customers. But at this time, carriers are not looking for a one-stop shop for all their infrastructure needs. “I don’t think the carriers wake up every day and think about how to converge their networks,” Ganzi said. “Carriers do not see infrastructure as a holistic real estate cost — yet. I want to emphasize that word ‘yet’ because I believe they are beginning to. U.S. mobile carriers — AT&T, for example — now look at what portion of their costs are related to delivering the

customer experience as a total cost per byte. The real question for us as a supplier to AT&T is, ‘How can we deliver a good value proposition that is seamless and easy for the carrier, while lowering their total cost of bandwidth delivery?’”

Digital Bridge does business with AT&T across multiple platforms, including macro sites, small cells and data centers. “We continue to probe them about how else we can help them — where we can reduce costs and speed up velocity,” Ganzi said.

Being diversified helps Digital Bridge command a more senior audience at the carriers, Ganzi said. Its portfolio of 6,800 towers, 18,000 nodes and 3,200 miles of owned fiber can fulfill the carriers’ needs in a number of ways. “We can be a relevant partner to carriers,” Ganzi said. “We can help them achieve their objectives, which are inevitably: densification, capacity, coverage and cost synergies across the entire mosaic of our infrastructure.”

The 5G Future

With carriers attempting historically unheard-of data speeds and low-latency parameters, the pressure will be on wireless infrastructure to do things differently than it has in the past — or it won’t happen. “I am the eternal optimist, and I see a lot of promise in the future of network deployments,” Ganzi said. “The promise of 5G will only be met if we as an industry can answer the bell on infrastructure in a way that is cost-effective, where the customer receives good value and the network gets delivered on time, and it performs well.”

The next generation of wireless networks will need many types of communications assets, from macro cells, small cells and DAS to fiber optics, centralized radio access networks (C-RANs) and data centers. Digital Bridge is intent on amassing a variety of assets to serve all carriers’

needs, as well as cloud and content players. It shares space in its airy, understated offices in Boca Raton with Vertical Bridge, which has accumulated assets in buildings, rooftops, utility attachments and macro cells, all as part of a turnkey real-estate communications solution.

“I take it personally when people call us a tower company,” said Bernard Borghei, senior vice president of operations and a cofounder of Vertical Bridge. “We are no longer a tower company. We are a real estate solution provider. We have all these different types of assets to meet the demands of today’s advanced technology leading into 5G and beyond.”

Even the real estate under suburban towers may come in handy as locations for micro data centers as wireless providers push their data centers closer to the edge of the network, according to Alex Gellman, CEO and a cofounder of Vertical Bridge. “If C-RAN is to be located at specific sites, we look at marketing the land under our sites for a C-RAN hub,” he said.

Outside the Lines

During its short history, Digital Bridge has made six investments, including two in data centers, giving it \$6.8 billion in assets under management. Ganzi seems to relish taking his formula of “fast, flexible and friendly” and pushing it outside the border of the tower industry and beyond the border of the United States. “We have come a long way in our 24 years of doing this, but by no means have we perfected anything,” Ganzi said. “We are still learning. That is the fun part. We believe if you have a great market opportunity, great management teams and you seed them with the requisite capital, infrastructure, back office and discipline, it will accrete to a good investment and return for our investors.”