

TESTIMONY OF T. RUSSELL SHIELDS  
CHAIR, YGOMI LLC

BEFORE THE SUBCOMMITTEE ON RURAL  
AND URBAN ENTREPRENEURSHIP  
OF THE HOUSE COMMITTEE ON SMALL BUSINESS  
U.S. HOUSE OF REPRESENTATIVES  
ON  
MAXIMIZING THE VALUE OF  
BROADBAND SERVICE TO RURAL COMMUNITIES

May 9, 2007

Testimony of T. Russell Shields  
Chair, Ygomi LLC  
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Chairman Shuler, Ranking Member Fortenberry and Members of the Subcommittee, my name is Russ Shields. I am chair of Ygomi LLC. It is a privilege to have the opportunity to speak to you today.

Ygomi is a U.S.-based holding and operating company with a 37-year track record of building companies that successfully deliver innovative software and services to meet essential business needs. We are known for the imaginative application of information technologies that improve the lives of people throughout the world.

We currently operate four information and communications technology companies that are developing and commercializing leading-edge solutions in such areas as wireless digital signal processing software, vehicle telematics, and technical support for multi-location enterprises using distributed call centers. Ygomi is headquartered in Oak Brook, Illinois. Ygomi and its companies – SEI, Verety, Connexis, and ArrayComm – serve leading corporations around the world, with more than 1,200 employees across the U.S., Europe, and Asia.

Today's hearing on "Maximizing the Value of Broadband Service to Rural Communities" is important to the Ygomi family of companies because broadband technology touches all of them. For instance, the expansion of high-speed internet connectivity to rural areas in the U.S. has provided unique opportunities for companies like ours to invent, improve, and evolve new and economic business solutions for our customers. In addition, we have been able to provide broadband services directly to our employees improving their quality of life and the economic viability of their communities.

Service firms, including call center providers in the U.S., are increasingly facing issues of labor shortages. The deployment of broadband and high-speed interconnections has provided a new source of reliable, talented work-at-home labor to U.S. service businesses, helping us to keep those jobs here in America and to provide higher quality service to our customers.

North Dakota is one state that has benefited from superior broadband deployments. Verety, one of the Ygomi companies, provides remote order taking services for a number of McDonald's U.S. restaurants, helping them improve speed of service, order accuracy, and customer satisfaction. Verety is able to deliver consistently high-quality service because the availability of broadband services gives us access to an exceptional talent pool in North Dakota

that is able to work from home. We take great pride in bringing job opportunities to people in rural states like North Dakota who cannot or prefer not to work outside their homes. Verety's work-at-home opportunities offer greater workforce participation, a high degree of flexibility, and an enhanced quality of life. This approach attracts a higher caliber work force with more education and work experience than traditional centers can. We can offer attractive career opportunities, which in turn means a more stable workforce.

Today, we have approximately 150 employees in the areas surrounding Fessenden, Rugby, Steele, and Wishek, North Dakota. We have a dynamic workforce that includes farmers, stay-at-home mothers, retirees, people with disabilities, and people who care for elderly or disabled family members. We expect the number of work-at-home employees to increase exponentially in the years to come. We provide each work-at-home employee with a computer and software; internet DSL connection, telecommunications equipment, paid training, and web and phone-based support. The at-home broadband service is provided by Qwest, United Telephone, and a variety of rural telephone companies and cooperatives. In addition, our employees and their families can use the computer and internet connections for themselves when not working. Our employees like their no-commute savings and the convenience of flexible work shifts of 2 to 10 hours. It is interesting to note that more than two-thirds of Verety's work-at-home employees had no access to broadband for their families before coming to work for us.

Currently, many of our operations and training managers work from their homes. We have also identified several key positions that can be migrated to the work-at-home model and which represent career paths for some of our current employees. These include Senior Technical Analysts, Quality Assurance Analysts, Knowledge Managers to support customer service agents, Inside Sales representatives who nurture client accounts, and Process Engineers who help us improve the way we do business. These positions require highly skilled people with college degrees and relevant work experience, and they can earn significantly more than minimum wage.

Other Ygomi companies are also taking advantage of broadband deployments in rural areas. Broadband is at the core of many of our business models – past and present. For instance, ArrayComm, widely acknowledged as the world leader in commercializing multi-antenna signal processing software for wireless communications systems, developed software that is currently deployed worldwide including in Australia, Canada, Africa, China, Japan, Europe, and the Middle East. Its technology greatly enhances the capacity and improves the economics of wireless mobile broadband services. This technology will help extend the reach of broadband services in both rural and urban areas around the world. Connexis is working in partnership with vehicle manufacturers worldwide to provide safety-related data connectivity for all vehicles, with particular emphasis on areas with little or no cellular coverage. We foresee broadband and other advanced communications technologies making a major contribution to improve road safety for people in rural areas.

We have all read Thomas Friedman's book, *The World is Flat*. In fact, it mentions our effort for McDonald's in North Dakota. I believe that the vision of a "flat world" is becoming truer each day. The days of Private Branch eXchanges (PBXs) and Automatic Call Distributions (ACDs) are no more. Broadband services like DSL and broadband applications like VoIP are bridging the gap and helping give smaller, more isolated communities more access to the world

and vice versa. Like Verety, companies in the Telework Coalition are helping to realize the benefits of broadband deployment in some rural areas. The same can be done elsewhere in the U.S., if the proper incentives are provided. But it will take more than just broadband to bring real benefits and economic opportunities to these areas. It will require a new way of thinking about the workplace and technological innovation.

Broadband is just one way to deliver these benefits that works better in some areas than others. We encourage and support the deployment of other communications technologies that enable creative solutions and public and private partnerships in rural areas to ensure that the next generation of benefits are available to everyone no matter where they live. We are working with organizations like TIA to promote access to affordable and advanced communications services, to limit regulations, minimize disruption to competitive market forces, and promote the use of broadband in government services, public safety, education, teleworking, and healthcare.

Increased global competition requires a more flexible labor environment. As a privately-held company, Ygomi is able to take a patient, long-term approach to profitability. We have the flexibility to think about the future and the technologies and applications that will be needed 10 or more years from now. Despite this flexibility, we still face challenges. For instance, new technologies increasingly change the way we conduct business and the ways our employees choose to work. Employee attitudes about work change, and to succeed, we have to respond creatively to new and evolving employee needs. Non-traditional work arrangements and alternative compensation structures are needed. This century's workplace will not be in just one geographic location, but will be anywhere and any time. Among other things, the workplace will be shaped by the increasing participation of older workers who remain active longer, working parents who want to balance their home and work lives, including the impact of commuting on the environment, and the desire to work where we live and to be able to choose places to live without being restricted to places with large employment centers.

Further, companies like ours who are working on emerging technologies and building businesses in rural areas will still need to seek out favorable business incentives that take into account investments in the community, equipment, wages, and training. This will require the implementation of national policies that encourage investment in new and diverse communications technologies, the promotion of competition as a means of facilitating universal deployment of broadband technologies, and fiscal incentives for broadband deployment. There are also elements in current tax and labor laws that, while appropriate for urban offices, make it difficult for companies to meet the needs and interests of employees working from their farm homes.

In conclusion, I would like to commend you and your staff for the holding this important hearing and for your efforts to help maximize the value of broadband to rural America. Thank you for the opportunity to testify before you today. I am pleased to answer your questions.