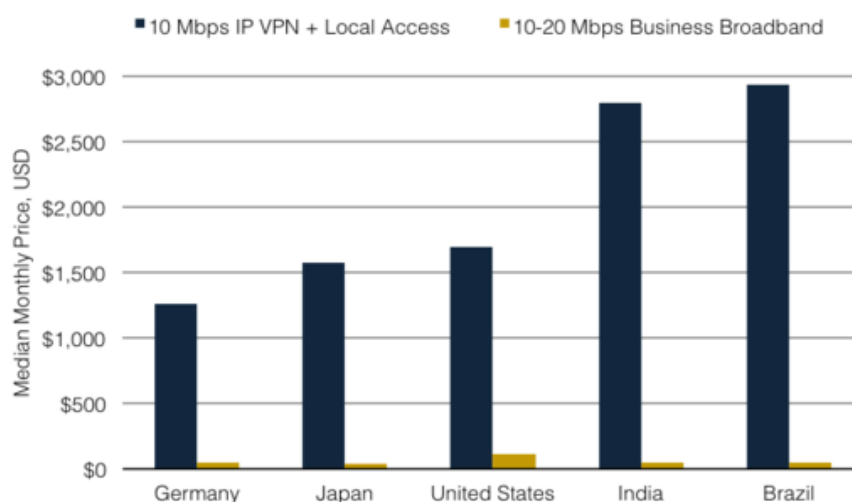


Can Business Broadband Provide a Low-Cost IP VPN Alternative?

While business broadband lacks the security and service guarantees of MPLS IP VPN service, data from TeleGeography's [Business Broadband Research Service](#) reveal that replacing VPN with a comparable business broadband plan can provide meaningful cost savings for some enterprises.

IP VPN prices reflect not just the service provider's port charge, but also the cost of local access, which significantly raises the cost. For example, the median price of a best efforts 10 Mbps IP VPN port in New York City is \$537 per month, while local access is an additional \$1,162. The total price of \$1,699 is at least 15 times greater than that of a 10 to 20 Mbps business broadband plan anywhere in the United States. Similarly, in Germany, the median 10 Mbps IP VPN price of \$626 per month in Frankfurt plus the access price of \$638 is 28 times higher than the \$45 monthly cost of comparable business broadband service. In Tokyo, the median price of a VPN port plus local access is 42 times higher than business broadband.

IP VPN + Local Access vs. Business Broadband Prices



Source: TeleGeography

Price differences in emerging markets are even more pronounced. For example, the median price of a 10 Mbps VPN port plus access is \$2,938 per month in São Paulo and \$10,186 per month in Johannesburg. These prices equate to 57 and 58 times the median price of a 10-20 Mbps business broadband plan in each country, respectively.

Business broadband is certainly not a perfect substitute for MPLS IP VPN service. However, business broadband provides access to the public internet and enterprises can use IP Sec VPN tunnels for secure access to their corporate WAN. The great cost savings can make business broadband a particularly attractive alternative for small sites that do not have latency sensitive requirements.