



Case Study

Boreal Access

Grand Marais, Minnesota
Danna Asche,

Cook County Information Systems Director

Boreal Access is a cooperatively-owned, non-profit Internet Service Provider established in northeast Minnesota in response to a lack of Internet access in the region. Boreal provides community residents and businesses with access to the Internet as well as a “community commons” for sharing information about events and issues in the region. Boreal also offers services to businesses that allow them to become e-commerce capable.

History and Profile

In 1994, there was no local dial-up service in Grand Marais (2000 population 1,353), located on the north shore of Lake Superior in northeast Minnesota. Anyone connecting to the Internet incurred long distance charges, making it expensive for businesses in particular to get connected. Beginning in 1995-1996, partners in the region began to discuss the idea of creating a local Internet service provider (ISP) to bring affordable access to the region. Since this was still early in the history of the Internet, proponents faced an uphill battle in “selling” the concept in the community. After many presentations about what local access might mean for the business community, a decision was made to create a cooperatively-owned, non-profit ISP, Boreal Access. The organizers had a captive audience in the community, but still had to prove the value of a service that would require upfront membership fees from potential resident and business members before the ISP infrastructure was in place.

And, building the ISP infrastructure was not an easy task. The first computer for the system was built by hand, at a cost of about \$40,000 obtained from a county revolving loan fund and Iron Range Resources. They selected a central location for the ISP at the clinic in Grand Marais, established a \$100 membership fee and required members to sign up in advance for a number of months. The organizers focused the initial membership drive on the tourism-related businesses located along the Gunflint Trail. These businesses were organized into the Gunflint Trail Association and could readily see the benefits of Internet access (described below). Getting downtown

merchants and other business owners to join Boreal was a much harder sell.

At the time of the case study in spring 2007, Boreal Access served 2,500 households, many of which were seasonal, and had 1,200 members. Organized as a 501(c)12 (cooperative), Boreal is guided by a board of members/owners. To receive service, residents and businesses become members, paying a one-time \$25 membership fee. The ISP provides a range of service packages to its members, including dial up and e-mail access that can meet the needs of everyone from a community member who only wants e-mail access to a business that requires up to 300 hours of online access (or more) per month. Members can use the Boreal Web site to obtain community information, access the community e-mail list, pay bills online, and learn about other services offered by the ISP.

The community has seen some important benefits from the cooperative ISP. Distance learning opportunities are now available in Grand Marais so that residents do not have to make the more than four-hour roundtrip drive to Duluth to attend classes or business workshops. Twenty to thirty people in the region are actively pursuing advanced degrees, including single and working mothers who are striving to build better lives for their families. Tourism-related businesses have quickly seen the benefits of using the Internet to take reservations and connect with their visitors. According to Danna Asche, Cook County Information Systems Director, within two months of putting reservations online, one business found that about 70 percent of reservations were being made this way. And, the

Year online: **1994**
 Area Population: **1,353**
 Web site: **<http://boreal.org>**

healthcare community has seen the benefits of efficient Internet access – online medical records have allowed the clinic to participate in a regional network and to begin offering tele-mental health services that would not otherwise be available.

Boreal is not content to rest on its laurels. The ISP is already figuring out how to bring the latest technology to the region. There is now high-speed wireless Internet access available to most residents in Grand Marais. Several downtown areas are WI-FI hot spots, allowing residents who cannot access wireless to bring laptops to the beach or the park, the café or the coffee shop, the community or the senior center to access high-speed service. With member support, the ISP would like to expand wireless access up the Gunflint Trail (where many businesses rely on satellite Internet access) and explore bringing bundled T1 lines into the community.

Boreal has grown from a volunteer staff in the beginning to five paid employees today. The community has gone from one where the value of accessing the Internet had to be sold to residents to one where the ISP and Internet access are taken for granted and are viewed as part of the fabric of the community. A long-term goal, however, is to use technology as a strategy for encouraging economic development in the region – attracting IT companies to the region and creating job opportunities for local people. Part of achieving this goal is providing businesses with the services they need to expand their use of e-commerce tools as a way of growing their businesses.

Role of e-Commerce

Many of the existing businesses in Grand Marais and along the Gunflint Trail are seasonal. In the past, they have relied on the “boom” months to carry them through the down time when visitors and second home owners are not attracted to the region. However, often now these seasonal businesses must find ways of “patching” – filling the gap in seasonal income with other income generating opportunities. For some, e-commerce offers an opportunity to expand sales beyond the “boom” months and provide a steadier income stream throughout the year.

Boreal Access provides a way for these businesses to easily acquire the skills and tools they need to develop e-commerce. Business members of Boreal can use the services of the ISP to create and host a basic Web site. As the needs of the business change, Boreal provides access to dynamic Web sites, where the user can add such features as an online guestbook or shopping cart. Once an entrepreneur decides that the business needs to be able to sell online, Boreal provides

access to a shopping cart that can be customized to meet the business’s needs. These services are particularly important to the rural entrepreneurs in this region because there are few alternative service providers in the local area who could meet their needs.

While some businesses may need the full range of e-commerce services offered by Boreal, Danna Asche pointed out that, for many of the tourism-related and seasonal businesses in the region, maintaining customer relationships is really key. Using the Internet to sell a product or service is secondary to using this resource to build and maintain relationships with customers long after they have left the region. A number of businesses are using their Web sites to create blogs, informing past customers about conditions in the Boundary Waters Canoe area, for example. Other businesses are using e-mail or newsletters to keep customers informed about new products or services, such as a new shipment of Inuit art. Easy access to the Internet has made it possible for these northern Minnesota entrepreneurs to maintain, and even improve, relationships with visitors and customers that in the past may have gone dormant between visits. This relationship building helps regional entrepreneurs keep and grow their customer base from year to year (particularly important for tourism-related businesses) and expand their sales outside the tourism “boom” months (particularly important for artisan businesses).

Challenges and Lessons for Rural Entrepreneurs

Boreal’s experience in northern Minnesota offered useful insights for other service providers who are interested in helping rural entrepreneurs in their regions gain access to the Internet and build the skills needed to effectively use the Internet in their businesses:

- In some regions, an alternative ISP model may be the only way to bring Internet access to rural entrepreneurs and community residents. According to Asche, it was unlikely that private investors, specifically the large phone and cable companies, would extend Internet access to this isolated rural region. Even with growth in second homes in the region, these providers had taken no steps to bring service to Grand Marais or other parts of the region. The wait for other smaller providers may have been longer still. Boreal’s experience suggests that rural residents and businesses are willing to support a local ISP and that the cooperative model can work.
- The traditional notion of e-commerce as using the Internet to sell products and services online should be expanded for many rural entrepreneurs. The case

studies from northern Minnesota suggest that the relationship building that the Internet allows is as important for building the business as the presence of an efficient shopping cart. For service providers, this reality means that workshops in blogging, creating effective newsletters, and building Web sites that reflect the unique character of the business may be as important as those designed to teach search engine optimization skills to entrepreneurs.

- Getting and keeping community support for continued innovation in providing access to technology is an ongoing challenge. Service providers must continue to make the value case to residents and entrepreneurs about the benefits of improved technology, showing how technology can improve the life of the community and help entrepreneurs achieve their business goals.

From e-Commerce as a Strategy for improving Business

Vitality: Lessons Learned from Small Businesses by Deborah M. Markley, David L. Barkley, and R. David Lamie

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