

Broadband USA Applications Database

Applicant Name: DigitalBridge Communications Corp.

Project Title: Rebate PC Bundle Project

Project Type: Sustainable Adoption

Executive Summary

Statement of the Problem DigitalBridge is Addressing.

Overcoming the demand-side obstacles of broadband awareness and education, computer ownership, and cost of broadband service is a critical challenge to sustainable, widespread broadband adoption in the U.S. As per the June 2009 Pew Internet & American Life Project, the top reasons that non-Internet users cite for not having broadband at home are lack of relevance and price (the latter includes no computer and the cost of broadband service).

In underserved areas – which the NOFA defines as areas where the rate of broadband subscribership is 40% of households or less – the adoption problem is quite significant. Although broadband is available to more than 90% of adult Americans, Pew reports that only 63% of these Americans actually subscribe to broadband service. Thus, we face an adoption gap of almost 27% in the U.S., which means that roughly one-third of the U.S. population with access to broadband has chosen not to adopt it.

In underserved rural areas, broadband adoption is a critical problem. “In areas where the recession has hit the hardest, broadband adoption is much lower, even in areas where broadband is already universally available. In Loundes County, Mississippi, more than 67% of residents have broadband service available; however, only 38% subscribe to broadband at home.... In Marchall County, Indiana, where 72% of residents have broadband available, ... only 40% subscribe. These examples are not limited to Mississippi and Indiana. Pew reports that only 46% of rural adults subscribe to home broadband service. Indeed, in rural areas across the U.S., adoption rates are well below the national average.

DigitalBridge’s overall approach to addressing the need and why it’s an innovative approach.

The Rebate PC Bundle Project will stimulate sustainable broadband adoption among vulnerable populations in the 91 counties that comprise the proposed service area in both this application and DigitalBridge's last mile applications (which are simultaneously being submitted under BIP and BTOP), by comprehensively solving three established barriers to adoption: broadband awareness and training, computer ownership, and broadband service affordability. The Project will work with local entities to not only provide digital literacy education and training, but also to help unconnected consumers

purchase a new broadband-enabled computer using an instant rebate, bundled with broadband service at a net discount over a minimum 12 month period.

The Rebate PC Bundle Project is innovative because it is designed specifically for the first-time PC owner. The Project is based on three core innovative principles: (i) enabling the consumer to purchase a computer that offers true broadband performance and experience; (ii) providing the consumer with a real choice of equipment; and (iii) passing on to the consumer a comprehensive rebate on equipment combined with truly affordable broadband service.

Areas to be served; populations of the target areas and the estimated number of broadband subscribers the Rebate PC Bundle Project will reach.

The proposed service area that is covered by this application encompassed 91 underserved counties throughout the states of Idaho, Indiana, Mississippi, Missouri, Montana, Nebraska, Pennsylvania and Virginia. DigitalBridge together with our Project Partners will provide the Rebate PC Bundle Project to approximately 619,728 households with an anticipated acceptance rate of roughly 5%. This means that over 30,000 individuals who have previously been unable to enjoy the benefits of the digital revolution will not only have access to affordable broadband service they will also be able to afford a quality computer that is designed for broadband access.

Qualifications of the applicant that demonstrate the ability to implement the project and achieve its intended results.

DigitalBridge's mission is to bring affordable broadband to rural, unserved and underserved communities. Today, under the brand name BridgeMAXX, DigitalBridge ("DBC") provides wireless broadband service to 15 underserved and rural communities, covering 600,000 people. DBC is the largest private WiMAX operator in the U.S. today, targeting markets with populations as small as 1,000 people. In June 2007, DBC launched the first, standards-based commercial WiMAX system in the U.S. in Rexburg, Idaho. In June 2008 it deployed the first, commercial mobile WiMAX system in the country. Four months later, DBC launched Voice over Internet Protocol service ("VoIP") over its WiMAX systems.

DBC's experience demonstrates that it will be able to rapidly and affordably bring fourth-generation broadband to the proposed service areas within 6-12 months of tower/fiber leasing or buildout, due to a number of advantages: (1) readily-deployable, standards-based WiMAX technology; (2) experienced deployment teams; (3) already-operational, state-of-the-art, Network Operations Center located in Ashburn, VA; (4) already-operational billing and customer care systems capable of serving over 1 million customers; (5) an open, all-IP network costing a fraction of traditional networks; (6) a strong licensed spectrum position that allows fast, reliable, secure and interference-free operations; and (7) a solid operating record and a seasoned management team, part of which has worked together for 12 years.

Jobs to be saved or created.

While the Rebate PC Bundle Project will not directly create any jobs, according to a July 2007 Study by the Brookings Institution, every 1% increase in broadband penetration is projected to yield a .2%-.3% increase in non-farm employment.

Overall Cost of the Project. The total cost of the Rebate PC Bundle Project is \$6,693,000. This amount would allow DigitalBridge and its Project Partners to provide 33,465 individuals with a PC rebate of \$175 and access to truly affordable broadband service