

Broadband USA Applications Database

Applicant Name: Spacenet Inc

Project Title: Open Skies Montana

Project Type: Last Mile Non-Remote

Executive Summary

8. Executive Summary Spacenet's proposed Open Skies Montana project will make affordable broadband services available to 167,303 rural and underserved potential users in Montana. Our satellite technology represents a unique opportunity to quickly and cost-effectively deliver high quality, high speed and highly reliable broadband service to even the most isolated households, businesses, community anchors and public safety agencies. Through this application for funding, utilizing our state of the art technology, we offer an optimal approach to meeting the goals of the Broadband Stimulus Program of the American Recovery and Reinvestment Act (ARRA). Spacenet brings a 28 year history of successfully delivering broadband satellite services to consumers, small businesses, large enterprises and state and local government entities throughout the United States. We currently serve over 120,000 locations in the United States with reliable high-speed satellite broadband services. These services today satisfy a wide range of needs: * -The small business in a rural area that needs access to the public Internet to expand its reach and minimize costs. * -The public safety agency that needs cost effective primary communications capability and, in the case of a natural disaster, when terrestrial alternatives are disrupted, an always-on backup alternative. * -The large enterprise which has hundreds or thousands of locations throughout the country and needs broadband communications for front and back office applications to maintain and enhance productivity. * -The health care provider who needs primary, backup and transportable broadband access to deliver timely, effective patient care regardless of location. * -The United States Postal Service which needs to improve its efficiency at 5,000 rural locations where other broadband alternatives were at a much higher cost or not available. Our Open Skies Montana project will meet all the fundamental objectives of the Broadband Stimulus Program of the ARRA. It will accelerate the deployment of affordable broadband services to rural underserved areas, immediately creating jobs and providing significant public benefit. While low speed satellite services are currently available across the U.S., there are barriers to adoption for consumers and community anchors in rural areas. These barriers are: the upfront cost of the installed customer premise equipment, the monthly subscription prices, the need for higher speeds and the ability to upgrade as faster speeds become available. With a one-time infusion of federal funds, Spacenet will add the infrastructure which will deliver higher speeds at lower monthly subscription prices, with very little upfront cost to the user. The proposed funded service area of the Open Skies Montana project is the 49 rural and underserved counties in Montana (i.e., the State of Montana less the following counties that we have identified as non-rural or served (or both): Cascade, Flathead, Gallatin, Lewis and Clark, Missoula, Silver Bow, and Yellowstone.) This service area of 125,738 square miles contains a population of 364,060 people in 142,404 households. This proposed funded service area also contains 23,042

businesses, community anchor institutions including 269 public safety locations, 850 hospitals and clinics and 738 schools and libraries. We propose to bring the Open Skies Montana service areas a tiered array of service offerings to meet the varying needs of: consumers, businesses, and community anchors. Residential Tiers: Download from 768Kbps to 5000Kbps, Upload from 256Kbps to 2000Kbps. Community Anchors and Businesses: Download from 1000Kbps to 3000kbps, Upload from 512Kbps to 3000Kbps. Included in our pricing will be discounts for community anchor institutions and critical community facilities. Our Open Skies Montana customers will have non-discriminatory access to services available from the Internet. They will be able to utilize our service as well for personal, corporate, educational, health, or public safety-related applications that operate on internet-protocol based systems. To promote our belief that the Internet is “a forum for a true diversity of political discourse, unique opportunities for cultural development, and myriad avenues for intellectual activity” and “a vibrant and competitive free market” we will ensure full and non-restrictive access to lawful and non-harmful applications and user devices. We agree to and will abide by the principles contained in the FCC’s Internet Policy Statement (FCC 05-151, adopted August 5, 2005). Our management practices are and will continue to be posted at our websites and they will continue to promote Internet activities that are legal, non-vulgar, non-hateful, and non-interfering (to other users and to the network). Policies for usage, privacy, dispute resolution, and termination will also continue to be posted. The satellite system that is at the core of our offering has four major components. First is the customer premises equipment (CPE) which is a small modem device which provides the LAN connection to the customers’ computer or a router and/or WiFi device. This modem communicates through a very small antenna directly to an existing geostationary satellite with coverage over the entire state of Montana. From this satellite, information is beamed to existing redundant teleports in Marietta, Georgia and Chicago, Illinois. These teleports connect to the Internet via redundant fiber backbone. From the internet, the information simply travels the reverse direction to the customers’ computer. We will offer a choice of customer premises equipment based upon the tier of service requested, but all are installed by certified Spacenet installation shops and all are designed, tested and verified for use in rugged conditions such as the extremes of Montana’s climate. To minimize the effect of satellite latency and improve internet browsing performance, Spacenet will deploy our patented Internet Protocol Accelerator (IPA) technology. This technology exists within the Spacenet modem and is used to accelerate internet based applications delivering a user experience comparable to land-line based networks. Our Spacenet Open Skies Montana project team has vast experience with this technology and its deployment in rural and isolated locations across the country and around the globe. Satellite based communications networks have been the core of our business since 1981. With an established track record our management, financial, technical, field, and customer support teams are ready to scale our systems and operations to support this exciting new opportunity. One of the unique advantages of satellite communications is the ability to rapidly bring a new network online. Spacenet will have the infrastructure in place and begin offering service within 4 months of award. Over the project term the federal funding will allow Spacenet to build the scale and the infrastructure which will achieve a sustainable business model for the rural underserved areas of Montana. Beyond the project term, Spacenet is committed to sustaining its leading position in the industry by utilizing the next generation of satellite and satellite equipment technology which will further increase service speeds and reduce costs. This evolutionary step is required by our existing core business and will bring these future benefits to all users, including those in

the rural underserved areas of Montana. Through this application, Spacenet is seeking funding of \$15,006,702 for Open Skies Montana. A detailed budget and other financial reports and projections are contained throughout this application. We are proud to estimate that Open Skies Montana will create over 5,000(1) jobs while spurring the demand for broadband, including to disadvantaged populations, and stimulating overall economic growth. Likewise, we are eager for Open Skies Montana to provide the critical and needed access to broadband in underserved areas of Montana and improve access to, and awareness and use of, broadband by public safety agencies, schools, libraries, and healthcare sites. We take very seriously the responsibilities of requesting and receiving federal funds. We believe our application represents a unique opportunity to fulfill the objectives of the ARRA and specifically the critical mission of the Broadband Stimulus Program. Footnote 1.Methodology: Our research indicates the indirect employment effects of the House Broadband Stimulus Bill. By using an input-output data analysis found in the Katz et al. (2008) research study, we were able to calculate the re-spending multiplier using the U.S. Census Bureau's data on each state's occupational breakdown.