Broadband USA Applications Database

Applicant Name:  ATSI Communications, Inc.

Project Title:  South Texas Broadband Technology Project

Project Type:  Last Mile Remote

_______________________ Executive Summary _______________________

Executive Summary ATSI Communications, Inc. (ATSI) is applying to the BIP (Broadband Initiatives Program) and BTOP (Broadband Technology Opportunity Program). The programs are part of the American Recovery and Reinvestment Act of 2009 (ARRA) and their purpose is to expand access to broadband services for all Americans especially those in rural, underserved communities. ATSI’s South Texas Broadband Technology Project will provide broadband services to nine rural and underserved communities in South Texas as defined in the NOFA. The goal of the ARRA is to provide a “direct fiscal boost to help lift our Nation from the greatest economic crisis in our lifetimes and lay the foundation for future growth.” The proposed South Texas Broadband Technology Project will directly address four of the stated objectives of the ARRA: (1) “to preserve and create jobs and promote economic recovery”; (2) “to assist those most impacted by the recession”; (3) “to provide investments needed to increase economic efficiency by spurring technological advances in science and health”; and (4) “to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.” ATSI is a South Texas corporation based in San Antonio, Texas. Established in 1993, it began as a telecommunications carrier providing service to Mexico and has evolved into a premier global VoIP carrier serving rapidly expanding markets in Asia, Europe, the Middle East, and Latin America. In 2008, ATSI ranked 30th among the list of the 50 fastest growing technology companies in Texas as recognized by Deloitte & Touche, LLP. The Company also ranked 383 by Deloitte in the 2008 Technology Fast 500 for the fastest growing companies in North America. ATSI achieved this recognition by generating 356% revenue growth between 2003 and 2007. For its fiscal year 2008, ATSI achieved record revenues of $42 million and has been nominated for recognition again in 2009. ATSI’s track record of success is directly attributable to its talented management team that has more than 50 years of combined telecommunications experience. The management team’s experience includes serving various segments of the market ranging from basic consumer applications to complex enterprise solutions. ATSI participates in various segments of the telecommunications industry through operating subsidiaries that includes a global provider of VoIP transport services, a cable television service provider in South Texas, a consumer-based telephony service provider. ATSI’s established its proven track record primarily through its wholly-owned subsidiary, Digerati Networks, Inc. (Digerati). who owns and operates its own Voice over Internet protocol (“VoIP”) network in San Antonio, Texas for processing voice communication traffic between the United States and rapidly expanding markets in Asia, Europe, the Middle East, and Latin America. Digerati has established numerous partnerships with foreign carriers and network operators to provide its international services. Digerati has capitalized on a growth opportunity resulting from traditional telephone companies migrating towards VoIP. ATSI’s South Texas Broadband
Technology Project will provide broadband Internet connectivity to nine rural and underserved communities in South Texas utilizing a combination of wireline and wireless broadband services. ATSI through its operating subsidiaries is already delivering basic telephony and cable television services in three of the targeted nine rural communities: Palmview, Progreso, and Sebastian, Texas. The Company’s existing network and operational support systems, including billing and customer support, will be utilized in its broadband project. The South Texas Broadband Technology Project grant funds will be an investment in infrastructure that will be utilized to overlay the existing cable system with a two-way capability in order to provide full broadband services to existing homes and businesses passed by the cable systems. In addition, wireless systems will be constructed to provide access to the Internet and other enhanced applications throughout these three communities, as well as to the six additional rural communities of Crystal City, Devine, Hondo, Lytle, San Carlos, and Uvalde, Texas. This building of infrastructure directly addresses the fourth objective of the ARRA as the project will provide long term economic benefits to all nine of the communities. In total, over 16,000 households and 2,200 businesses would be reached and given enhanced broadband Internet connectivity throughout the targeted communities. These nine South Texas communities, already at an economic disadvantage because of their location, have been further impacted by the recession and their citizens are among those targeted by the second objective of the ARRA. ATSI will enhance the broadband Internet services and connectivity speeds in all of the communities. ATSI will be providing wireline customers with maximum speeds of 3.0mb downstream and 768kb upstream and wireless customers with maximum speeds of 3.0mb downstream and 512kb upstream. The services offered on the wireline broadband network will include high-speed Internet, digital telephone, and television services. The services offered on the wireless broadband network will include high-speed Internet and digital telephone service. Internet access will be offered in various bandwidth speeds and include e-mail service as an application. Digital telephone voice applications will include voicemail, interactive voice response system (IVR), voicemail to email, simultaneous ring, call recording, domestic and international calling, and other specialized voice over Internet Protocol (VoIP) applications. Television services will includes a basic channel line-up of 75-100 channels consisting of local programming, national networks, and premium movie channels. In addition, certain applications, such as those related to home health care and education, will be included in service packages tailored for a user’s specific need. The improved Internet connectivity will have a positive impact on clinics and doctor’s offices in these communities. Telemedicine is the future of medicine and broadband connectivity will allow doctors to consult real time with other doctors and specialists in other areas of Texas and the United States. One of the goals of the Obama administration is a conversion to electronic medical records (EMRs). This is difficult for clinics, hospitals and physicians in rural communities if they do not have high speed Internet access. The enhanced Internet connectivity will help to improve medical access for patients and physicians thereby meeting the third stated objective of the ARRA. Education will also be positively impacted by the improved Internet connectivity provided by the project. Schools will be able to provide real time Internet access in libraries and eventually the classrooms so that children will be able to research areas of interest on line and teachers will be able to access and share teaching materials. By making broadband Internet connectivity available and affordable, more children will have Internet access at home and they will be able to compete on a level playing field with children in larger cities for whom the Internet is a virtual encyclopedia of knowledge and information. Public safety would also be positively impacted. Improved Internet connectivity and
wireless access will allow public safety officers to have internet access in their vehicles. It would also give them better options for emergency access and communication during storms and floods. Approximately 93 community anchor institutions, 12 public safety entities, and 12 critical community organizations could be served when these facilities are constructed and made available. It is estimated that 20-25 jobs will be created from the South Texas Broadband Technology Project. The jobs will be for operation and support of these systems, and approximately 25 new indirect jobs (additional internal IT support jobs, etc.) will be created. These new jobs will help spur economic recovery directly fulfilling the first objective of the ARRA. ATSI’s South Texas Broadband Project encompasses both wireless and wireline technology. Wireless networks to be installed will be in conformance with FCC 802.11 specifications for the appropriate frequencies and transmission schemes. Total spectrum available will be approximately 600 MHz. Frequencies utilized will be both licensed (3.65 GHz) and unlicensed (900 MHz, 2.4 GHz, and 5 GHz). In order to enhance services and reliability, the project will be attached to an existing network to form a perpetual ring network architecture which will provide redundancy to key components of the network. The network will consist of five transmission towers located in or near the communities served, with base station, router, and ancillary equipment located at each site. Local distribution to subscribers will be through customer premise equipment (CPE), generally an outdoor unit, installed at each customer’s site to communicate with the access point on the tower. ATSI’s wireline broadband network will consist of an Internet “middle-mile” backbone connecting the four communities served using microwave links. Local distribution to subscribers will be via coaxial cable to Cable Modem Termination Systems (CMTS’s) used by both residential and business customers for Internet access. The total infrastructure cost for the wireline and wireless broadband system in ATSI’s South Texas Broadband Technology Project is $3.3 million. Based on historical adoption rates for broadband, it is anticipated that total subscribership will reach over 2400 subscribers within the first 3 years of operation.