Executive Summary

Bloosurf is a joint venture between Pocomoke Holdings, a Delaware based LLC, and Alsatis, a French corporation specializing in rural broadband markets. Pocomoke Holdings is the majority shareholder in Bloosurf. Alsatis was incorporated five years ago in Toulouse, France with the vision of bridging the digital divide in rural areas. Alsatis has been successful in combining different technologies (Wireless, FTTH, and Satellite) to offer the best value to its customers. Specifically, Alsatis has developed, deployed and has been operating wireless solutions perfectly tailored to the rural environment for over five years. In 2009, its revenues were close to six million dollars (the conversion used for the financial statements was 1 euro = 1.376 dollar), and its subscriber base above 6,000 residential, business and anchor institutions. Alsatis has transferred its know-how to Bloosurf, and will continue to do so as Bloosurf develops. Alsatis was initially contacted by the Maryland Broadband Cooperative to perform a demonstration of its wireless last mile system. This demonstration took place in Pocomoke in November 2008. A residential user, a business and a school volunteered to be beta testers of the services. Speeds of up to 4Mbps up and down were demonstrated. Following this successful demonstration Bloosurf was incorporated. Worcester County then requested a proposal from Bloosurf to take over the local Lower Shore Broadband Cooperative and the associated RUS insured bank loan. Unfortunately, due to economic climate at the time, this did not come through. It was obvious at this point that the future of LSBC was doomed. Bloosurf, with the support of the county, submitted an application for the first round of the NOFA for broadband. It planned to build on the existing network in Worcester, expand it to its original footprint using Alsatis know-how and solutions and to also cover the neighboring county of Somerset. As the decisions on round one were postponed to early 2010, Bloosurf, with the support of the Shareholders and the county of Worcester, decided to take over the operations of the Lower Shore Broadband Cooperative (LSBC) when it ceased operations at the end of January 2010 so as to continue providing uninterrupted service to the 150 Members of LSBC including two fire stations, a police department, the public works of the City of Pocomoke and the Department of Natural Resources in Nassawango. In doing so, Bloosurf maintained two jobs and created two more. The technical support manager and the sales and administration manager of the former LSBC have been retained so as to provide Bloosurf with the local experience and background. The two newly created positions include the CEO position and the CTO position. The CEO, who is also the Chairman and founder of Alsatis, will maximize the synergies between the two companies. The CTO has years of experience in IT and public Maryland networks. Bloosurf has partnered with the Maryland Broadband Cooperative (MDBC) to connect the wireless network to the optic fiber backbone of MDBC directly at our NOC in Pocomoke. This provided for a better performance and a higher up time. Bloosurf also optimized the network so as
to reduce network costs by 50%, it implemented a new BSS that allows for online subscriptions so as to free some resources for sales and marketing. It has segmented its offer so as to provide a standard broadband service (1*0.3 Mbps) and a deluxe package (3*1 Mbps) and has offered to its customers the possibility to lease or buy the equipment. This has improved the profitability by user by 50%. However the fixed, incompressible costs of such an operation stand at $14,200 a month which includes the personal costs, the backhaul cost with MDBC, the utility costs, the maintenance cost, and the leasing costs of the towers. Assuming that Bloosurf will reach 200 subscriptions by the end of the year, with $60,000 in the bank at the end of February 2010, Bloosurf will be able to sustain the operations till December 2010. Any additional subscribers would allow surviving longer. This project would allow increasing the number of subscribers beyond 600 within 18 months, making the operations profitable. Considering that broadband adoption is function of broadband availability and cost, computer availability and understanding of the Internet, the project aims at enhancing the penetration by improving all these points: - For the 200 most families of vulnerable student populations identified within our coverage area (9000 households) the CPE will be provided and installed for free, a mini notebook will be provided and a training of 3 hours on the use of broadband will be given, and the subscription prices will be discounted by $20 a month for 2 years (duration of the project). - For the fifteen communities served, one training conference shall be organized on the use of broadband. Bloosurf shall cooperate with the economic development and the board of education of the County to identify the families of students in vulnerable populations. Moreover, Worcester County has received a grant for $283,000 under ARRA from the Department of Energy to reduce reliance on non-renewable energy sources. The county is using those dollars to purchase solar panels and support equipment to be installed at the new $43,000,000 Worcester County Technical School, part of the Worcester County Public School System. This is part of a collaborative effort with WorWic Community College and the University of Maryland Eastern Shore. Bloosurf will work with this school to make sure that broadband access problems do not stand in the way of the project's success. We are confident that these incentives will help us secure 400 more subscribers and more. This shall make the operation sustainable (the breakeven point is at 420) and will create 6 stable direct jobs.