Executive Summary

a) Problem or need addressed Through a survey and other intensive work in broadband expansion over the past three years and more, PMA’s principals studied the serious deficiency in reaching vulnerable groups in economically challenged areas that include: seniors, handicapped persons, certain minorities and low income youth and families. In 2007-2008 they conducted a survey focused on conditions and resources needed to expand and sustain broadband usage in four counties on Maryland’s eastern shore, counties that range from 55%-75% of the average personal income per household of the state. Findings included: 1. There are significant barriers to gaining broadband access in these areas and communities, which hit certain elements of the population hardest. These include particularly: seniors in general, handicapped persons, low income youth, low income families, certain ethnic groups. 2. Innovative approaches are needed to assist in broadband propagation more widely in the community because there are: 1) often elements of infrastructure that are lacking, 2) economic distortions that cause the price of broadband in these communities to be relatively high and out of the reach of many citizens, 3) for many individuals, educational and informational barriers. 3. Solutions must incorporate: 1) access to adequate infrastructure; 2) availability of devices and equipment for users at affordable price points; 3) educational programs to familiarize individuals with what is available, advantages of using broadband facilities and applications and how to get access to the necessary equipment and services. The results of the survey were reinforced by informal gathering of information about economically similar areas in other parts of Maryland, as well as in the state of Pennsylvania, where the principals of PMA have done extensive work with service providers and carriers over the past eighteen months. b) Innovative approach PMA’s approach to expanding broadband adoption to vulnerable population groups has three principal elements, which include highly innovative factors. These elements are: 1) adapting a model which has been referred to as 'Impact Investing' or ('Patient Capitalism') that has been developed successfully outside the U.S. by groups like ANDE (Aspen Network of Development Entrepreneurs) and Acumen Fund to provide a bridge that will nurture sustainable broadband enterprises that can carry on broadband expansion beyond the contemplated period of this project and can be extended to other states. This model is based upon widespread experience demonstrating that the strongest driver of long-term sustainable growth in essential services is local entrepreneurial involvement. This involvement is lacking in economically disadvantaged areas and requires a new paradigm for funding, which is impact investing. PMA will create this paradigm through identifying prospective entrepreneurs, lining up sources of philanthropic and risk capital, investing directly in the new entrepreneurship and providing them business advice and guidance. 2) PMA will directly and through the new entrepreneurship arrange for user equipment to be made available, adapting some of the
developments in low-end PCs, such as the personal learning devices pioneered by OLPC (one laptop per child), Intel and others, and extending this to 'one laptop per senior,' 'one laptop per handicapped individual,' etc. 3) PMA will also directly and in conjunction with local entrepreneurs, government and other agencies, develop and run broadband demonstration projects and training programs aimed to assist vulnerable population groups. c) Areas to be served Select counties in the states of Maryland, West Virginia and Pennsylvania will be served. Initial counties, approximately 9-12, will be chosen from the following: 1) Somerset, MD 2) Allegany MD 3) Caroline MD 4) Dorchester, MD 5) Wicomico, MD 6) Washington, MD 7) Worcester MD 8) Schuylkill, PA 9) Wayne, PA 10) Northumberland, PA 11) Susquehanna, PA 12) Wyoming, PA 13) Lackawanna, PA 14) McDowell, WV 15 Hampshire, WV 16) Hardy, WV 17) Fayette, WV 18) Preston, WV 19) Mineral, WV 20) Grant, WV. These 20 counties have total population of 1.2 million people, with over 200,000 persons over 65 years of age, over 230,000 people with disabilities, 92,000 black/African American persons and an average personal income of about $30,000 per year. d) Qualifications The principals of PMA are highly experienced business persons and experts in telecommunications and broadband. Mr. Boschulte was CEO of NYNEX Mobile (now part of Verizon Wireless). He also built and ran a leading wireless carrier in a less developed nation, Indonesia, in which many of the adoption issues were similar to those faced by vulnerable population groups in the U.S. A leader in the telecom industry for over 30 years, he was twice picked by Black Enterprise magazine as one of the 40 most influential black executives in the U.S. Victor Schnee, an expert in telecom and in development of new businesses, ran telecom research firm Probe Research, Inc. for 25 years. Telecom industry leader, Telephony Magazine, described Mr. Schnee in a series of cover stories as 'a big picture thinker, able to dive in and create ripples.' Mr. Boschulte and Mr. Schnee have worked in the area of broadband development, especially in rural and under-served areas, for over 10 years. In 1998-2002 they assisted the first company to provide interactive broadband services over 700 MHz spectrum, under a waiver from the FCC. In 2000-2001 Mr. Schnee was responsible for the multi-client study 'And Broadband For All' - a Multi-Client Sponsored Study of the market conditions, technologies and economics needed for the widespread propagation of broadband. In 2006-07 they conducted an in-depth study for Maryland Broadband Cooperative, a public-private organization seeking to expand broadband adoption throughout under-served areas in Maryland. They conducted the survey in eastern Maryland that provides a number of the insights to this project. From 2008-10 they have been advising Last Mile, Inc. a broadband services provider to educational and healthcare institutions in rural and under-served areas of Pennsylvania. They have also advised companies seeking to provide wireless broadband services in under-served areas of Maryland, Pennsylvania and West Virginia. Mr. Schnee ran numerous training programs over a 20-year period through his firm, Probe Research, Inc., and recruited tutorial and training leaders. Mr. Schnee also was responsible for the study: 'The Crisis of Global Demographic Change' 2004 - a Study of changing demographics, with emphasis on issues in the U.S. for serving an aging population with adequate telecom services and products. In addition, Mr. Schnee also ran The Gateway Opportunity Fund, in partnership with the Peter Kiewit organization of Omaha, NB, which invested over $40 million in businesses run by new entrepreneurs in areas of new media throughout the U.S. e) Jobs saved or created Through creating entrepreneurship in 3 states, PMA estimates 100 or more jobs created. Indirectly it estimates several hundred job opportunities created by spreading broadband to individuals, e.g., seniors, who can only work remotely. f) Overall cost $1,600,000 over two years