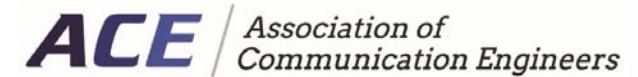


Strategic Partnerships

Sam Harlan, PE

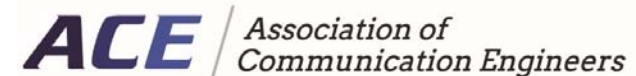
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The Need

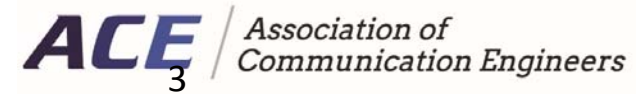
- Rural Independent Communication Service Providers (RICSPs) are in a new and challenging environment.
 - High cost support revenues are continually under attack and continue to diminish.
 - Competitive pressures and risks continue and are resulting in increasingly greater line losses due to wireless alternatives.
 - RICSPs must find alternative sources of income to reduce their dependency on the high cost support funds and replace some of the lost revenue.

This is a recycled slide



This is

The New Normal



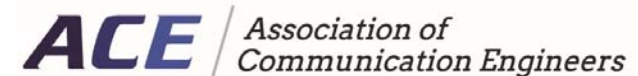
My Market and Product Line

- What can I sell?
- Do my customers know what I offer?
- Do my customers want to purchase services I have, at a price I can make money?
- How to deploy?
 - How do I have time to develop a new product line with an understaffed company?
 - How do I market this new product? Do I have adequate support staff?



Is there anybody that understands my demographic and problems?

- Look around
 - We are rural
 - We are service providers
- **AND WE ARE SURE ARE INDEPENDENT**
- But that may not be a bad thing

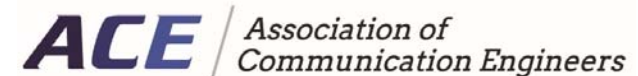


Take time to do a Customer Analysis

- What products and services do your customers want? (Residential and Business)
- With additional bandwidth what services are possible
- *2/3 of a PwC survey thought their Capex is driven by technology not business commercial objectives
- *32% of new projects do not benefit from lessons learned



*PwC "We need to talk about Capex"



How do I cut costs?

- Payroll accounts for approximately 40% of service provider costs
- Year over year increases in healthcare and salaries are anticipated
- Most companies if they are successful in cutting costs, it is do mostly attrition older employees not being replaced.
- Install and Repair costs are still required to keep customers.
- More Fiber generally decreases repairs



How do I cut costs?

- If the investment has been made in fiber in prior years, is there debt service?
- As we see the demarc move deeper in the home can't be compromised
- What are my hard fixed costs?



Let's look at Strategic Partnerships

- There are several types of potential partners as well as types of partnerships.



Types of Partners

- Neighboring Service Providers
- State or Private Fiber Networks
- Subdivision or HOA
- *City or County Municipal (where legal)
- Power Utilities (especially Coops)
 - Pole line may be available
 - They can be your partner or competition



*Cities often have grant money available for connecting water pumping stations with fiber

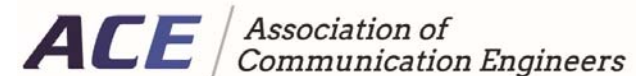
Benefits and Downsides of Strategic Partnerships

- To be Strategic should benefit all parties for a distinct reasons
 - Could be a cost savings for both parties (man hours or direct costs)
 - Could be a new line of business for you in his area or the Partner in your area
 - Can it be replicated to others without suffering disagreements?
 - Is there an understanding of the product between parties?
 - Does the line of Business Scale?
 - Branding



Types of Strategic Partnerships

- Switching
- ISP
- Shared Network
- CSR
- OSS/BSS (in the cloud)
- Cloud Services (storage, etc.)
- Managing Executives
- Accounting
- NOC
- Video DHE
- Caching Servers
- Fixed Wireless
- Construction Crews
- Marketing & Advertising
- Sales Staff



Why?

- Uncertain times gives some confidence
- Spread Risk
- To make each entity better
- Perhaps offer more services and add to ARPU
- Minimize Costs
- Better Service



ACE / Association of
Communication Engineers

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