

Wireless Neighborhoods Business Strategy

The primary financial goal of the Wireless Neighborhoods network is reach financial sustainability with user fees affordable by small non-profit and for-profit organizations. The business strategy has three primary elements:

- (1) The raising of funds from foundations and public agencies for capital costs,
- (2) User fees for recurring costs, and
- (3) Community-based ownership and control to provide services that satisfy community needs, to minimize prices (through bulk purchases, shared resources and the use of cost- versus market-based pricing), and to maximize fundraising opportunities.

The keys to achieving this goal, therefore, are (1) the ability to raise the capital funds to connect the number of customers required to reach sustainability, (2) the ability to solicit the participation of the required number of customers, and (3) the ability to raise the funds required to subsidize recurring costs until the organization reaches the breakeven level of revenues.

Based upon a proposed initial pricing level of \$100 per month per 100 kbps of average use, the business plan estimates that the organization can reach a breakeven level of revenues with 175 customers, the raising of approximately \$1 million for capital equipment and \$450,000 for recurring costs over the 4 years required to enroll the breakeven level of customers.

Breakeven number of customers	Approx. 175
Capital costs for breakeven level of customers	Approx. \$800,000
Price for Internet access	\$100
Time to reach breakeven	Approx. 4 years
Recurring cost subsidy until breakeven	Approx. \$425,000
Total funds required to reach breakeven	Approx. \$1.2 million

An active fundraising effort will target foundations and government agencies interested in community-based education and economic development programs. Grant applications will be developed in conjunction with community participants, combining requests for programming, infrastructure and recurring costs into each grant request.

Customers will be enrolled through a variety of mechanisms. Neighborhood-based organizing efforts will target small non-profit customers and for-profit customers. Staff will target larger customers. As noted earlier, the project currently has 22 customers, and the remainder of the DCED grant will add at least another 10.

This fundraising approach has been successful to date, resulting in the \$400,000 grant from DCED, the \$425,000 in funding from The Heinz Endowments and \$70,000 from Verizon. Grant applications are also being prepared for the DCED's Neighborhood Assistance and Educational Improvement tax credit programs, which provides tax credits to companies donating money, equipment or staffing to approved community programs. Additional grant applications are being prepared with additional community partners and grant sources.