

## Velocity Broadband

### INTERNAL FACTORS

#### STRENGTHS (+)

**Customer Service** – Focusing on the details that make our customers tell their friends about us  
**HPP** – Infrastructure and skill sets we need  
**Network Capacity** - We have room to grow and expand  
**Municipal Provider** – Local focus and investment  
**Flexibility** – We are small, agile, and can connect customers fast  
**Maintenance** – Updating systems to meet current demand

#### WEAKNESSES (-)

**Staffing** – Customer service and technical skill sets are stretched  
**HPP Reach** – Pole attachment rights beyond HPP boundaries  
**Redundancy** – Datacenter, pathways and sources  
**Limited Knowledge** – We are still in our infancy working against providers who have been doing this for decades  
**Public Education** – Explaining what the city is doing and the value fiber brings to a business

### EXTERNAL FACTORS

#### OPPORTUNITIES (+)

**Next Gen Tech** – 4K Video, SaaS, IoT and automation needs reliable high speed internet  
**Flexibility** – Could be more flexible as our skill level increases  
**Wireless Deployments** – Macro and micro cell towers need fiber  
**Limited Private Sector Infrastructure** – We have the fiber!  
**IPv6 Deployment** – VBB will be one of the first ISPs in NEO to rollout just IPv6 to customers  
**Redundant DC** – Some city facilities could house a second DC

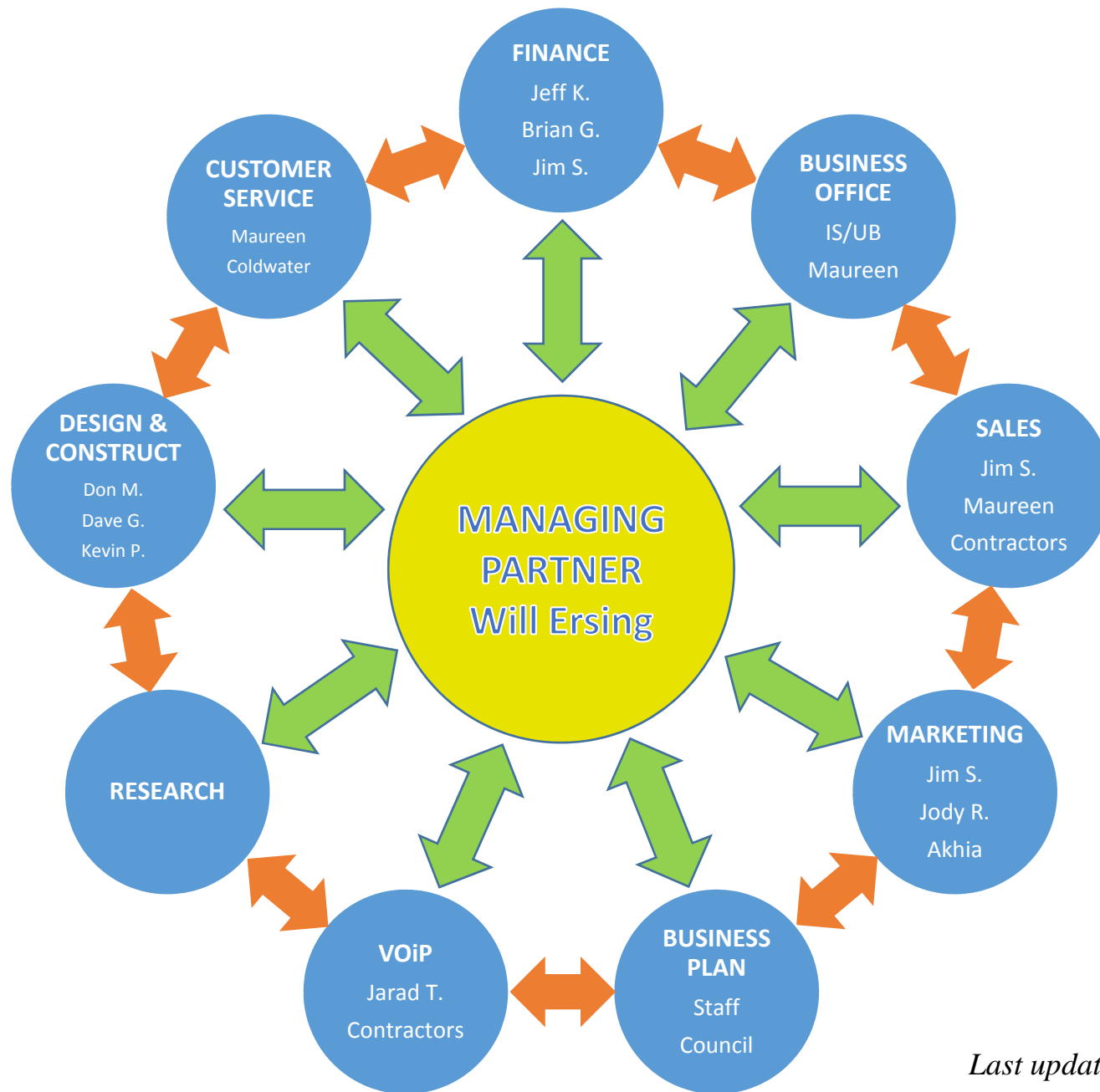
#### THREATS (-)

**Private Sector Investment** - Incumbent providers are upgrading  
**The Internet** – Network attacks, hacking, route failures  
**Federal Mandates** – New regulations from FCC, ARIN and Ohio  
**Technology Changes** – Not maintaining and scaling the network to meet future demands  
**Wireless for small size customers** – Small scale customers may switch to all wireless infrastructure

### ANALYSIS SUMMARY

- As the business buildout enters its completion, direction is needed on priorities including consideration for the following initiatives:
- Connect “Home” businesses along existing fiber pathways
  - Interconnect with and become an open access provider in Dublin and/or Medina on their fiber networks
  - Strategically expand beyond our current boundaries
  - Expand our service offerings to support innovation and new technologies
  - Residential feasibility study

## Velocity Broadband Work Assignments



*Last updated: 2/14/17*

## Current Customers as of February 28, 2017

<u>Current Customers</u>	
<b>Business Internet</b>	
25/25	73
50/50	17
100/100	5
500/100	2
1000/500	0
<b>Total</b>	<b>97</b>
<b>Dedicated Internet</b>	
50Mbps	1
100Mbps	3
500Mbps	0
1000Mbps	0
10000Mbps	0
<b>Total</b>	<b>4</b>
<b>Total Broadband Customers</b>	<b>101</b>

## Customer Forecast

Year	2016 Actual	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate
<b>Business Voice</b>						
<b>Total Voice Lines</b>	<b>65</b>	<b>156</b>	<b>233</b>	<b>326</b>	<b>420</b>	<b>467</b>
<b>Business Internet</b>						
25/25	65	119	175	237	281	331
50/50	12	23	32	43	51	60
100/100	4	7	9	12	14	17
500/100	2	3	4	5	6	7
1000/500	0	1	2	3	4	5
<b>Total</b>	<b>83</b>	<b>153</b>	<b>222</b>	<b>300</b>	<b>356</b>	<b>420</b>
<b>Total Business Internet Market</b>	<b>750</b>	<b>758</b>	<b>765</b>	<b>773</b>	<b>781</b>	<b>788</b>
<b>Percentage of Business Market</b>	<b>11%</b>	<b>20%</b>	<b>29%</b>	<b>39%</b>	<b>46%</b>	<b>53%</b>
<b>Dedicated Internet</b>						
50Mbps	1	2	3	4	4	4
100Mbps	3	4	5	6	6	6
500Mbps	0	1	1	1	1	1
1000Mbps	0	0	0	0	0	0
10000Mbps	0	0	0	0	0	0
<b>Total Dedicated Internet Customers</b>	<b>4</b>	<b>7</b>	<b>9</b>	<b>11</b>	<b>11</b>	<b>11</b>
<b>Total Dedicated Internet Market</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>
<b>Percentage of Dedicated Market</b>	<b>31%</b>	<b>50%</b>	<b>64%</b>	<b>79%</b>	<b>79%</b>	<b>79%</b>

## Broadband Financial Forecast

	2016 Actual	2017 Forecast	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
Number of Customers	87	160	231	311	367	431
Operating Revenue	\$129,048	\$377,445	\$596,805	\$802,935	\$994,650	\$1,151,295
Operating Expense						
Personnel	\$184,433	\$195,627	\$247,583	\$250,059	\$252,559	\$255,085
Operating	\$142,086	\$257,101	\$259,672	\$262,269	\$264,891	\$267,540
Capital	\$3,366	\$0	\$0	\$0	\$0	\$0
Operating Expense	\$329,885	\$452,728	\$507,255	\$512,328	\$517,450	\$522,625
Operating Run Rate	(\$200,837)	(\$75,283)	\$89,550	\$290,607	\$477,200	\$628,670
Debt Service	\$2,800	\$9,723	\$278,000	\$278,000	\$278,000	\$278,000
Total Operating & Debt Service Run Rate	(\$203,637)	(\$85,006)	(\$188,450)	\$12,607	\$199,200	\$350,670

### Estimated Cost to Build Broadband Business Network

Total Business Broadband Network Build Out Cost	\$3,311,004
Annual Debt Service Based on the Build Out Cost	\$278,000