

## Velocity Broadband

INTERNAL FACTORS	
STRENGTHS (+)	WEAKNESSES (-)
<p><b>Customer Service</b> – Focusing on the details that make our customers tell their friends about us</p> <p><b>HPP</b> – Infrastructure and skill sets we need</p> <p><b>Network Capacity</b> - We have room to grow and expand</p> <p><b>Municipal Provider</b> – Local focus and investment</p> <p><b>Flexibility</b> – We are small, agile, and can connect customers fast</p> <p><b>Maintenance</b> – Updating systems to meet current demand</p>	<p><b>Staffing</b> – Customer service and technical skill sets are stretched</p> <p><b>HPP Reach</b> – Pole attachment rights beyond HPP boundaries</p> <p><b>Redundancy</b> – Datacenter, pathways and sources</p> <p><b>Limited Knowledge</b> – We are still in our infancy working against providers who have been doing this for decades</p> <p><b>Public Education</b> – Explaining what the city is doing and the value fiber brings to a business</p>

EXTERNAL FACTORS	
OPPORTUNITIES (+)	THREATS (-)
<p><b>Next Gen Tech</b> – 4K Video, SaaS, IoT and automation needs reliable high speed internet</p> <p><b>Flexibility</b> – Could be more flexible as our skill level increases</p> <p><b>Wireless Deployments</b> – Macro and micro cell towers need fiber</p> <p><b>Limited Private Sector Infrastructure</b> – We have the fiber!</p> <p><b>IPv6 Deployment</b> – VBB will be one of the first ISPs in NEO to rollout just IPv6 to customers</p> <p><b>Redundant DC</b> – Some city facilities could house a second DC</p>	<p><b>Private Sector Investment</b> - Incumbent providers are upgrading</p> <p><b>The Internet</b> – Network attacks, hacking, route failures</p> <p><b>Federal Mandates</b> – New regulations from FCC, ARIN and Ohio</p> <p><b>Technology Changes</b> – Not maintaining and scaling the network to meet future demands</p> <p><b>Wireless for small size customers</b> – Small scale customers may switch to all wireless infrastructure</p>

ANALYSIS SUMMARY
<p>As the business buildout enters its completion, direction is needed on priorities including consideration for the following initiatives:</p> <ul style="list-style-type: none"> <li>• Connect “Home” businesses along existing fiber pathways</li> <li>• Interconnect with and become an open access provider in Dublin and/or Medina on their fiber networks</li> <li>• Strategically expand beyond our current boundaries</li> <li>• Expand our service offerings to support innovation and new technologies</li> <li>• Residential feasibility study</li> </ul>

## Velocity Broadband Work Assignments



Last updated: 2/14/17

## Current Customers as of February 28, 2017

### Current Customers

#### **Business Internet**

25/25	73
50/50	17
100/100	5
500/100	2
1000/500	0
<b>Total</b>	<b>97</b>

#### **Dedicated Internet**

50Mbp	1
100Mbp	3
500Mbp	0
1000Mbp	0
10000Mbp	0
<b>Total</b>	<b>4</b>

**Total Broadband Customers** **101**

## 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>						
50Mbp	1	2	3	4	4	4
100Mbp	3	4	5	6	6	6
500Mbp	0	1	1	1	1	1
1000Mbp	0	0	0	0	0	0
10000Mbp	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
<b>Operating Revenue</b>	<b>\$129,048</b>	<b>\$377,445</b>	<b>\$596,805</b>	<b>\$802,935</b>	<b>\$994,650</b>	<b>\$1,151,295</b>
<b>Operating Expense</b>						
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
<b>Operating Expense</b>	<b>\$329,885</b>	<b>\$452,728</b>	<b>\$507,255</b>	<b>\$512,328</b>	<b>\$517,450</b>	<b>\$522,625</b>
<b>Operating Run Rate</b>	<b>(\$200,837)</b>	<b>(\$75,283)</b>	<b>\$89,550</b>	<b>\$290,607</b>	<b>\$477,200</b>	<b>\$628,670</b>
<b>Debt Service</b>	<b>\$2,800</b>	<b>\$9,723</b>	<b>\$278,000</b>	<b>\$278,000</b>	<b>\$278,000</b>	<b>\$278,000</b>
<b>Total Operating &amp; Debt Service Run Rate</b>	<b>(\$203,637)</b>	<b>(\$85,006)</b>	<b>(\$188,450)</b>	<b>\$12,607</b>	<b>\$199,200</b>	<b>\$350,670</b>

### 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