Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of	)	
	)	
Improving Competitive Broadband Access to Multiple Tenant Environments	)	GN Docket No. 17-142
	)	
	)	

REPLY COMMENTS OF GIGAMONSTER NETWORKS, LLC

September 30, 2019

GigaMonster Networks, LLC ("GigaMonster") submits these reply comments to the Federal Communications Commission ("FCC" or "Commission") in response to the Commission's Notice of Proposed Rulemaking and Declaratory Ruling ("NPRM") adopted July 10, 2019, in the matter of Improving Competitive Broadband Access to Multiple Tenant Environments ("MTEs").

GigaMonster invests heavily in network infrastructure inside multifamily communities in order to provide competitive Internet and other network services to residents. In order to make these large investments, GigaMonster must negotiate service agreements with the owners of multifamily communities. These negotiations include terms related to (a) use of wiring, (b) marketing rights, (c) financial consideration made in exchange for the utilization of the owners' infrastructure (e.g., revenue share and upfront payments), and (d) contract term.

The form and substance of these service agreements have evolved over many years, and continue to do so, to create a fair playing field for both owners and providers—with the resident being the primary beneficiary. The driving force behind the evolution of these agreements is that multifamily owners and developers are in the business of building and operating communities in a manner that allows them to attract renters and home-buyers. Given that quality, high speed Internet services are consistently ranked in the top five amenities desired by renters and buyers, it is in the owners'/developers' best interest to attract high quality service providers. Failure to do so yields a

market advantage to competitors who are more responsive to resident demand.

GigaMonster relies on marketing at the community level in order to make residents aware of the availability and quality of its services. Due to the imbalance resulting from enormous incumbent marketing spends, GigaMonster often relies on exclusive marketing rights. In many instances, GigaMonster also must rely on the use of existing cabling infrastructure in the community to cost effectively deliver services. The most cost-effective way to accomplish these two critically important requirements is to compensate the owner for assisting in marketing and providing pathways and cabling. These market forces, while not always perfect, lead to the best possible outcomes for the residents. They have made room in the market for competitive providers like GigaMonster to emerge and go toe-to-toe against well-financed incumbents with universal name recognition.

While many of the proposals under consideration in this NPRM appear, at a superficial level, to benefit competitive providers, closer inspection reveals that they have the opposite effect. For example, prohibiting contractual arrangements for the exclusive use of designated wiring *sounds* like a good thing for independent providers wanting to enter properties in a cost-effective way; but it presupposes that there *is* wiring for those providers' use. Who installs that wiring? It won't be the providers. GigaMonster would never be able to justify the capital cost of installing home run wiring, if a competitor—whether another independent provider or a large incumbent—could come along, weeks or months later, and take the use of it from us. Will building owners and developers install it? Perhaps. But their willingness to incur those costs (which must ultimately be passed on to renters and home buyers) will be influenced by their opportunities to recoup a part of them. That takes us to elimination of door fees and revenue share payments, which *sounds* like a good thing for competitive providers, until we recognize that—without those mechanisms to allow owners to recoup costs in providing necessary infrastructure—owners will install less wiring. These proposals require that we imagine a market in which twenty providers can compete within a single property *and make money*, in which providers will install wiring that their competitors can immediately use, in which developers will increase their spending on wiring for which providers will never have to pay. It's the Big Rock Candy Mountain of telecommunications.

GigaMonster remains gravely concerned by these proposals. When the San Francisco Board

of Supervisors enacted Article 52, GigaMonster pulled out of its initiatives to deploy its services to multifamily communities in San Francisco. Without a basic level of certainty in the market conditions—based on past results in similar communities—GigaMonster found it far too risky to deploy a high-quality fiber network in a multifamily community. A business climate that creates insurmountable risks for high capital investments only favors the largest players with deep pockets. Once facilities-based competitors like GigaMonster are no longer providing these services, the leviathans are all that remain, and the cycle of large monopoly service repeats itself.

After more than two decades of serving residents in multifamily communities, the executive team at GigaMonster speaks with vast experience in stating that passing such rules will destroy competition and drive up costs for resident services—this due to the large capital requirements needed to build these networks in a highly unpredictable business climate. In the end, residents will have fewer providers and worse customer service, all at a higher price. Innovation will be stifled, and the telecommunications industry will take a giant step backwards.

Respectfully submitted,

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