

SyncWave, LLC

393 N Amber Road

Scottville, Michigan, 49454

February 25, 2014

To: Federal Communication Commission

Re: Non-binding expression of interest

Forward:

In the spring of 2011, a young man and his spouse moved into their first home. Due to work commitments, they selected an area that each would drive a fairly equal distance to and from their work locations. Unfortunately, although they split the distance each still had a 45 minute commute each way. Not unlike a commute many millions of people make every day. However, what really caused a burden with this location is the fact that the young man is an IT professional and he had no access to reliable and high-speed internet. Old style dial-up, slow, expensive and weather dependent satellite service or cable companies that will not make short runs to rural areas or quote tens of thousands of dollars for their effort, are all options that caused great concern to an IT professional who is dependent on their computer and the internet. After a series of costly and frustrating attempts to secure good internet service, the young man was ready to give up and re-locate again. Fortunately, he worked with and was best friends with another IT professional and they began talking about the issue. They had an idea that they pursued to correct this issue and that's a good place to start with why we are contacting the FCC.

Company History:

Syncwave, LLC began as a joint project between two IT guys as described briefly in the “forward” section above. They had an idea to provide high-speed wireless internet to unserved or underserved rural areas as the basis for a business. After considerable research and fact finding, they decided on microwave as the best option to what they were trying to accomplish. They also spent countless hours after normal work days and on weekends researching what type of equipment was available to receive and broadcast the signal. They did not look for or experiment with the cheapest stuff, but looked for and bought the best equipment that they could find to accomplish the goal of a strong and stable signal. The company found its roots in their initial project which involved outfitting a small tower with distribution equipment and connecting customers to it. They found that they could broadcast 1-3 miles out from this small tower depending on elevations and foliage. The customer base began to grow and they continued to experiment with different equipment and configurations. They also developed the core values of the service they were trying to offer that are still the core values today. High-speed service, flexibility of plans (4 are available), no yearly or multi-year contracts (monthly service), no data limits, caps or extra use charges, and local, 24/7 customer service. We found out that customers truly appreciated this high-speed internet and started to tell their neighbors and friends. It became apparent rather quickly that we needed to expand. The decision was made to move the expansion into Mason County since the original start-up in Benzie County was severely limited by elevation, foliage and lack of existing towers.

In January of 2011, after very significant signal and broadcast strength testing in Mason County, a proposal was made to the Pere Marquette Township Planning Board to lease space on their water tower. Our proposal, which was accepted in March of that year, was based on providing superior service and performance versus what people currently had and with the support of many Pere Marquette residents in attendance, the board approved a lease of water tower space. We equipped this tower with even more up-to-date equipment since we continue to learn as we progress and only work with what we consider the best available equipment. Sign-ups and installs began immediately and the pace really started to pick-up. Two guys still working full-time jobs, both married and one with a toddler, found themselves swamped working another full-time job which led to working days and nights 7 days a week. We needed more help. A young Air Force veteran who was friends with the business founders was hired to help keep up with new customer demand. This is where it really began to get interesting.

In the Fall of 2011, we purchased an unused radio broadcast tower (500 feet) in Riverton Township of Mason County. The general consensus was that due to the topography of the area and the fact that it is generally farmland that we could reach out many more miles to provide service. We also selected this area due to hundreds of calls from folks that had heard about our service and asked us to come to their area. At our own expense, we bought all the necessary equipment and began to outfit the tower. Our part-time sales person began going door-to-door in the area to hand out flyers. Before the tower was even completed, we had dozens of visitors asking to be put on the list for installation. In fact, the evening that we completed hook-up and turned the system on, there were people at the site asking if they could be the first hook-ups!!! We accommodated them by working well into the night but it seemed the right thing to do. After that, we were swamped with requests for installation. In almost every case, as is still fact today, we are replacing an inferior and expensive service, or people coming out of burdensome contracts with our service. To this day, we have not lost a customer to competition and continue to replace outdated and pricey services. Over the course of the next year, installations (new customers) were taking place 6 days per week. In April 2013, one of the original founders quit his day job and came into the company full-time. The winter of 2012-2013 continued strong. We found, leased and equipped a series of smaller towers to bring service to other areas that were pleading for us to come into their area. We continue to receive calls every day from existing areas and new areas asking for our service. In the fall of 2013, the other original associate quit his day to join the company full-time. These two men are now the President and the Operations Manager of the company. With three full-time people and several doing part-time work, we were beginning to look like a business. During the summer of 2013 we took on our first tower build project. Up to this point we had either bought a tower or leased space on towers. For a small company, this was quite an undertaking. Months of official paperwork efforts and zoning meetings finally allowed us to begin construction in another under-served section of Mason County. It should be noted that we had received hundreds of calls from this area asking us to provide service. Many if not most always mention that they heard about our service from family, friends, co-workers, etc... As I am writing today, we are still installing new customers and doing tower building work at least 6 days per week. We have hired two additional employees and continue to look for more. As briefly as I could, that is a condensed history of this high-speed internet start-up company over the past 2-3 years.

The next few pages contain brief notes on a variety of different subjects all related to this business and a request for consideration of providing us with assistance to continue our growth.

Current Business:

The business currently supports approximately 650 customers from 10 tower locations. Besides the one tower located in Benzie County which supports 35 customers, the balance are all in Mason County. The towers range in size from 50 feet which may support 10 customers to 500 feet which supports 200+ customers. One tower is owned by the company on property we own, a few towers are owned by the company on property that we have leased, and the rest are leased on the owners property. There is one tower being built that we anticipate being active by 3/30/2014. The business now has 5 full-time employees and three part-time employees. We are currently reviewing resumes in order to interview other potential candidates. We continue to receive fantastic “word of mouth” recommendations from our customers. This, along with very favorable newspaper articles and a strong Facebook following, continue to drive new customer sign-up. We literally cannot keep up with all the requests for our service. This may sound great but also has its drawbacks. Paying wages, administrative and materials costs is a real burden to an organic start-up business. The organic and self-financing aspect of the company many times we must pay bills before purchasing new equipment, which causes us to slow the growth and service that we provide. We must sometimes save money for a few months before purchasing equipment and leasing another tower site. In order to keep costs low for our new customers, we often lose money on the installations. We charge a small standard rate but often find ourselves working 4-5 hours on an install 30 miles from the shop.

What We Provide to the Community:

This business originated with the idea to provide affordable, well serviced, high quality and high-speed managed internet service to areas in the rural community. We have been very active trying to make that happen. What we found when researching and developing this business was that rural customers especially were being handicapped with old style dial-up, long-term contracts, price caps and price-creep, weather dependent satellite service, service speeds promised but never delivered upon and poor customer service. We have proven that we can bring high-quality internet to rural areas. We have walked out of hundreds of homes after completing installation and been thanked profusely. They no longer need to “drive the kids 10 miles to a library to use the computer for school work”. They no longer had to sit and wait “for dial-up to do even the simplest of tasks”. They no longer had to “pay extra monthly charges for exceeding their cap”. They no longer had to “wait two weeks for a technician to

be dispatched and pay \$125 to re-align a faulty antenna". They no longer had to "wait patiently for upload and download materials because they did not get the speed advertised". We hear these stories almost every time we do a new installation. We have had dozens of local business owner's sign up for our service at their business locations near Ludington and Scottville after we hooked up their rural homes. We have every major campground in the area installed for our service because as they have told us, "it is so much better than the other guys". We have several local municipalities and townships installed to save them money and provide a better service. We have many testimonials that we can share but probably the best ones are when people hug you at the door when we are leaving; some in tears. They are so pleased to finally get good quality high-speed internet. There are hundreds more around Mason County that are on our list and patiently waiting for us and we are receiving dozens of calls per week from neighboring counties.

Customer Service:

This is an area where you can really, really separate companies that provide similar business services. Our company was started by two men that both worked professionally in the IT field, worked as young men in the old dial-up business, and both experienced customer service nightmares both as users and providers. With these experiences in mind, they made customer service a core value to business growth. Many businesses have catchy phrases touting customer service but only a few really practice it. One of the keys to our potential business growth is the customer service we provide. Our customer testimonials and Facebook chatter talk about it all the time and it makes our sales job even easier. We are local to our area and our company is managed by IT professionals. When our customers or potential new customers call us with an issue or a question, they get the expert on the phone!!! No call centers or 800 numbers for us. In fact, a free service that we provide to all our new customers is general computer clean up, virus protection and computer maintenance. Most new customers are so pleased with our in-house internet and computer work that they also want us to become their computer repair shop. This is flattering but adds to the workload which we cannot keep up with. We are looking for a computer repair technician that can work at the shop to take care of these issues. We have so many potential new customers and daily installations that we cannot find the time to hang around the shop and work on computers. Our primary business is high-speed internet and our limited resources must be focused on this side of the business.

Equipment:

We purchased a fiber optic connection which is our “backbone” and transmit this signal wirelessly (microwave) from the “head end” of our system. The signal is distributed to a central tower location and then on to other towers from there (backhauls). From the distribution towers, the signal is sent through various frequencies in the ISM band to individual homes and/or businesses. We utilize 90 degree, 120 degree and omni-directional distribution antennas depending on range to the install, topography and foliage. The parabolic receivers used at the customer locations are customized depending on the same parameters listed in the previous sentence. Once the signal is received, we “hard wire” cable into the home or business to the customer’s computer or router. On the more difficult installations or long cable runs, we may use a point-to-point system transmitting the original signal wirelessly. A good example of this type of installation would be a rural farm with buildings separated by long distances. Often, we pick a central point and transmit the signal to 2-3 other sites within the farm complex. Also, another good example is campgrounds so that visitors residing in any area of the campground can get a good connection. We upgrade all equipment as necessary to keep our customers with the best possible signal. In most cases, barring customer caused damage; we upgrade equipment at our cost as part of our customer service. As noted previously, word-of-mouth advertising and positive Facebook testimonials keep us “swamped” with calls requesting our service.

The Competition:

During the early day’s right after the creation and inception of the company’s wireless services, a local competitor made the comment to several of his then customers, that they were a “couple of fly-by-night kids who will be out of business in three months”. Well, that was over 600 plus installs ago of which several dozens were his customers that switched to our service. They told us what had been said. In fact, this competitor’s original proprietors switched from their service to ours. They were aggravated over price increases and poor service!!!

The competition for internet in this area varies. There are still old dial up installs which we routinely replace. There are satellite connections which are very weather dependent, have long-term contracts, advertise internet speed which is not delivered along with price-creep. There are fixed microwave wireless companies that advertise speeds they cannot attain and service that they cannot provide. We know since we replace them routinely. There are large cell phone providers that utilize small plug in units for cell phones. They have similar issues as noted above. We routinely replace these services as soon as contracts are up. Anyway, to make a long story short, our guys had an idea, started it in a basement and began the learning and testing process. That was over 600 new customers ago. We are not nearly as big as the competitors, but as mentioned numerous times, we continue to replace their service daily because our customers say that our service is superior in all ways.

All the Work Ourselves:

There is no doubt that this start-up business has been a learning process. Due to the fact that we started it ourselves without bank or investor financial backing, and in order to save money for the business, we have had to do everything ourselves. Besides the basic installation work, we have taught ourselves to climb towers, operate trenchers, drive and maintain heavy equipment, prepare foundation sites and concrete work, build and erect towers, install guy wires, purchasing, sales, billing & bookkeeping, customer service, recruiting & hiring, etc... We simply do not have the revenue or "deep pockets" to hire everything done for us. We admit that there is great value in learning to operate a business without paying for outside services. However, there is a downside since it becomes labor intensive and time-consuming trying to do everything and that time might be better spent trying to grow the business. Right at the moment, that is where we are at. The founders of the company worked full-time jobs building the company with no compensation, their family members also contributed to the growth of the business. We are not patting ourselves on the back for this since many businesses operate this way. We are just admitting to the facts.

Finances:

As stated previously, this business was started small and without financial institution or private investor capital. The guys simply had a good idea and started to expand on it. There

are a number of reasons for not wanting expensive financial assistance, but probably the most important is that we do not want to be owned or operated by someone else!!! Building a successful business from scratch is inherently satisfying. There is a 'however' here and I will try to explain the difficulties, which we know any number of small businesses face.

Building a business which provides a needed service of which is in high demand requires labor and equipment purchases. Paying all the bills while still trying to purchase needed equipment and afford the labor is difficult. We have hundreds of people up and down the West Michigan shoreline asking for us to come into their area. Many of these pockets of hopeful new customers are only 5-10 residences. Many are 25-50 and others may be 200 +. Our problem with our limited resources is that we can only handle one new expansion project at a time, no matter the size. The time and money to set-up a new distribution tower is significant. The normal daily workload of new installs and current customer service overwhelms our small staff and funds needed to purchase towers, leases and provide the labor. We must unfortunately stop any new construction for 2-3 months or more to save the funds needed for the equipment and labor needed for an expansion. This keeps people that are desperate for good quality high-speed internet waiting or accepting inferior service. Financial realities are holding us back from providing high-speed internet to more people in rural Michigan.

Future Plans & Goals:

Based on all this information that I have tried to share with you, our plans & goals for the future are rather un-complicated. We want to expand our business further into rural West Michigan (but not limited to that area only) and provide those new customers with superior high-speed internet, customer service, affordable monthly rates without contracts and over-charges and unlimited internet access. In order to grow this business and offer this service to hundreds if not thousands of customers that have suffered for too long, we need some help. We can if we must find private investors. We could if we needed to call on financial

institutions. We prefer not to do either. If we take the slow route, we will continue to stick away a few dollars here and there to save for the next project, which may take us 6 months or more. In the meantime, those hundreds that on our maps as currently un-reachable and those that continue to call-in daily will have to wait.

The whole purpose of this somewhat brief but hopefully informative communication is to get your attention and hopefully spark some interest in our company and our rural internet offering. As I have mentioned previously, money is tight and we need to save 6 months or more for even minor expansions. In order to keep costs low for our current and new customers, our installation fees are nominal in order to get customers “on-line”. We literally lose money on every install in order to secure customers some who are not very well off and extra installation costs strain their monthly budgets. We allow this to provide them with superior service and hopefully keep them as long-term customers.

Through our affiliation with Connected Nation and our understanding that the FCC is developing a Rural Broadband Experiment that may allow for grants and subsidies to be provided on a limited scale, we wish to have this communication reviewed and accepted as our “expression of interest” in your program. Each tower we build (we are currently doing our first one) costs at least \$15,000 to purchase, at least \$10,000 for the foundation, \$15,000 in our labor, \$5,000 in FCC approved lighting and marking and other associated costs to build plus the land lease fees. If we were a “deep pocket” large company with lawyers, lobbyists and 5-10 year business plans, it might be easier to secure funding. However, we are not those large companies. We are a small but growing high-speed internet company primarily working in the rural areas to provide those people with access to what others that live closer to towns and cities already have. Based on our growing customer base, Facebook testimonials and great word-of-mouth reputation, we must be doing something right.

What we are asking is that we be considered for grants to help us purchase leases, towers, small tracts of land and equipment to outfit towers. Or, be considered for subsidies to help offset our installation costs in these rural areas. Each install for us nets only \$95 as folks in rural areas generally speaking do not have as high of incomes as those that live in cities. They cannot afford costly installs, contracts or repair/maintenance charges. We may spend \$500-\$600 in some of these installs due to labor, equipment and fuel.

Thank you for taking the time to read through our information. I hope that we have made an interesting case for support and hope that you will contact us soon for further discussion or information requests.

Best regards,

Michael Varenhorst

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