



Resurgent Wireless Fuels Different Business Models

Covad, Conterra Use Different Spectrum for Broadband Customers

by Jim Barthold
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Two service providers with very different business models – Covad Communications and Conterra Ultra Broadband – have adopted models that use licensed fixed wireless spectrum to attack commercial end users.

Covad is partnering with Nextlink, XO Holdings' wireless subsidiary, to deliver broadband connectivity to small-to-medium-sized businesses (SMBs) using licensed Local Multipoint Distribution System (LMDS) spectrum in the 28-31 GHz range. Conterra is targeting more rural or ex-urban customers such as schools with a "last-mile" service that is scalable from 10 Mbps to 1 Gbps using FCC-licensed microwave radio links in the 6, 11, 18 and 23 GHz ranges.

In both cases, the business plans are evidence that wireless, considered dead as recently as five years ago, is in a resurgent period.

"Covad has a lot of experience in the wireless business," said Alan Howe, vice president of wireless at Covad, pointing to the service provider's acquisition of NextWeb Wireless and the use of unlicensed 5.8 GHz spectrum for business customers. "We're now the largest fixed wireless provider in the United States for businesses."

Partnering with Nextlink, he said, expands the strength of the company's wireless offering by using interference-free licensed spectrum.

"It's still a fairly small market today, but we have a lot of experience, probably more than any other CLEC in the United States today in delivering wireless bandwidth to businesses. The relationship with Nextlink allows us to go up-market a little bit more and provide higher bandwidth services," he said.

The unlicensed 5.8 spectrum is good for about 10 Mbps; Nextlink's LMDS spectrum can deliver as much as 40 Mbps of symmetrical services and "if we do a point-to-point link, theoretically we can go all the way up to 100 megabits of service," Howe said. "That's important because "the need for bandwidth in businesses is increasing every day."

And that need for bandwidth is fueling Conterra's business model.

"We have about 400 schools under contract and will have the majority of those in service and delivering revenue by the end of this year," said Dennis Francis, senior vice president and CTO at Conterra. "We're also targeting multi-branch verticals such as healthcare, enterprises and other types of government entities in rural and outlying suburban areas."

The company solicits business from customers that already have broadband connectivity but want to connect other offices to the main link. After winning an award, Conterra signs a 10- year license for point-to-point microwave spectrum from the government. For \$100 a year, that spectrum becomes a Conterra exclusive and thus protected from interference from other sources.

"We're using off-the-shelf technology. None of this is rocket science; we don't have an extensive billing system because our number of customers, in general, will be small but will require a lot of bandwidth," Francis said.

Because Conterra targets customers in outlying areas, "we really don't have any significant competition because most of the ILECs and CLECs are going after dense areas," he said.

In both cases, the business models reflect the start of a resurgence in the fixed wireless space.

"There are things that we can do on this spectrum and with this equipment that frankly we can't even do today in a wired environment," said Howe.