

LMDS, is it time for a comeback?

July 20th, 2005 By Adlane Fellah, Senior Analyst Maravedis Inc.

First Avenue Networks is a wireless carrier for carriers. The company owns the premier collection of LMDS spectrum in the US consisting of national coverage at 39GHz and the top 77 US metros in the 24 GHz band. The company offers solutions for mobile backhaul, fiber network extensions and broadband connectivity. In December 2004, the company received new funding for expanding its operations.

Company Profile:

The company's primary focus is to provide fixed wireless broadband connections to carriers in US markets. The first offering includes mobile backhaul to major cellular carriers with a roadmap to provide IP backhaul using PtP and PtMP links.

The second offering consists of providing wireless fiber extensions to ILECs and CLECs including dedicated links at speeds of 10 Mbps or greater for enterprise.

Mobile backhaul

- 75 node network in NYC for top cellular carrier

Fiber extensions

- PtP links in DC Metro area for several providers
- PtP connectivity for MCI-FAA around the country
- PtP and PtMP network in Dallas

High speed Internet access

- Network in Pennsylvania for Telcove

Finally the company is leasing spectrum to local service providers. The company claims to have 30 leases already in place. Leases deals are on a link by link basis or market area depending on customer requirements and its fit with our strategy.

The company owns the premier collection of LMDS spectrum in the US consisting of national coverage at 39GHz and the top 77 US metros in the 24 GHz band.

	First Avenue	Teligent	Combined
Spectrum	39 GHz	24 GHz	24/39GHz
Geographic Coverage	U.S. coverage	Deep in top 77 U.S. metros	National coverage plus depth in metros
Ch Pops in Top 50 BEAs	820 million	492 million	1.3 billion
Avg. MHz in Top 20 BEAs	360 MHz	380 MHz	740 MHz
50 BEAs	350 MHz	230 MHz	580 MHz

Source: First Avenue Networks

The company which currently employs about 25 employees and consultants received \$93 M in new funding in December 2004. New funds will be used for the expansion of operations.

Maravedis has interviewed Robert E. Beran Senior Vice President First Avenue Networks, Inc.

What current market trends do you see now that did not exist a few years ago?

"Well, we see four fundamental positive changes in the market. Firstly, the usage and new data offerings driving increased need for bandwidth. Secondly, there is a rising confidence in wireless communications as proven by the phenomenal developments of WiFi, UMTS, Ev-DO and the promises of WiMAX. Thirdly, the significant cost/performance improvements in equipment make it easier to earn a return. Finally favorable regulatory environment including Ongoing UNE-P rulings, Secondary Markets Ruling, Physical Diversity requirements constitute positive drivers"

Can you describe your value proposition to the market? Where is the opportunity?

Carriers require increased reliability of services (less than 99.99% availability from ILEC) and shorter deployment timeframes. They want capacity upgrades and a clear platform for migration to IP services. They want a cost effective alternative to leasing ILEC facilities.

In virtually all cases, mobile operators lease capacity from ILECs for their backhaul needs and they are not happy with the service they pay for. Our research indicates that on average mobile carriers that currently use 2-6 T1s per cell site will double or triple their capacity requirements in the next five years or less.

Our goal is to provide them with a "low risk" alternative to ILEC. Our network provides them with a converged voice and data services solution and ubiquitous coverage at competitive prices.

Our service offering consists of connection speeds ranging from 2 - 100Mbps and greater ability to transport voice, data and video over Ethernet. We have both PtP and PtMP deployments capable of being engineered at varying levels of availability and reliability; up to 99.999% when required. We offer more capacity (and platform for growth) at competitive pricing.

Can you describe your current network?

Our mobile backhaul consists of 75 node network in NYC for a top cellular carrier. The fiber extensions consist of PtP links in DC Metro area for several providers.

We provide PtP connectivity for MCI-FAA around the country and have deployed a PtP and PtMP network in Dallas. For high speed Internet access, we have a network in Pennsylvania that is up and running.

What are your plans for the second half of 2005?

We intend to launch Fiber Extension offering in NYC in late summer and expand our NY network and customer base. Moreover we plan to enter additional market(s) with Mobile Backhaul offering and enhance our systems and network operations infrastructure.

Internally, we will continue to supplement and expand our executive management team and staff and implement a SOX compliance program.

What are your expectations vis a vis WiMAX?

We look at WiMAX as another backhaul opportunity and a major driver of increased bandwidth for IP-based services. Our PtMP solutions and IP platform should serve this market well as it develops.

Robert E. Beran, Senior Vice President

Mr. Beran is charged with managing the development, growth and day-to-day operations of First Avenue Networks. In this role, he is responsible for the regional sales and operations organizations, service delivery and customer care. Bob joined First Avenue Networks in mid 2004 as a consultant and advisor developing business strategy and operating plans for First Avenue's successful acquisition and restructuring of Teligent and subsequent capital raise.

Prior to joining First Avenue, Bob served as an advisor to several early stage technology companies through a consulting firm he co-founded, Momentum Technology Partners specializing in providing interim executive management services to private equity firms and their portfolio companies. Bob has also participated as a founding principal in several communications-related ventures. In addition, Bob enjoyed a successful 20 year career as a senior executive at GE and Bell Atlantic/Verizon leading and developing several new and established business units in the Telecom, Internet, Video, Wireless and Publishing/Information Services sectors.

Bob served in roles ranging from CEO/President, COO and VP of subsidiary business units to executive staff positions overseeing Corporate Planning and Development, International Operations as well as Mergers and Acquisitions and associated Integration activities.

About the Author:

Adlane Fellah, MBA, is CEO and founder of Maravedis Inc. a world-leader in market research and analysis, specializing in BWA and VoIP markets . He is the author of the newly released landmark report "WiMAX and Broadband Wireless (Sub-11Ghz) Worldwide Market Analysis and Trends 2005-2010" .

He is a leading industry analyst on wireless broadband technologies and recently conducted an extensive survey of regulators worldwide to build a unique BWA/WiMAX license holders & Spectrum database.

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