

PROJECT ABSTRACT: OPEN ACCESS NETWORK COMPREHENSIVE REVIEW

SCOPE

Tilson was engaged by an international infrastructure investment firm to provide a comprehensive review of a proposed Fiber-to-the-Home (FTTH) Open Access network in a mid-sized US city. The Tilson team used a multi-faceted approach that incorporated multiple sources of data, identified costs and benefits, and documented risks and challenges.

REVENUE AND TAKE RATE

Tilson reviewed a late 2016 market study provided by an independent market research firm, validating the methodology and conclusions for the 2016 marketplace. Tilson then updated the conclusions with more current national statistics, provided an assessment of the location's current competitive landscape, and revised projected take rate curves.

TARGET ISP ASSESSMENT

Tilson combined in-depth interviews with formal questionnaires to evaluate the potential ISPs' record of success and proposed approach to the target market. Tilson supplemented this analysis with broad-based research into the other competitors in the target market and their strengths and weaknesses relative to the potential ISP partners.

CAPITAL AND TECHNICAL REVIEW

Tilson performed in depth review of network architecture and technology to confirm the network's suitability to purpose. Tilson evaluated the capital cost plan, bill of materials, and

project schedule to confirm that construction timelines and costs were appropriate and within industry norms. In addition, Tilson examined vendor contracts associated with construction and operations, assessed roles and responsibilities, and identified gaps or issues. Document reviews were supplemented by in-depth interviews with the project owner, vendors, and contractors. Tilson then conducted a field survey of the city to determine if capital costs and timelines reflected the conditions of the location.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REVIEW

Based on investor criteria, Tilson developed and refined questionnaires targeted to the different project participants; project owner executives, vendors, and ISPs. Responses were used to assess the ESG project risks.

RESULTS

REVENUE AND TAKE RATE

Tilson's analysis allowed the project owners and investors to refine the forecasted revenue streams and adjust the business case in support of the investment.

TARGET ISP ASSESSMENT

Tilson's analysis identified points of weakness in the areas of operational scalability and marketing readiness that enabled the investors and project owners to refine the roles, responsibilities, and contractual obligations of the ISPs.

CAPITAL AND TECHNICAL REVIEW

Tilson was able to confirm that the costs and timelines for construction and initial operations were realistic and within industry norms, but also identified opportunity to refine the operational plan to increase early stage revenue. Tilson determined that the network's fiber-mesh architecture was designed to support Smart-city applications without impacting the business case for the FTTH market. Tilson also identified gaps in the network operations contracts that the project owner and investor were able to remediate prior to investment.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REVIEW

The proposed model placed heavy reliance on third party contractors for construction, network operations, and customer service creating a dynamic where third-party ESG issues could have an unusually high impact. As a result, the investor and project owner identified the need to strengthen operations management and increase oversight of vendor activities and delivery.

The initial project had two stages; a red flag review that was completed in two weeks, and a comprehensive review that was completed in seven. Based on the comprehensive review, Tilson was retained for another five weeks to support the crafting of risk mitigation strategies and to provide technical and operations expertise for contract revisions.

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