



# **Eagan Wireless ISP Project**

Financial projections and  
analysis



# Revenue assumptions

	Residential	Basic Business	Premium Business
<b>Customer Additions</b>			
Total possible customers in the service area	5000	500	250
Percent of <b>prospects</b> who subscribe each year	10%	20%	10%
Percent of <b>customers</b> who drop service each year	15%	15%	15%
<b>Products &amp; Pricing</b>			
Monthly service charge	\$40	\$60	\$200
Installation charge	\$15	\$40	\$50
Include CPE cost-recovery charge in setup fee?	yes	yes	yes
Installation charge - with CPE	\$75	\$100	\$250
<b>Delivery technology</b>	WiFi		

# Revenue

Year	1	2	3
Installation Fees			
Residential	\$ 37,800	\$ 37,800	\$ 37,800
Basic Business	\$ 10,800	\$ 10,800	\$ 10,800
Premium Business	\$ 9,000	\$ 9,000	\$ 9,000
Monthly Service			
Residential	\$ 105,040	\$ 313,720	\$ 493,000
Basic Business	\$ 32,280	\$ 96,060	\$ 151,200
Premium Business	\$ 28,600	\$ 86,400	\$ 144,000

# Expenses – page 1

Year	1	2	3
EXPENSES			
0			
SG&A			
Mgmt/Admin staff	\$ 85,000	\$ 85,000	\$ 85,000
Real Estate/Space	\$ 20,000	\$ 20,000	\$ 20,000
Other SG&A	\$ 25,000	\$ 25,000	\$ 25,000
0			
Customer acquisition costs			
Marketing (web site, brochures, mailers, etc)			
Residential customer marketing costs	\$ 10,080	\$ 10,080	\$ 10,080
Basic business customer marketing costs	\$ 5,400	\$ 5,400	\$ 5,400
Premium business customer marketing costs	\$ 3,600	\$ 3,600	\$ 3,600
Sales (people answering questions, closing, etc)			
Residential customer sales costs	\$ 5,040	\$ 5,040	\$ 5,040
Basic business customer sales costs	\$ 5,400	\$ 5,400	\$ 5,400
Premium business customer sales costs	\$ 7,200	\$ 7,200	\$ 7,200

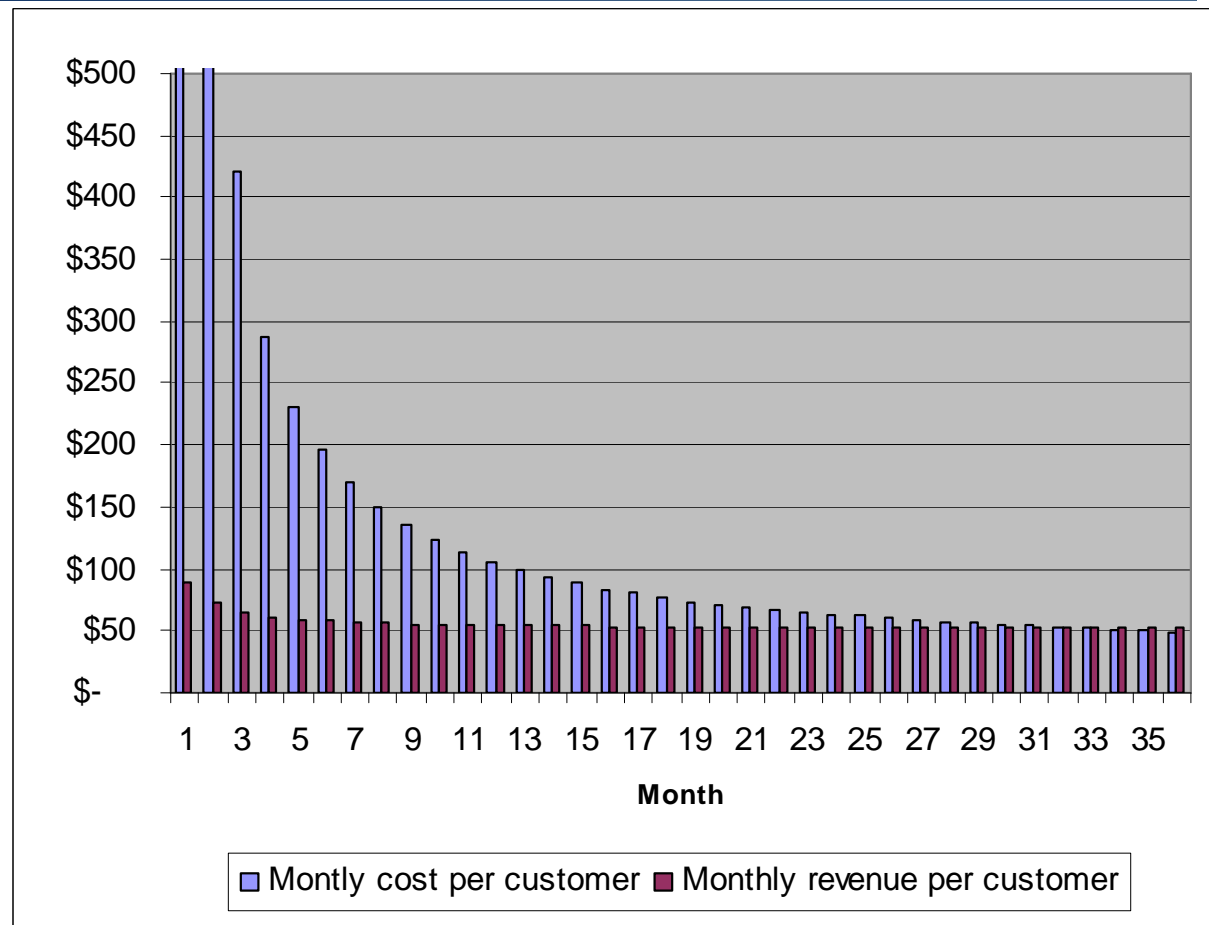
## Expenses – page 2

Customer setup costs			
Residential customer setup costs	\$ 37,800	\$ 37,800	\$ 37,800
Basic business customer setup costs	\$ 8,100	\$ 8,100	\$ 8,100
Premium business customer setup costs	\$ 15,120	\$ 15,120	\$ 15,120
0			
Technical Staff			
Billing and Tier-one help-desk staff	\$ 100,800	\$ 100,800	\$ 100,800
Network engineers	\$ 48,000	\$ 73,000	\$ 101,000
Network technicians	\$ 67,500	\$ 85,000	\$ 113,000
0			
Upstream Internet access costs			
Upstream Internet access	\$ 36,000	\$ 39,253	\$ 56,028
Upstream circuit costs	\$ 24,000	\$ 24,000	\$ 24,000
0			
Monthly tower rent	\$ 72,000	\$ 72,000	\$ 72,000
0			
Loan payments on capital costs	\$ 160,528	\$ 163,146	\$ 176,232

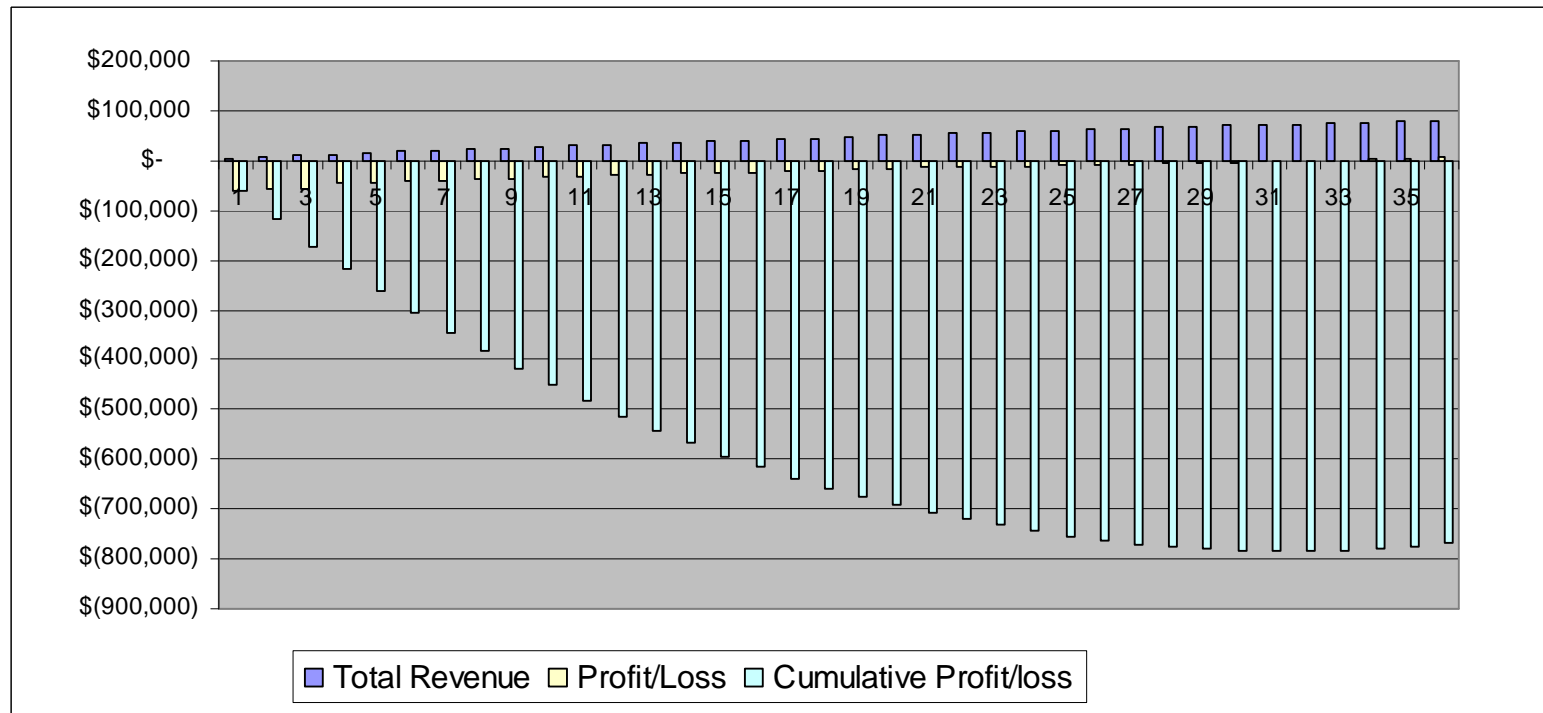
## Profit and Loss Summary

Year	1	2	3
Total Revenue	\$ 223,520	\$ 553,780	\$ 845,800
Total Costs	\$ 736,568	\$ 784,938	\$ 870,800
Profit/Loss	\$ (513,048)	\$ (231,158)	\$ (25,000)

# Break-even analysis



# Profit & Loss





## Key points

- Eagan would be at a cost disadvantage because;
  - Small customer base (1000-3000 at peak)
  - “Starting from scratch” – there’s not much existing staff, technology or infrastructure to leverage
- Pricing would have to be at, or below, breakeven in order to be competitive – which amounts to an Internet-access subsidy
- If Eagan decides that there’s merit in such a subsidy, it probably makes sense to outsource the job to an organization with a lower cost structure
- What is the goal?