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*Corridor Wireless*

**FEASIBILITY STUDY**

**Feasibility study prepared by**

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# Marketing Plan

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Executive Summary

Date 11/25/2010

Hiawatha City Council  
City Hall  
101 Emmons Street  
Hiawatha, Iowa 52233

Dear Members of the City Council,,

Are you tired of paying a lot for internet usage? Would you be interested in a business that offers it for free? My plan is called Corridor Wireless, and that is exactly what I want to do for Hiawatha, Iowa. How, you ask? I will establish a wireless internet service provider (WISP) in our community that would be local, non-profit, and affordable. Free Wi-Fi would be accessible anywhere in the Hiawatha area.

Who wants free internet? Everyone! How can computer users say no to that? Currently in Hiawatha there are very few choices for our 6,000 residents. Mediacom is a major provider because they offer internet service along with cable TV and phone service. They were also the first to provide service in Hiawatha. Qwest also offers internet service, phone service and direct TV. If you sign up for all three services at both companies, called “bundling”, you get a better rate. Mediacom has internet speeds up to 12 mbs as opposed to the Qwest 1.5 mbs speed. That is a big difference if you like to download a lot of information. ImOn does not currently offer service in Hiawatha. These companies all charge for internet service, but I’m offering it free for residents, and an affordable charge for businesses.

Starting a WISP in Hiawatha would mean connecting to a backbone provider, ICN, which is Iowa’s state-owned internet provider. It gives free internet usage to K-12 schools, state-sponsored higher education institutions, and other not-for-profits. ICN is supported by taxes and other contributions. Establishing a link to it in Hiawatha would allow all residents to access the internet for free, with businesses paying a small fee or donation to the project. With the WISP, network neutrality will not censor or block internet usage or information, or take away the individual's freedom to surf the net as he/she chooses. It will provide free email to members. By making this a local peer-to-peer network, its members can have more control over how their network is run, and enjoy more privacy and security. Using the internet under ICN would be less restricted.

The potential for profit is huge for Corridor Wireless because once it is established in Hiawatha, other communities will want to do the same. But this is a not-for-profit venture

## Marketing Plan

and the profit it generates will go back into the system to help pay for services. This could greatly benefit the greater community as it grows. Market size is currently 6,000 residents, and growing. Potential market share would be all the computer users in Hiawatha, which is also growing. Starting with neighborhoods of about 20-25 dwellings, the growth rate would average about 10%, as citizens become aware of the service, ask for it, and cancel their old coverage.

When you offer a service for free when it originally cost money, the competition from the previous companies, as named above, will be fierce. They will fight hard to keep their market share, but it will be a losing battle because Corridor Wireless' costs to run the company will be so much less than the for-profits. We would expect false advertising saying that the quality of our internet would not be as good as theirs. They would probably search to find customers in Seattle or New York City, for example, who already have free wireless internet and don't like it for some reason. Political laws might be sought to stop it. Vandalism to our company's equipment might happen. But in the end, we will offer services to the residents for free, and for a much more affordable rate for businesses.

Sales and marketing would start with advertising in Hiawatha, first introducing the concept of free wireless internet at the City Council meeting and trying to get their support. Then I would write an article on it for the Hiawatha newsletter and for The Gazette in Cedar Rapids. I would expect word-of-mouth to be an important ally. I would reach out to local computer users through the internet to let them know about our idea by creating a website. I'd try to partner with some corporations in Hiawatha, like Go Daddy, to assist with technical tasks and financial backing. I've previously discussed this with retired Rockwell Collins workers at the REACT Center in Hiawatha who refurbish used computers for school districts. My first step in developing this service would be to raise money to get it started. Local backing would be crucial in order to go ahead with the project. I've already talked to community leaders about this idea when I was in the Five Seasons Leadership Program two years ago. They wanted new ideas to make the Iowa City/Cedar Rapids area better, so I told them that free wireless internet would certainly lend itself to promoting the "Technology Corridor." I think Hiawatha could be a prototype in Iowa to spread this service.

Hiawatha WISP will be classified as a 501(c)(3) company since all deductions will be tax deductible. To finance this project, I would start with \$125,000 in donations to set up service to the first few neighborhoods. The approximate cost for the Cisco box for each house is \$750, which includes the hardware and the other costs to keep the network going. Although I would start with that small amount, I would need to have more donations lined up for the future to be sure that the project would succeed. Also important to our success is a group of dedicated volunteers with technical skills who would do the set up work and be available for any problems that might come up. As the Executive Director, I would be paid \$6,000 the first year, and then double it to \$12,000 for the next years.

In conclusion, the possibility of having free wireless internet in Hiawatha can be a reality with Corridor Wireless. Donations would have to be steadily given to our company to keep it going. We would have to have plenty of qualified volunteers who believe in our mission. We would need a Board of Directors to oversee the company and help guide it and help it

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grow. The Executive Director would run the day-to-day operations and would be the only one to receive a small stipend for his time. I would be this person because I came up with the idea and am working to get a group of possible volunteer workers. I believe that this is an idea that could really happen if we can spark enough interest in the project. I know that there are many people in Hiawatha that would benefit from this service, and hope that their support will make this project a real business.

### **Methodology/Analysis**

InsertTextHere

Respectfully submitted,

CJ Flynn  
Executive Director

## **Marketing Plan**

### **Product/Service**

#### **Mission and Vision of Company**

**To create affordable solution to internet access in the Hiawatha area**

**To offer free WISP in Hiawatha**

**To provide quality, affordable, uncensored internet services**

**To set up a Board of Directors, choose an executive director, and organize a competent group of technical volunteers to provide the service**

**To serve as an example to other communities wanting free internet services**

#### **Wireless**

A wireless broadband internet service provider for the Hiawatha area  
Benefit from free wireless access to internet  
Volunteer-driven project to create a new company

#### **Stage of development**

Organize a small group of interested technology-minded volunteers who are creative and passionate about universal internet access  
Get needed equipment to set up individual receivers  
Acquire appropriate band widths for signal  
Start out as neighborhood internet service providers (NISP)  
Grow larger as residents and businesses become aware of the organization and enlightened about the opportunities it presents  
Form a loose-knit, non-profit association  
Find a place to be filled with donated computer equipment and a small library of technological books and manuals  
Rely on donations to cover the startup costs of the organization

#### **Product limitations**

Network must consistently be available to customer  
Equipment must be maintained  
Some areas may need to amplify signal

#### **Proprietary rights**

Need Hiawatha City Council approval  
Use bandwidths that ICN allows  
Secure software rights

#### **Governmental approvals**

ICN covers fees for doing business in Iowa

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City Council approval

### **Product liability**

Cisco equipment owned and maintained by Corridor Wireless

Hardware failure

Interference on bandwidths

### **Related services and spin-offs**

Non-profit consulting firm

Good example of WISP

### **Production**

Obtain needed equipment

Maintain equipment

Run the network

Make internet available to all members of the community

### **Type of Ownership**

Start out with unincorporated association

Change over to a 501(c) (3) corporation used for educational use or the public good

IRS tax classification allows for donations to be tax deductible

## **Marketing Plan**

### **SWOT Analysis**

#### **Strength**

**Knowledge on technical aspects, learn more**  
**New business to the area**  
**Give residents more money by having free service**  
**Freedom of internet access**

#### **Weakness**

**Need to learn more about not-for-profits**  
**Executive director stipend small**  
**One place to have equipment and manuals**  
**Chance of other telecoms' retaliation**

#### **Opportunity**

**Create a new market in the area**  
**It would benefit the community**  
**Change the status quo on how telecoms do business**

#### **Threat**

**Retaliation form other internet providers that are for profit.**  
**Going broke**  
**City could take assets**  
**Lack of qualified, interested technicians**

### **Industry profile**

#### **Around 6,000 people live in the Hiawatha area**

Take at least half of Hiawatha market and go from there  
Present internet providers charging too much  
Most of providers are mature or on a decline  
Innovative use of internet that could really change the direction of service

Quest and Mediacom are major providers

Telecommunications Act of 1996 was supposed to provide more competition for phone/cable services, but most of the interested companies went broke and quit the business, which left Mediacom to take control of the market. This kind of power is dangerous for the general public, because they have no voice in what happens. We have seen cable bills rise to ridiculous prices and have limited means of recourse. There needs to be a check-and-balance system here.

### **Customer profile**

Our area between Cedar Rapids and Iowa City is called the "technology corridor". What better place is there to start Corridor Wireless than here? This service would be an excellent way to show the people of our corridor community that we want them to have equal access to

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the internet. Residents would benefit from having a “third pipe,” in other words, a new alternative for internet access that would be fair and give them an alternative to the prices charged by the current telecommunications companies. The main goal of Corridor Wireless would be to create really fast, reliable, and affordable WI-FI internet.

Most people would get free internet so they would have more money for other things. The internet should be considered a public service so greedy for-profit enterprises shouldn't have so much power. The commerce on the internet is where business takes place.

Businesses can expand in Hiawatha

A wireless cooperative is a grassroots approach to allow more freedom and cost less money for internet users

## Marketing Plan

### Price and Profitability

Products/services	Price
Wireless internet service	\$Free*
Create data backup	\$750
Cisco equipment	750
Donations	30,000
<b>Total</b>	<b>31,500</b>

**Price assumptions:**

Corporations and others may donations so that most can have free internet. Maybe have like ten 10 back ups a year.

Product/service	Year 1	Year 2	Year 3
Donations	\$30,000	30,000	30,000
Data backup	750	750	750
Cisco equipment	750	750	750
<b>Total sales</b>	<b>31,500</b>	<b>31,500</b>	<b>31,500</b>

**Sales assumptions:**

Companies in the area may make donations  
Private donations will be accepted  
Sales will rise as company becomes more well-known

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Proprietary rights

<b>Product/service</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Other	\$100	\$100	\$100
Data back up	\$100	\$100	\$100
Cisco equipment	\$100	\$100	\$100
<b>Total cost of goods sold</b>	<b>300</b>	<b>300</b>	<b>300</b>

**Cost of goods sold assumptions:**

Pay only what it costs for the things that I sell

## Marketing Plan

Product/service	Year 1	Year 2	Year 3
Donations	30,000	30,000	30,000
Data back up	650	650	650
Cisco equipment	650	650	650
<b>Gross margin</b>	<b>31,300</b>	<b>31,300</b>	<b>31,300</b>

**Gross margin assumptions:**

Generate revenue from donations

Sell data backups and Cisco equipment

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<b>Marketing expenses</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Salaries & wages - marketing	\$0	0	0
Benefits & taxes - marketing	0	0	0
Commissions, reps & contractors	0	0	0
Advertising - broadcast	0	0	0
Advertising - brochures/ posters	100	100	100
Advertising - direct mail	0	0	0
Advertising - other	10	10	10
Marketing - print	0	0	0
Marketing - samples/trade shows	0	0	0
Other marketing expenses	0	0	0
<b>Total marketing expenses</b>	<b>110</b>	<b>110</b>	<b>110</b>

**Marketing expense assumptions:**

I will advertise on our website on the internet

Word-of-mouth advertising

If you've got a good product that people want, they will find you

## Marketing Plan

<b>Administrative expenses</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Salaries & wages	\$6,000	12,000	12,000
Benefits & taxes	1,000	1,000	1,000
Meals & entertainment	100	100	100
Dues & subscriptions	0	0	0
Professional fees	0	0	0
Accounting/bookkeeping	100	100	100
Travel/automotive	100	100	100
Other administrative expenses	100	100	100
<b>Total administrative expenses</b>	<b>7,400</b>	<b>13,400</b>	<b>13,400</b>

**Administrative expense assumptions:**

For the first year, the executive director's salary would be cut in half to pay for other start-up costs.

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<b>General expenses</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Bank charges	0	0	0
Credit card fees	0	0	0
Interest	0	0	0
Insurance	0	0	0
Office supplies	10	10	10
Other supplies	10	10	10
Postage	0	0	0
Telephone	0	0	0
Utilities	100	100	100
Rent/ Mortgage & real estate taxes	0	0	0
Repairs & maintenance	100	100	100
Taxes & licenses	100	100	100
Other general expenses	100	100	100
<b>Total general expenses</b>	<b>420</b>	<b>420</b>	<b>420</b>

**General expense assumptions:**

We will have a mobile command center, not a building

We will not have a telephone because we will use free voice over internet protocol (VOIP) software

The business would not be very formal so there wouldn't be so many fixed costs

We would not use a bank or have insurance, etc.

## Marketing Plan

Product/service	Year 1	Year 2	Year 3
Sales	31,300	31,300	31,300
– Cost of goods sold	300	300	300
= Gross Margin	31,000	31,000	31,000
– Marketing expenses	110	110	110
– Administrative expenses	7,400	13,400	13,400
– General expenses	420	420	420
= Gross profit*	23,070	17,070	17,070

\*Before taxes, amortization, and depreciation

This is the amount I would need to operate and it leaves room for unexpected costs.

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<b>Start-up costs</b>	<b>Year 1</b>
Petty cash	1,000
Register cash	5,000
Opening inventory	0
Rent (last month's)	0
Security deposit	0
Telephone deposit	0
Utilities deposit	0
Other deposits and start-up costs	
<b>Total start-up costs</b>	<b>6,000</b>

**Start-up costs assumptions:**

These start-up costs are not that much and are covered by other revenue

## Marketing Plan

<b>Start-up expense</b>	<b>Year 1</b>
Fictitious name costs	25
Corporation filing fee	500
Corporate tax prepayment	500
Activation fee	25
Legal & consulting fees	500
Accounting fees	500
Federal tax ID	100
Sales tax permit	0
Salaries & wages -training/setup	0
Benefits & taxes - training/setup	0
Office supplies	100
Business supplies	100
Printing- cards, stationery, brochures	100
Pre-opening advertising	100
Other start-up expenses	100
<b>Total start-up expenses</b>	<b>2,650</b>

**Start-up expense assumptions:**

This is what it costs to start our business

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<b>Capital expenditures</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Equipment	0	0	0
miscellaneous	100	0	0
Leasehold improvements	0	0	0
Vehicles	10000	100	100
Buildings	0	0	0
Land	0	0	0
<b>Total capital expenditures</b>	<b>10,100</b>	<b>10,100</b>	<b>10,100</b>

**Capital expense assumptions:**

Mobile command center is our only major capital expense

There may be some other miscellaneous costs.

## **Marketing Plan**

### **Plan for Further Action**

#### **Pitfalls**

Would be a fair amount of work

#### **Positives**

This is mission-driven, not profit-based

#### **Needed capital**

Whatever it costs

#### **Entrepreneur's role**

I would be the executive director.

#### **Business plan**

Help people cut profits of greedy telecoms, give people more freedom

#### **License potential**

Corridor Wireless would partner with the Cedar Valley Amateur Radio Club, a group who uses the same unlicensed radio frequencies that are shared with ISM (Industrial, Scientific & Medical) applications. These frequencies are used by medical MRI machines, microwaves, ultrasonic humidifiers, industrial paint dryers, and others.

#### **Corporate partners**

Using the ROCKWELL COLLINS RETIREES

VOLUNTEERS (RCRV) at the REACT Center would be helpful in setting up and working with. I have volunteered there and they know a lot. I would be open to other joint projects & cooperative activities with service agencies. I would look to Rockwell Collins and Go Daddy for support and help. Linn County Nonprofit Resource Center has more information on nonprofits.

#### **Proprietary rights**

What ever I do not own, I would have to share

#### **Infrastructure members**

People in Hiawatha