

Multi-Tenant Internet Access Management allowing Managed Service Provider, Landlords and Building and Property Managers to become an ISP to their tenants



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CEOCFO: Mr. Higgins, would you tell us about Aditum?

Mr. Higgins: Our goal is to provide ISP capabilities, tool sets and features to managed service providers and other similar providers around the country, people who previously did not have either the technical skills or resources to deploy them. We would like to empower those resellers of ours and MSPs around the world to take control of internet access and add internet service into their repertoire to expand their tool kit.

CEOCFO: Are many looking to add this proactively?

Mr. Higgins: Most people have not pursued it because either they did not know that it was something they were able to do, or they had looked into it previously and determined it was technically too challenging, too complex or just simply out of their skill set or cost prohibitive. Many people have discounted the idea in the past because it was not an option for them and now that it is an option, many people are starting to look into it and realizing there are many opportunities out there that they could have capitalized on in the past and they are hoping to capitalize on in the future.

CEOCFO: How are you able to make it easy?

Mr. Higgins: We started off originally as an ISP. Back in 2004 we launched our own Internet Service Provider out in the Midwest. We grew that and learned what it took to support our subscribers and what tools and information was useful and what was not. What we have done is taken all those lessons we learned running and operating an ISP and we boiled them down to just the core aspects of which are necessary. We have gotten rid of all the technical stuff and we have automated that through the technology that we have developed. Now we present a user interface to our partners that only contains those critical pieces of information that they need to deploy the system while hiding all of the technical and complex stuff behind our automation.

CEOCFO: Do most end users care whether it is Comcast, Verizon, etc.?

Mr. Higgins: There are certainly many that do not, but I think you would be surprised at the number of people that do. Frontier, Comcast and Time Warner have among the worst customer service record on the planet. That is because their customers do not like dealing with them. When a person has to call up even for simple installation and set-up, if they do not have to call someone like Comcast or Time Warner or any one of the other big ISPs around the country, it makes their life easier, it simplifies the process and eases the stress. If they can move into a building, be it an office building they are renting some space out of or an apartment or townhouse that they are moving into. If they can just simply talk to the building management during that move-in phase and have the internet taken care of and supplied for them, and all they have to do is plug in their equipment and configure it, their life is better. If you can combine that with a better quality

service than they would have gotten from the cable or phone company anyway. Now you have made their life better two times. If the building can do all that at a competitive if not cheaper price, now you have made that tenant's life better in three different ways; you are saving them money, you providing them a better product and you are making their life simpler and less stressful. When you compare those options against someone moving into a building, whether it be an office building or an apartment complex, high rise or multi family unit, if you can minimize their stress, improve their results and save them money, they are going to enjoy that and appreciate that.

CEOFCO: *Who is using your services today?*

Mr. Higgins: We sell through the channels to resellers and partners and dealers. We currently have resellers and partners signed up in approximately twenty states. We have from Alaska to Florida and between. We have a selection of dealers all over the country that are currently in one form or another signed up as active resellers to sell our product. The demographics of those companies tend to be primarily IT service providers, IT consulting businesses, alarm security companies and DIRECTV or DISH Network dealers.

CEOFCO: *Is there a particular strategy to the states or are you working with who is available?*

Mr. Higgins: We are fine-tuning our marketing strategy and trying to learn what works the best. Generally we are trying to go after the companies that already interact with these property owners, so independent property management companies or companies like DIRECTV and DISH Network dealers who provide service to those MDU properties, and also bandwidth wholesale companies, the sales agents and some of the fiber carriers who are going after those buildings already and trying to sell bandwidth ware whether they be independent telecom agent or actual employee.

CEOFCO: *Is it difficult to identify the group?*

Mr. Higgins: Yes, every sales process in any industries is identifying the group you want to target the most and learning how you actually get in front of them, like most companies, our number-one challenge, and one common to almost any marketing position regardless of industry.

CEOFCO: *Are there regulatory issues in the various states that come into play?*

Mr. Higgins: Nothing that comes into play for us. Aside from one annual form the FCC wants to track the number of households with broadband, there are some local regulatory issues that some resellers may run into and we are still learning what those are. Generally speaking, the ones we know about are pretty minor. There is very little regulation about being an ISP in America. The majority of those regulations that do exist come down to things like when can you turn someone's service off for nonpayment and if there are special local taxes you have to collect. Generally speaking, internet is akin to an unregulated utility at this point.

CEOFCO: *When you are working with a reseller, how does it work?*

Mr. Higgins: We provide them technical training and support as well as sales assistance in whatever capacity that we can. If they need extra training or have questions in terms of the design & implementation aspect of what they are proposing to their customer, I have even give assistance to one partner all the way down to reviewing his proposal to his client. However on an ongoing basis our normal relationship is making sure that our product delivers what we promised to them and making sure that it stays running and is as reliable and feature rich as our partners need.

CEOFCO: *Who services the end customer?*

Mr. Higgins: Referring to the tenants of the building, that is varying by deployment but generally that is going to be our partners that services the end customer, however some building owners prefer to provide that first line of defense & support. I was just on the phone with a large property owner and developer this morning. They have about 15 thousand tenants that they currently lease to on a monthly basis, and while they will still need a partner to deploy and implement for them, and provide ongoing system maintenance, they are considering supporting the tenants with their own internal staff instead of paying someone else for the helpdesk calls because with that many tenants they feel they can do it more cost efficiently than their partner who implements it.

CEOFCO: *Do the property owners see this as an amenity for their tenants? Do they see this as something they might use to make a profit?*

Mr. Higgins: We do not always know what their end goal is at any given property because our partners are the ones that talk to the building owners, and we do not necessarily get all of that feedback. However, we know of some buildings that are deploying it as a pure amenity so that the tenants get the service free. Other building owners providing service are doing a free "dangling of the carrot", giving limited performance access for free, but if the tenant wants anything faster they have to pay for an upgrade. The other buildings are simply deploying purely as a revenue generating stream and charging for all access. Ultimately it is however the building owners want to market it to the tenants that they lease to.

CEOCFO: Do you see the trend toward MSPs as helpful for you?

Mr. Higgins: Absolutely! Right now this is a largely untapped new vertical market for most MSPs. It is such a huge potential market. The MSPs that are starting to go after this market are seeing a lot of untapped opportunity. It is long-term recurring revenue, which is very unusual for most MSPs. We are seeing partners deploy the product on five and ten-year and sometimes longer service contracts to building owners where often MSPs are struggling to get one-year contracts out of their other customers, and rarely see a three-year contract. That is a huge shift in advantage to any MSP because they are not renegotiating contracts annually and their sales force is not spending a lot of time reselling to existing customers. They are instead able to go out and target new customers.

CEOCFO: What is your strategy for the next year or so?

Mr. Higgins: We are going to various tradeshows to educate the channel and meet potential partners for the commercial buildings. We are in the process of working with DIRECTV, who is considering us to be featured directly alongside their own MDU product marketing because we fill a critical gap in their capabilities. We are working with their sales staff directly, and they are beginning to introduce us directly to their dealers. We are looking to have a more formal relationship in place with them in time for their April dealer tradeshow called Revolution. They have a massive network of dealers around the country that already sell to MDU properties, though those dealers really only go after these multi-tenant properties on the residential side to provide TV service, and they are losing deals left and right to the cable companies because they do not have internet service offerings to offer, and to compete now they have to be a double-play provider, not a single play TV only supplier.

CEOCFO: What surprised you about the process of developing the company?

Mr. Higgins: The first big surprise was how long the sales cycle for some properties. Between delays like wait periods for coop boards and construction delays, the patience of politics and government is something I didn't have a proper appreciation for before. The second was the large number of IT professionals that don't know there are hundreds of fiber carriers around the country; many are small, some are regional and some national, and they are just are not aware that internet can come from someone other than large consumer brands like Frontier, Verizon, Comcast and Time Warner. Ditching the big consumer companies is not hard, it just takes a small effort.

CEOCFO: Why pay attention to Aditum today?

Mr. Higgins: Traditionally, internet has been delivered in the same manner since it was first conceived. It has nearly always come from some large ISP and delivered separately to each individual consumer, which funnels all those profits back into that large ISP. Now so that is more true than ever. There has always been some small ISPs around, but for the most part those little ISPs only existed in one town or county, and they are largely gone now having either been bought up and merged into ever larger ISPs, or simply unable to compete any longer. At one point they could compete as a CLEC and they would run over the phone lines and sell their own branded DSL service. With the near death of DSL across the country, those small CLEC's are now all but gone. Now with our product MSPs are able to not just compete, but win. They can go into these buildings and target a building with potentially hundreds of residents or dozens of businesses in there. They can take back that control from the cable companies and in doing so they can generate a lot of revenue for both themselves and the property. It gives them that ability to decide their own future in a way they didn't have before. When you take Manhattan, Verizon FIOS is kind of a key feature, after rent prices and subway line proximity, of a lot of buildings or neighborhoods where the residents look to live, and they ask does this building have FIOS because FIOS is the best internet access that most buildings in Manhattan can get. People hate Time Warner, they hate RCN, and to be honest, they even hate FIOS, it's just the best bad option they have. The city has had to sue Verizon to force them to expand into areas they had promised they would service but later realized that they do not want to because it was not profitable enough. Allowing the tenants or a building to buy fiber from the commercial companies is a huge accomplishment and a leap forward that they have not experienced before. From the big developer point of view, many developers and construction companies do not build buildings with the expectation of keeping them for ten or fifteen years. They build them, get them occupied and leased and then the flip them. That is the standard business model for most. Our system allows that process to happen even more smoothly because if you are building a building and getting it full fully leased simply to sell it, you are then selling the building for a valuation based on some multiple of revenue. If the developer can increase the bottom line on their building, and add \$50k-\$100k-\$200k a year in additional profits to that building they just built, and they are selling it for ten years of revenue, that's a lot of value they have added to the price of that building.

