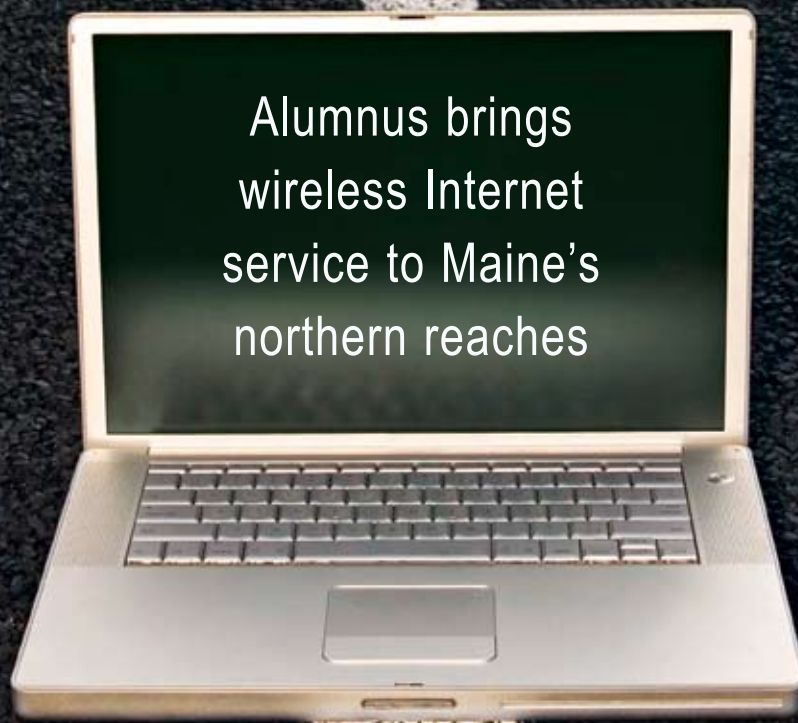


Getting There from Here



Alumnus brings
wireless Internet
service to Maine's
northern reaches

I took many of the entrepreneurial courses offered at Babson, and I find myself enjoying business creation and its positive effects on our local economy and culture. I may have developed an acute awareness of this dynamic growing up in far northern Maine. My roots are agrarian; I was raised in the potato farm country of Aroostook County, fondly referred to as “The County” by local Mainers. Aroostook is the largest county in Maine—spread over a territory larger than Massachusetts, Connecticut, and Rhode Island combined—but boasts a population of less than

By Christopher Anderson '85

80,000. Winters are relatively long, the skies are big, and business development is challenging due to our remote location and our reliance on declining traditional sectors such as farming and logging. The economic well-being of the area has been a topic among my family and the community from the time I was a child.

After graduating from Babson, I landed a job with a large national insurance company. In 1988, I moved back to northern Maine to help my father manage and grow the family-owned insurance agency. When I arrived in my hometown, I immersed myself in organizations dedicated to the promotion and/or economic development of Aroostook County. I am involved in a number of those organizations today.

It has been a busy 18 years. We took the insurance agency, F.A. Peabody Company, from two offices and 15 employees in 1988, writing \$2 million of volume, to seven offices and 65 employees in 2006, writing in excess of \$30 million. In the process of growing the family business, technology continued to play a larger role. As technology grew in importance, it became a central topic in my economic development circles. Northern Maine faced a “digital divide,” affecting the region’s ability to compete and grow. Among all the other challenges, northern Maine faced accessibility, affordability, and reliability of broadband as a new threat to our fragile economy. In 2001, northern Maine had neither DSL nor high-speed cable service in any community. My little town of Houlton (population 6,000), home office to the insurance agency, entered into a legal battle with a reluctant local cable monopoly to provide high-speed Internet service. Our insurance offices could not be connected by a wide-area network without spending thousands in

Determined to find a solution to our company’s connectivity problems, my automation manager, Tim McAfee, suggested we look at some new technology involving wireless transmission of data. A few local dial-up Internet service providers were dabbling with this new technology. If it was affordable to construct and manage, it could solve our problem. As I became more familiar with the technology and FCC rules, and I read about wireless startups in other sparsely populated areas, I began to see this as a solution not only for our company but for the entire region. Could an expansive wireless network liberate all of northern Maine from the digital divide it now faces? Tim and I put pencil to paper to determine the build-out cost to move this internal company project into a new business venture, encompassing nearly half the state of Maine.

In June 2001, we launched Pioneer Wireless Network (www.pioneerwireless.net) and built a self-supporting tower in the tiny farming hamlet of Monticello (population 792)—which became the smallest community in Maine with broadband capabilities. This was the first bridge to transmit Internet signals from the southern part of Aroostook to the larger central city, Presque Isle (population 10,000), some 50 miles away, where the only Internet point-of-presence is located. Our initial network included 12 broadcast points, spanning approximately 160 linear miles. Our tower-to-tower network broadcast is similar to telephone cell service in its appearance but requires an installation similar to satellite TV.

The lawsuit was dropped between the town of Houlton and the cable company because Houlton could now obtain an Internet partner to deliver broadband across its cable network. The cable Internet project became PWN’s first joint venture, using the cable company’s coaxial infrastructure to transport our Internet signal.

Throughout the next few years, the challenges were many as we continued to build out the network, as well as service, and sign on new customers. We were understaffed and overworked, bleeding cash like a stuck pig. We experienced a number of crises, including tower disputes, redundancy requirements, cash-flow problems, frequency interference, and unexpected competitors. New ven-

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inflated T-1 fees with expensive installation charges and waiting periods. Not a good thing for a region desperate to grow and transform its economy, and to reverse the trends of out migration, an aging population, and a shrinking average family income.



Pioneer Wireless Network founders (left to right) Tim McAfee, chief engineer, and Christopher Anderson '85, president

tures require a high degree of risk tolerance, and we experienced this firsthand.

In our early analysis, we determined some basic philosophy surrounding the venture to guide the design of the business model across such a vast territory.

- > **The Internet** is here to stay
- > **The demand for broadband** will continue at a rapid pace
- > **Our fixed wireless technology** will not become obsolete in less than 10 years
- > **Competition will be limited**
- > **First to market** is key to capturing market share
- > **Redundancy and reliability** will be demanded because the public will eventually view the Internet as a necessary utility
- > **Economy of scale** will force consolidation of the smaller players

In order to meet those requirements, we were convinced the network needed to be large enough to maximize exposure to the population base in northern Maine. The network needed to be expandable to absorb growth at a rapid pace. And the network needed to be advanced and redundant to convince other ISPs to link with us to take

advantage of economies of scale. We needed to not only grow revenue from direct retail customers, but also grow revenue from a wholesale basis. Forming alliances and becoming an ISP's ISP was the key.

It is now November 2006. We have entered our sixth year. Thus far, all but No. 4 have held

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true. I remember Jeffrey Timmons [Franklin W. Olin Distinguished Professor of Entrepreneurship] teaching me that "cash is king" and that new ventures need to be given a five-year test. Consolidation is now beginning to happen. This past month we have acquired three of our wholesale ISPs because they did not have scale and lacked the infrastructure and capital to expand and compete. Our network has expanded to over 35 broadcast points. For the first time in five years, our cash flow will be positive. I daresay our wireless Internet network is now the largest geographically east of the Mississippi.

Christopher Anderson '85 lives and works in northern Maine.