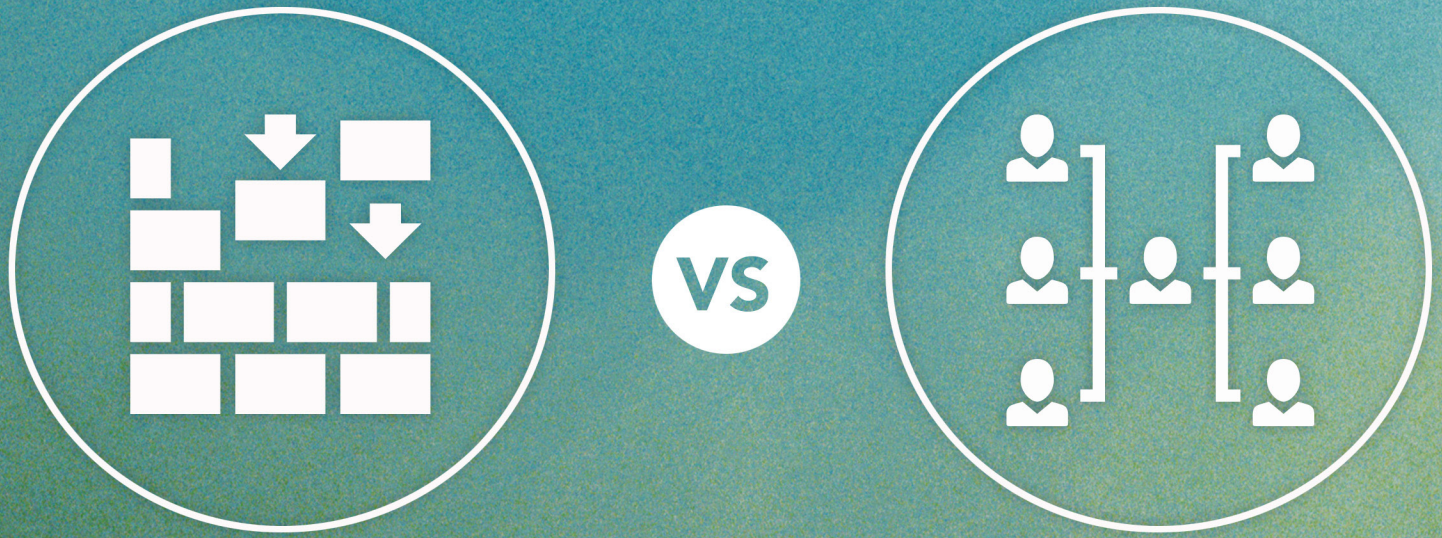
bandwidth

BUILD VS. PARTNER

A Decision Guide for LECs Seeking Out of Network Coverage



Congratulations!

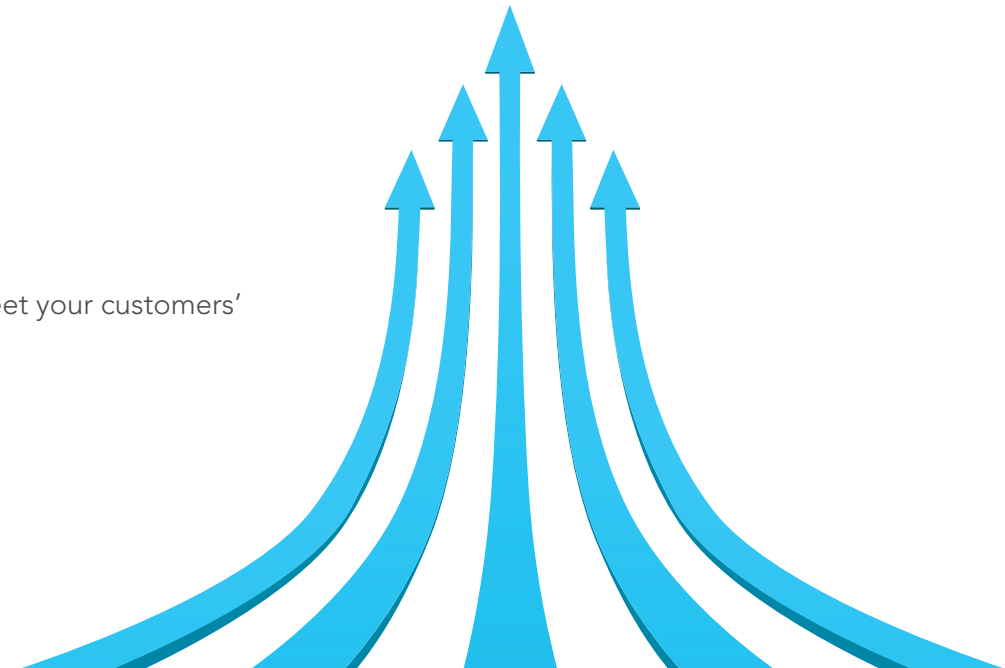
The time is right for you to expand your network. Maybe you just scored a big new corporate contract. Or perhaps you've got customers requesting phone numbers in new markets and you're ready to make a move.

Whatever the precipitating factors, you've got a need to **expand your network** beyond your currently licensed area. As you look to expand, it's important to consider a number of factors in making the decision to either build out your own network or partner with another provider to secure that coverage.

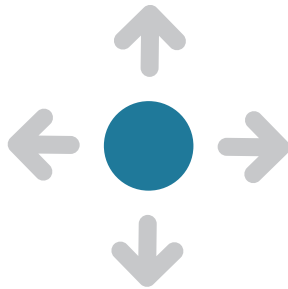
This guide will help you evaluate the **pros and cons** of the **build vs. partner models** in the context of **four main areas**:

1) coverage
2) evaluating the business case
3) time management & process automation
4) 9-1-1 requirements

That way, you can make the most informed decision about how to meet your customers' needs while strengthening your bottom line.



Build vs. Partner: Coverage Requirements



Expanding your network into new markets can be a huge undertaking. Deciding whether to build or partner is sometimes an easy choice, but it's always prudent to ask yourself the tough questions first.

1. **How quickly do I need coverage in the new market(s)?** The answer to this question often determines whether building or partnership is the best choice for you, since typically the quickest route to on-air is taking advantage of an existing network infrastructure. If speed to market is your top priority, you'll need to make that very clear to you prospective partner(s)—and you'll want to choose a partner that either has the licenses in your new markets already or can execute those agreements more expeditiously than you'd be able to do on your own.

2. **What resources would be required to secure licenses and agreements on my own?** If you plan to build on your own, it's important to have a team in place to manage the details involved with securing licensing in the new markets. That means you may need to hire staff or reallocate resources from other projects. In an outsourcing situation, you'd rely on a partner's resources (or their existing infrastructure) to get into those new markets.

3. **Are there known partners that could make the process easier?** As you're looking to expand, you've probably already done some due diligence in evaluating existing coverage opportunities in the markets you seek. If another provider already has the pipe laid in your expansion market(s), it's often a very simple process to "plug in" to that network and begin delivering service almost immediately. For instance, Bandwidth is a CLEC with nationwide coverage in most U.S. markets and can provide fast access and provisioning through a simple integration with our APIs.

4. **Will I feel comfortable trusting a partner to manage my network in underserved areas?** The decision to outsource elements of your network should not be taken lightly. Only you can answer this question, but when you need to quickly get up and running, an off-the-shelf solution with the right provider can ease a lot of headaches.

Build vs. Partner: Evaluating the Business Case



When you're moving into new markets or making any big decisions about your business, budget is always top of mind. It's critical that you understand the **true cost** involved in the build process, and likewise every cost factor involved with outsourcing to a qualified partner.

Some of the big ticket items in network development typically include:

- **Legal and Filing Fees:** CLEC certifications, as well as Interconnection Agreements (ICA), can cost $10k for each LEC and State. These ICAs can take up to 9 months to complete as well.
- **Local Entrance Facilities and Backhaul:** CLECs must bring DS3 facilities into every location where they intend to offer service. Many ILECs require multiple Point Of Interconnections (POIs) within the Lata. These facilities require backhaul to get to the carrier's switch, adding up to **big** dollars.
- **SS7 Point Codes:** Each Signaling Point in the SS7 network is uniquely identified by a numeric point code. There are monthly recurring fees, as well as non-recurring expenses, associated with these network elements. These fees range from $60-$150 per unique combination, as well as the A-Link facility costs mentioned above.

The following chart shows a breakdown of estimated costs associated with various elements of building out of territory. Your costs may be more or less for a given item. While this list is not all-inclusive, it gives you a good idea of what to expect when building out your own network. It's important to note, however, that you can avoid **all of these costs** when you partner with Bandwidth and pay one, all-inclusive monthly fee.

Typical Out of Territory Steps	Estimated Costs
CLEC certification, ICAs, PUC filings	$10K-$30K
Upfront OCN, switch CLLI and number admin functions	$5K
Order point codes	$60/OPC per month
Joint planning meeting with ILEC	(2-5) Planning & Provisioning Full-Time Employees
Submit CLEC profile	
Submit network interconnection sheets to LEC	
Submit trunk forecast to LEC	
Submit SS7 certification forms to LEC if SS7 provider is NOT the LEC	
Submit E911 forms to LEC	
Meet with 911 coordinators from each county to discuss default PSAP / ESN, surcharge rates, surcharge reimbursements and ALI database requirements	
Set up and test ALI database updates	
Connect to ASR system	
Order entrance facilities DS3/OCs and muxed DS1	
Order E911 trunks	$10K-$30K per month
Order local T1s and Trunks	$20K-$50K per month
Make test calls to each test number from various carriers to ensure other carriers have added your NXXs in their routing tables correctly, issue trouble tickets to carriers	(1-3) Test & Turn-up Full-Time Employees
CDR records to billing provider	$30K-$50K Billing Setup
CABS records to CABS biller	
Notify pooling administrator that LRN NXX is now in service	(1) Number Admin Full-Time Employee
Submit Part 4 form to code admin	

Build vs. Partner: Time Management & Process Automation



As you evaluate network expansion options, there's no doubt you've got a timeline in mind. And whether that timeline is driven by internal goals or based on a specific customer's requirements, it's important to have a vision for how you're going to get there—as well as an understanding of the things that could delay your progress along the way.

Knowing that it takes a good amount of time and resources to secure new licenses on your own (with the most costly items being legal & licensing fees, facilities fees and 9-1-1/line feature costs), some LECs find that outsourcing to an established provider is often the best way to quickly move your network expansion forward.

Likewise, the ability to **automate expansion** into new territories with the click of a button is often a welcome relief for LECs who are already overburdened with core initiatives designed to move their business forward—like product innovation, process improvements, new services, and customer satisfaction to name a few. Using custom APIs like the ones provided by Bandwidth can completely automate number provisioning in new markets, freeing up a ton of time and resources to focus on core business initiatives.

Build vs. Partner: Solving for 9-1-1 Requirements



Whether you choose to build or buy your way into new markets, providing 9-1-1 service is likely a big concern for you and your customers. Therefore, understanding your options as early in the game as possible can make a huge difference.

Most LECs and VoIP service providers access 9-1-1 service through a third-party provider. If that's the case in your current markets, a good question to ask is whether your current 9-1-1 provider can offer access in your expansion markets. If not, what other options are available?

Bandwidth offers both a nationwide, all-IP network for origination plus 9-1-1 service as an add-on feature in every market. If you like the idea of having these services bundled together, working with a partner like Bandwidth may be the ideal fit. Likewise, if you decide to build out new markets on your own, you could choose to partner with Bandwidth in solving for 9-1-1 requirements. The great news is—the choice is yours.

Conclusion

When you're growing into new markets, you've got a lot of things to consider. Weighing factors such as coverage requirements, the business case, time management and 9-1-1 requirements can be a huge undertaking. There are benefits to both building out your own new markets and partnering with a qualified provider. If you'd like some help evaluating any element of the decision process, give Bandwidth a call. We know what it takes to build a network and we'd be happy to share our knowledge with you.

Contact us or visit our Resource Center for more information:

855-864-7776 (option #4) | sales@bandwidth.com | www.bandwidth.com