

The Value of Choice and Ammon's \$10.00 ISP



In September of 2016, Ammon launched its ISP Cloud. Think of this as a marketplace for ISP's or Open Access for a Cloud World. In Ammon's cloud, a subscriber can change ISP's in 20 seconds. Point - Click - Subscribe. Point - Click - Unsubscribe. No customer service calls, no waiting, no truck rolls. Since going live 10 months ago, ISP prices in Ammon have fallen from \$44.95 to \$9.99 (per month) for a 100 X 100 Mbps ISP connection. The timeline is as follows:

ISP	Date	Speed	Price
ISP 1	September 2016	100 X 100 Mbps	\$44.95
ISP 2	October 2016	100 X 100 Mbps	\$39.99
ISP 2	July 2017	100 X 100 Mbps	\$9.99

Choice and a true competitive environment is good, but what Ammon and EntryPoint have done together has significance beyond the falling prices for ISP services.

Rory Sutherland, advertising and social media expert, has argued that wealth is a function of the number of rewarding choices an individual has the power to make. New technologies and business models that are valuable are those that allow people to do meaningful things that were previously not possible.¹ Under the dominant telecommunications model, customers have a poverty of choices.

If you do an internet search on *Most Hated Companies in the U.S.*, a dominant telecommunications provider is listed as the Number 1 - Most Hated Company. If you do a search on companies with the *Worst Customer Service in 2017*, you will find that 4 of the 5 worst companies are telecommunications companies.²

Is this anger and dissatisfaction solely a function of poor customer service or is there something bigger going on? It is one thing to be on the receiving end of poor customer service. It is another thing to then not be able to do anything about it because you don't have an option to move to something better. It is the lack of choice and control over high prices and poor service which makes customers so angry.

Rideshare companies like UBER and LYFT understand the value of a business model which moves control to the customer. Customers wanting to get from Point A to Point B now know what the cost of the ride will be before they request a ride and can compare this cost to alternative modes of transportation. Customers also know that they can rate the driver if the car is not clean and if the driver is not polite.

The Ammon model, which runs on EntryPoint's cloud orchestration platform, is significant because it restores choice for choice-starved customers. Customers of the Ammon Network can change their ISP in 20 seconds and this enables real competition to take hold and creates a dynamic marketplace for ISP's that fundamentally changes the value customers get from their ISP. We predict that prices will continue

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to come down, speed will continue to go up, and service quality will continue to increase. Additionally, residents are not forced to sign up and taxpayers are not taxed to build the network.

How did Ammon get a \$10 ISP and achieve 70% take-rates that continue to rise in Phase 1 of its network deployment?

Ammon Fiber Phase 1 Deployment Data

Residential Take Rate	70%
Number of ISP's Signed Up to Provide Services	4
Infrastructure Allocation Per Home Owner	\$3,000
Infrastructure Finance Term	20 Years
Monthly Infrastructure Expense (Fiber Optic Connection)	\$17.00
Monthly Maintenance & Operations Expense (1 Gig Connection)	\$16.50
Monthly ISP - Best Value Currently (100/100 Mbps)	\$9.99
Total Monthly Cost	\$43.49
Incumbent Monthly ISP Offering (50/5 Mbps) + Data Caps	\$75.00+

The Ammon model restores choice and control for choice-impooverished consumers.

References

¹ Rory Sutherland – TEDxBrighton | <https://www.youtube.com/watch?v=m9mFIQZMPml>

² Ed Oswald – CheatSheet | <https://www.cheatsheet.com/money-career/worst-customer-service-5-companies-people-hate-calling.html/>

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