

THE PLAIN DEALER

## Broadband supplier banks on basics

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Special to *The Plain Dealer*

DSL stands for Digital Subscriber Line, a "broadband" or high-speed data connection over your existing telephone lines that can whisk the Web into your home fast enough to move movies. For Wall Street, however, DSL has another definition, Dollars Surely Lost.

One after another, the major DSL suppliers — including Covad, North Point and Rhythms — have been rushed to the financial critical-care unit or autopsy room. Their entrenched arch-rivals — the Bell phone companies — have fared little better with their broadband offerings, to the extent that last week SBC Communications (corporate parent of Ameritech) announced a scaling back of its grand DSL plans.

With that in mind, imagine my surprise at receiving news that Columbus-based Fiber Network Solutions Inc. had just been listed as one of the fastest-growing companies in America by Inc. Magazine (No. 68 on the list of 500, to be exact). FNSI happens to be a broadband telecommunications supplier to the Cleveland area.

The natural question is how FNSI found its fortune in an industry that for others has been little more than a bottomless well of red ink.

So I called David J. Koch, president and CEO of FNSI, and he explained that there's no fundamental flaw in broadband technology. Rather, DSL has become a financial disaster because the companies that rushed to embrace it failed in back-to-basics business.

"Many companies did not have much more than well-styled hair, good teeth and a vocabulary that included all the street buzz words," said Koch. "They did not have a business plan with a path



FIBER NETWORK SOLUTIONS INC.

The network operations center of Fiber Network Solutions Inc. in Columbus.

to profitability."

FNSI analyzed the DSL market long before the boom and found little profit in the price structure. Instead of pursuing the consumer retail market, it aimed for larger users of its fiber optic lines.

"There was a period of about 14 months when DSL was the biggest buzzword," said Koch. "But we remained very focused on our core business — backbone bandwidth — and didn't let ourselves get involved in craziness like [retail] DSL."

Although FNSI did wholesale its services to DSL retailers, the company advised its customers about its doubtful prognosis for DSL, even requiring customers to sign a memo that warned them.

The same conservative approach has kept the company private in a world in which initial public offerings (IPOs) are part of nearly every business plan.

According to Koch, that slow, steady growth has positioned the company to take advantage of any upturn in today's market.

Because it didn't go public during the boom, Koch said, it's unaffected by the stock market bust.

"We stayed outside the bubble, knowing when it burst there would be providers that went down in flames, and there would be customers out there looking for a survivor."

Unlike upstart technology companies that raised hundreds of millions and had to find ways to burn it, FNSI plans to move into 30 new markets at a cost of about \$20 million. Because that's small change in the telecommunications world, Koch doesn't need to go public to raise capital.

That well-planned growth has helped FNSI build a strong foundation based on good employees. After all, broadband technology

is available to anyone, so only the people who work for the company distinguish it from all the others.

"During this past five or six years, some companies were growing so rapidly to staff themselves they had to hire anyone who had a pulse. They knew they could not lay in a foundation of A++ players because they had to do it quickly," said Koch.

Koch preferred to be more selective. As a result, FNSI differs from other telecommunications companies in another way.

Noted Koch, "We're still hiring."

### Blame the messenger

My personal quest for DSL, now stretching for a year and a half, confirms the FNSI observations. I still have no DSL service despite contracts with affiliates, national and local, of all major DSL suppliers.

My conclusion: Most DSL companies would have failed selling ice water in a desert. Take my most recent effort.

Within three days of my DSL order with a firm that shall remain unnamed, the phone company turned my DSL service on. But after six weeks, I still don't have the equipment I need to use it.

After three rounds with the firm's customer service, a representative said they had a problem with my credit card number — the same number that had activated the service. The company should have known the problem within seconds of my order but figured it out only after six weeks.

I have no doubt that the firm offers great DSL service, but the company lost another customer — not because of the technology but because of failing at business basics.

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