

Wireless Broadband System providing rural Southern New Jersey Consumers with better Internet Connectivity and greater Bandwidth



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CEOCFO: *Mr. Stogdill, according to your site, the broadband evolution has arrived. What does that mean at Hammer Fiber Optics Holdings Corp? How are you part of it or maybe initiating the evolution?*

Mr. Stogdill: Hammer Fiber’s entire platform is centered around a tremendous broadband experience. Globally the US has always been considered to be at the forefront of data technology and internet service when compared to other countries. In truth, that presumption doesn’t necessarily extend to national broadband access. There still is a very large percentage of the country that is using a substandard type of internet connectivity. All but really the most highly developed parts of the US are still without fiber optics. There are a great many rural locations throughout all of the United States, and even in Southern Jersey where we have our operations, that are getting service that is either running off of legacy copper or hybrid fiber/copper cable systems. This is essentially lower capacity plant that was placed several years ago or longer in some cases. People are still paying high premiums for this service and not getting the type of bandwidth that they need. Bandwidth demand in today’s market is being driven by streaming media and, even more recent, the Internet of Things where all of the devices in our home are now connected. Bandwidth usage is increasing year over year as a result and capacity planning becomes an issue for most networks. I don’t think any customer should be left behind.

CEOCFO: *How does Hammer Fiber create a different experience?*

Mr. Stogdill: Hammer Fiber’s differs from other wireless and fixed-line service providers because of our revolutionary last mile architecture, which is comprised of a wireless system which we call Hammer Wireless. Hammer Wireless replaces the last mile access network in a traditional cable model with high capacity wireless end links that overcome many of

the challenges all major operators are faced with today. Instead of using old copper or incurring the massive capital expenditure of building fiber to the home, what we do is use our wireless technology to provide service directly to the consumer over a short distance from a wireless base station is that fed from a fiber backbone. As a result of this type of convergence, the system can push fiber-like speeds from the base station to a high number of end points. Many people live in rural or suburban markets that only have perhaps one provider who is providing their services through older types of plant. The customer is still paying a very high market price for that, but they are getting a lot of these “up to” speeds, that never really hit their advertised marks. At least not enough to satisfy the bandwidth demand of most modern consumers. What we do is we push as much bandwidth as the customer needs in a fully burstable internet model, so that as the customer is initiating new IP requests they are drawing bandwidth out of a very large pool of bandwidth, so that they are never without enough bandwidth to run all the many different applications and all the many different devices off of the same modem in their home. We see this system as a solution to a very salient market problem.

CEOCFO: *You said they are drawing bandwidth from a large pool. Does that mean you have a lot of capacity?*

Mr. Stogdill: One of the things that Hammer does that is a little bit different in the business space as it currently stands, is we do not use contention ratios in our access network. That translates to no oversubscription on the wireless system. It essentially means that service does not slow down during peak usage hours. The throughput on the network is always high and the bandwidth is always there on demand. Many customers complain about experiences with their providers and it always seems to be the same complaint. Seven o'clock at night they are home with their family watching some type of streaming service and they experience buffering or they experience packet loss where pixels are dropping out of the frame. With Hammer customers we are continually pushing very large amounts of bandwidth, both in non-peak and peak times, so that the experience is very consistent and smooth, no matter when you are using it.

CEOCFO: *Has the wireless component been tried previously? What are the challenges in making it workable?*

Mr. Stogdill: It has been tried before, to not much overall success but it is clearly still where it is all going. Recently it has been in the press that several major providers, companies that you have heard of, are running into traditional fiber access challenges. Therefore everyone, from the biggest players in the market to the smallest, are looking for some type of wireless advantage. What differentiates our product is that it runs a full DOCSIS spec. It feels and operates exactly like a traditional cable system and we are able to aggregate as much bandwidth as a traditional direct fiber or direct copper connection would generate, so that from the customer experience side it is almost invisible to the customer that they are using a wireless product. At this point most of the wireless technology being deployed is wireless backhaul or PTP connections. Wireless in this day and age can be so much more than just doing information backhauling. It can actually be used to go direct to the consumer. Our technology takes all of the best elements of some of the existing technologies and provides an actual access system that can run off of a wireless connection that provides wired-like service. This means that the customer gets all of that fixed-line service experience without all

of the issues of having to build out a full cable plant; digging up roads, right of ways and all that type of stuff.

CEOCFO: *Could you license the technology to larger companies that are having problems?*

Mr. Stogdill: We certainly can and we are in the process of working on a platform so that we can make this product ubiquitous and that everyone, especially rural operators who are right now deeply entrenched in these types of access challenges, can utilize this technology and deployment architecture to really drive their own subscriber base and create a much higher quality of service than they can currently offer on their current generation technology. That is definitely part of our plans.

CEOCFO: *Does anyone care if it is a wireless component as long as the service is working well? Does wireless have any negative connotation in this arena these days?*

Mr. Stogdill: I don't think there is quite the same stigma these days on wireless distribution as there was a few years ago. Much of the industry and most of the consumers are already thinking that way. With satellite and cellular technologies being universally recognized at this point, I think most people sort of expect that the next generation of connectivity to the home is going to come from some form of wireless platform. For us, the challenge is overcoming some of the negative stereotypes that have existed in the market space from previous attempts at wireless-to-the-home such as WiMAX. There also could be confusion about our product being equated with satellite. Satellite has its own challenges in terms of product branding to consumers. However, the difference with us is that this is a fully terrestrial network. Our network architecture is bringing all of the power of fiber to very strategic locations and then shooting this wireless signal over a very short, condensed range. This overcomes many of the obstacles that, for instance, satellite has experienced with latency and rain fade. At the end of the day the customer is going to be mostly concerned about the quality of their service. People are willing to take a chance on different types of technology as long as the end result is what they are looking for. I think with this product it will meet or exceed all of the customer's expectations. The fact that there is a wireless component to the system shouldn't dissuade the many customers who are really looking for a better internet service.

CEOCFO: *Will you be selling direct to the customer? What is the ultimate business model?*

Mr. Stogdill: Selling direct to the customer is the primary platform. We have approximately four hundred miles of fiber connectivity throughout New Jersey which feeds our wireless base stations. Presently we are testing this product on Absecon Island, which is Atlantic City, Ventnor, Margate and Long Port. We have wireless base stations already deployed in these markets and are in the final stage of beta testing the system. We have customers on the network now and the experience has been very positive. By the end of the year we are looking for a full commercial launch in Atlantic City, Ventnor and Margate. As the program matures we are going to be looking to move into adjacent markets as well as markets throughout the state where it makes sense for us to roll the service out. Although we are working behind the scenes on a variety of service platforms in an array of verticals, we are an operator first and foremost and we are looking to provide the service directly to the

consumer. That said, there are many other possibilities with the technology that we are actively pursuing.

CEOCFO: *What have you learned as you have been testing the product?*

Mr. Stogdill: I think the most important lesson is that there really is a need for competitive diversity; that alternatives to the existing marketplace, specifically how people are getting their internet and phone and video service, is genuinely something that consumers, by and large, are craving. There seems to be a bit of complacency in terms of content and IP delivery throughout the country. Customers are continually looking for better and better experiences. They do not just want to be a number. They want to have their service issues matter. They want to have them addressed immediately. Customer service is a huge priority for us. It is very important that we build relationships with our customers, that they understand that their quality of service matters to us and that we seek and strive to do everything we can to provide them with the best service possible. We are finding there is a shift in thinking and more customers than ever are holding their service providers accountable. Additionally, we are discovering there are still markets in this country, even ones just outside of major metropolitan areas, where the service offerings are far below the par for what it should be in this day and age. There is still room for the industry to improve as a whole and we are looking to play our part in driving a better bandwidth service.

CEOCFO: *You hear talk often about the rural markets and the underserved markets, but it seems that nothing ever gets done. How is Hammer Fiber really going to make it happen? Why are you confident where no one else seems to have succeeded?*

Mr. Stogdill: It is easy for companies to say that they've found a solution when the bulk of their subscribers are plucked from the density of metro markets. It is easy to say, "Okay, we are going to expand out and we are going to dedicate resources and we are going to build a better product." However, the truth of the matter is the product has not arrived yet. In most publicized cases it may take years to arrive, if ever. One of the reasons we can do this and do it now, is that we have a product ready. We aren't in the trenches trying to develop the solution. It's already here and it's one that is extremely well suited to specifically serve these types of communities at a very low cost factor. In fact, we can provide the same quality of service to a metro customer as we can to a rural customer and there is really no difference across the platforms. Using a wireless distribution system as opposed to all of the hassle of building out a cable network, allows us to deploy these base stations in many more regions and reach many more customers in shorter amounts of time. Executing this type of game plan really comes down to the right product. We have the right product to address these needs and we are making it a very big focal point of our platform.

CEOCFO: *Will potential customers understand? Do people care?*

Mr. Stogdill: There are two sides to this coin. First, we hope that the industry really takes notice of how to move forward in these markets that have been traditionally underserved. We want the industry to notice how we are doing this and we seek to lead the charge for the next generation of hybrid wired and wireless deployments. However, I also think that from just your everyday consumer's perspective they are mostly interested in the service hitting the high notes they expect. We win customers through quality of service. They may not be interested in how we got there, or

what we do behind the scenes to make it all happen for them. The aim isn't to dazzle anybody with the back office network stuff. It's to provide great service. At the end of the day I'm not sure it matters to them how it gets there.

CEOCFO: *What did you learn from Verizon that has helped you at Hammer Fiber Optics Holdings?*

Mr. Stogdill: I think that Verizon, for the size company it is, is a very well run organization. It has a great game plan. It's FTTP service was designed to provide the type of bandwidth that we talked about previously, and where it is deployed, it's seems to be a huge success. Like any major operator it is burdened surely by the volume of customers it has and needs to serve. I think, if anything, that although I get the still relevant principals of using fiber, in terms of using the traditional plant to create access pieces on portions of your network, I see the downside. It seems to me building fiber out to every home is an untenable proposition, one that is costly both in time and resources. Some of Verizon's fiber initiatives have stalled out in certain markets and I imagine it comes down to the return on their investment. What we have learned is that wireless is sort of moving that ROI in the right direction while still maintaining the same types of service levels.

CEOCFO: *How are you able to perhaps be better in weather situations and with electricity surges? In some of what is uncontrollable and often not handled well from traditional providers, are there advantages in your approach?*

Mr. Stogdill: At the end of the day the internet is a best efforts practice. I think there has been a lot of disillusionment on the customer side when the internet does fail for any reason, that there is a notion that service should never fail and that the operators are not doing enough to rectify the problem. This is an unrealistic expectation but it's compounded by the fact that the operators really are not doing enough, and there should be a greater focus on customer service and minimizing down time should be the central theme of any consumer grade platform. That has to be the first and foremost objective; to continually maintain and operate the network in a way that we ensure we are being as responsive as possible to any types of blips or burps in the distribution, so that we can react very quickly to the market, that we understand that every second a customer is down is a growing inconvenience to them and that ultimately what we need to do is to take responsibility for putting each one of them back in service promptly. As far as the technology goes we are getting very a high quality of service rating in all different types of weather. The reliability is as good or better than just about any product out there. However, like any system you will experience outages. What we are trying to do as a platform, as a business, is focus intensely on customer service and customer response time. We do that by trying to create shorter windows of response. We are trying to create an atmosphere and a culture within the business that the customer needs to always come first and that it is our priority. We want to relay that message back to them by example. We want to demonstrate through action that when we say customer service matters that customer service truly matters.

CEOCFO: *Would you tell us about being a public company, how that may have changed Hammer, what the reception has been in the marketplace and then why people should invest?*

Mr. Stogdill: From a corporate perspective, everything has naturally changed. From a business strategy standpoint, nothing really has. The

goals are still the same. The move to go public was very important in order to create visibility in the financial markets as we simultaneously seek to gain visibility in the consumer markets to what we are doing and how we are doing it. We felt it was time to responsibly grow the business and move it forward. We now have access to larger capital markets and a more diverse pool of investors. We also wanted to create a liquidity event for our shareholders. Many of the original employees are shareholders so this way we can add some extra value to their immense efforts. We take the responsibility of being public very seriously. We were originally funded by private investors who placed great faith in our ability to execute and we carry that with us every day and that commitment has only grown since going public. We owe it to them to see the vision through to complete success. If anything it has made us very conscious about the impact of our products and services. We are really looking to drive these markets where there is a lot of opportunity so we can build value and reward that faith.

