

The startup that wants to disrupt big internet providers

[Margaret Harding McGill](#) 10 hours ago - [Technology](#)



A new startup backed by funding from AOL founder Steve Case and Laurene Powell Jobs wants to break up broadband monopolies across the country.

Why it matters: Internet access has been crucial during the pandemic, but it's not ubiquitous, and it can be both slow and unaffordable in swaths of the country.

What's happening: Underline, a community infrastructure company, began building its first open access fiber network in Colorado Springs, Colorado, last week.

- Under the open access model, Underline builds and operates the fiber

network while multiple service providers can use it and offer service to customers.

- Residential service will start at \$49 per month for a 500 megabits per second connection, with a gigabit connection available for \$65 per month. That's much faster than the 25-Mbps benchmark the Federal Communications Commission uses to define high-speed internet service.
- Underline chose Colorado Springs for its first project by evaluating several factors, including households that lack internet access, the number of existing providers and how angry customers were with their current internet options, CEO Bob Thompson told Axios.

By the numbers: Underline's project in Colorado Springs involves more than \$100 million in capital to build 400 miles of fiber and offer service to 55,000 residences and businesses.

- Underline has a list of about 2,500 target cities for service, Thompson said.
- "We aspire to be the country's first nationwide open access network," Thompson said. "The 2,500 communities have been ignored by the incumbents for years on significant infrastructure upgrades. And they generally won't qualify for the government's infrastructure bill."
- Roughly 83 million Americans have only one choice for a home internet provider, according to [a report](#) from anti-monopoly think tank the Institute for Local Self-Reliance.

The big picture: The open access model is not new, but it's been gaining traction recently, especially as the pandemic has forced people to rely more on home internet.

- California this summer [passed a law](#) to spend \$6 billion on a state-

owned open-access network meant to connect communities across the state to high-speed internet.

- West Des Moines, Iowa, is [planning to build](#) a conduit network with Google Fiber paying the city for access to the network, but the project is facing blowback from the local cable internet provider, Mediacom.
- Utah's open access fiber network, UTOPIA, struggled financially in its early days, but the network has become a success story and continues to expand, Ernesto Falcon, senior legislative counsel with the Electronic Frontier Foundation, told Axios.

What they're saying: Open access fiber networks, already popular in Europe, could catch on in the U.S. as demand for fiber increases, Falcon said.

- "Everything needs fiber," Falcon said. "There's this unified infrastructure that exists — a medium of transmitting data — it's fiber optics. If you want to do 5G and satellite, and fiber to the home, you can do all of that with the exact same set of wires.
- "But the inefficiency that exists right now is everyone's trying to build their own fiber network."
- A [new study](#) out Wednesday from EFF finds that wholesale fiber networks are more efficient than other models in getting fiber to households.

Yes, but: Unlike traditional telecom investments, which promise a relatively quick return, it takes a lot longer for fiber networks to turn a profit.

- "Underline is one of a few instances in which I think we see a different kind of investment mentality from investors that are putting money into telecommunications," Chris Mitchell, program director for the Institute of Local Self-Reliance, told Axios.

- "There are more investors that look at Underline and say, "No, this is a good, long-term stable investment, where, I might not get all my money back in five years, but over the longer haul, I'm going to have good returns over a longer period of time.'"
- Funders for Underline include Case's Revolution Rise of the Rest Seed Fund, Powell Jobs' Emerson Collective, FinTech Collective and others.
- "Some of the bigger incumbents have a dramatically different cost structure, a dramatically different sort of process through which they're going to build this fiber type," David Hall, managing partner of the Rise of the Rest fund. "Underline is really thinking about it like a startup and I think it's the startup ingenuity that's required."

The other side: Cable trade group NCTA said its members are on the path to delivering 10 gigabit speeds per second.

- "In today's competitive marketplace, it also is critical that all providers are treated fairly and operate under the same set of rules and regulations."

What's next: The Biden administration touted community-owned networks as part of its [push for funding for high-speed internet](#) in the infrastructure package.

- If approved, states will receive \$42 billion in funding for internet projects, and they could use that to fund open-access networks.
- "I do think there's a lot of opportunity for cities to embrace open access and use their infrastructure spending to support these large neutral networks, and that could well drive the change over a longer time horizon," Mitchell told Axios. "Because I just don't see anything that's going to provide relief to the anger people have for the big cable and telephone monopolies."

Disclosure: Laurene Powell Jobs is an investor in Axios.